Notes to the Financial Statements

for the year ended 31 December 2010

These Notes are integral to the financial statements.

The consolidated financial statements for the year ended 31 December 2010 were authorised for issue by the directors on 10 February 2011.

1 DOMICILE AND ACTIVITIES

The Company, DBS Group Holdings Ltd, is incorporated and domiciled in the Republic of Singapore and has its registered office at 6 Shenton Way, DBS Building Tower One, Singapore 068809.

The Company is listed on the Singapore Exchange.

The principal activity of the Company is that of an investment holding company and the principal activity of its main subsidiary, DBS Bank Ltd (the Bank), is the provision of retail, small and medium-sized enterprise, corporate and investment banking services.

The financial statements relate to the Company and its subsidiaries (the Group) and the Group's interests in associates and joint ventures.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial statements of the Group are prepared in accordance with Singapore Financial Reporting Standards (FRS) including related Interpretations promulgated by the Accounting Standards Council (ASC). In accordance with Section 201(19) of the Companies Act (the Act), the requirements of FRS 39 Financial Instruments: Recognition and Measurement in respect of loan loss provisioning are modified by the requirements of Notice to Banks No. 612 "Credit Files, Grading and Provisioning" issued by the Monetary Authority of Singapore.

The financial statements of the Company are prepared in accordance with FRS including related Interpretations to FRS promulgated by the ASC. As permitted by Section 201(4B) of the Act, the Company's income statement has not been included in these financial statements.

The financial statements are presented in Singapore dollars and rounded to the nearest million, unless otherwise stated. They are prepared on the historical cost convention, except for derivative financial instruments, available-for-sale financial assets, and financial assets and liabilities carried at fair value through profit or loss, which have been measured at fair value. In addition, the carrying amounts of assets and liabilities that are designated as hedged items in a fair value hedge are adjusted for fair value changes attributable to the hedged risks.

The preparation of financial statements in conformity with FRS requires management to exercise judgement, use estimates and make assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from these estimates. Critical accounting estimates and assumptions used that are significant to the financial statements, and areas involving a higher degree of judgement and complexity, are disclosed in Note 4.

On 1 January 2010, the Group adopted the new or revised FRS and Interpretations to FRS (INT FRS) that are applicable in the current financial year. The financial statements have been prepared in accordance with the relevant transitional provisions in the respective FRS and INT FRS.

FRS 27: Consolidated and Separate Financial Statements

The standard requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control. Such transactions will have no impact on goodwill, nor will it give rise to a gain or loss. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss.

The changes introduced by FRS 27 must be applied prospectively and will affect future transactions with non-controlling interests.

FRS 103: Business Combinations

The revised FRS 103 introduces a number of changes in the accounting for business combinations. For example, there is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs are expensed.

The changes introduced by FRS 103 must be applied prospectively and will affect future business combinations.

The following amendments to FRS and INT FRS are of a technical or clarifying nature and their adoption does not have any material impact on the Group's financial statements.

FRS 39 (Amendments)	Financial Instruments: Recognition and Measurement
FRS 102 (Amendments)	Share-based Payment – Group Cash-settled Share-based Payment Transaction
General amendments	Improvements to FRS (where applicable)
INT FRS 117	Distributions of Non-cash Assets to Owners

2.2 Group accounting

Subsidiaries

Subsidiaries are entities over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities. It is generally accompanied by a shareholding of more than 50% of voting rights. Potential voting rights that are currently exercisable or convertible are considered when determining whether an entity is considered a subsidiary.

For business combinations occurring on or after 1 January 2010, the acquisition method is used to account for business combinations by the Group. Subsidiaries are consolidated from the date control is transferred to the Group to the date control ceases. The consideration transferred for an acquisition is measured as the acquisition-date fair values of the assets transferred, the liabilities incurred and the equity interests issued. Acquisition-related costs are expensed as incurred. Identifiable assets acquired, and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value on the date of acquisition.

For business combinations occurring before 1 January 2010, the purchase method is used to account for the acquisition of subsidiaries. Subsidiaries are consolidated from the date control is transferred to the Group to the date control ceases. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus cost directly attributable to the acquisition. Identifiable assets acquired, and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value on the date of acquisition.

Refer to Note 2.10 for the Group's accounting policy on "Goodwill on consolidation".

Special purpose entities

Entities in which the Group holds little or no equity are consolidated as subsidiaries if the Group is assessed to have control over them. Such control can be demonstrated through predetermination of the entities' activities, exposure to and retention of majority of their residual or ownership risks, and decision-making powers to obtain a majority of benefits of the entities.

Joint ventures

Joint ventures are entities that are jointly controlled by the Group together with one or more parties through contractual arrangements. The Group recognises its interests in joint ventures using the proportionate consolidation method.

Proportionate consolidation involves combining the Group's share of the joint venture's income, expenses, assets and liabilities on a line-by-line basis with similar items in the Group's financial statements.

Associates

Associates are entities over which the Group has significant influence, but not control, and generally holds a shareholding of between and including 20% and 50% of the voting rights. The Group recognises its investments in associates using the equity method of accounting.

Under the equity method of accounting, an investment in associates is initially carried at cost. The initial cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities assumed at the date of exchange, plus costs directly attributable to the acquisition. The carrying amount is increased or decreased to recognise the Group's share of net assets of the associate, less any impairment in value after the date of acquisition. Where the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The results of the associates are taken from the latest audited accounts or unaudited management accounts of the associates, prepared at dates not more than three months prior to the end of the financial year of the Group.

Investment cost at Company level

Investments in subsidiaries, associates and joint ventures are stated at cost less accumulated impairment losses in the Company's balance sheet. On disposal of investments in subsidiaries, associates and joint ventures, the difference between the net proceeds and the carrying amounts of the investments is taken to the income statement.

Intra-group transactions

All intra-group transactions, balances, income and expenses are eliminated on consolidation. Profits resulting from transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interests in these companies. Losses are also eliminated unless the transaction provides evidence of an impairment of an asset transferred.

Alignment of accounting policies

Where necessary, adjustments are made to the financial statements of subsidiaries, associates and joint ventures to ensure consistency with the accounting policies adopted by the Group.

2.3 Foreign currency translation

Functional and presentation currency

Items in the financial statements of the Company and each of the Group's subsidiaries are measured using the entities' functional currency, being the currency of the primary economic environment in which the entity operates. The financial statements are presented in Singapore dollars, which is the Company's functional and the Group's presentation currency.

Foreign currency transactions

Transactions in foreign currencies are measured at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Singapore dollars at the exchange rate ruling at the balance sheet date. Foreign exchange differences arising from this translation are recognised in the income statement. Non-monetary assets and liabilities measured at cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities measured at fair value in foreign currencies are translated into Singapore dollars at the exchange rate ruling at the date the fair value was determined.

Unrealised foreign exchange differences arising from non-monetary financial assets classified as fair value through profit or loss are recognised in the income statement. For non-monetary financial assets classified as available-for-sale, unrealised foreign exchange differences are recorded in other comprehensive income and accumulated in equity until the assets are disposed of or become impaired.

Foreign operations

The results and financial position of the Group's operations whose functional currency is not Singapore dollars are translated into Singapore dollars in the following manner:

- Assets and liabilities are translated at the exchange rate ruling at the balance sheet date;
- Income and expenses in the income statement are translated at an average exchange rate approximating the exchange rates at the dates of the transactions; and
- All resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of the foreign operation and translated at the closing rate. For acquisitions prior to 1 January 2005, the foreign exchange rates at the dates of acquisition were used.

Consolidation adjustments

On consolidation, foreign exchange differences arising from the translation of net investments in foreign entities, as well as any borrowings and instruments designated as foreign currency hedges of such investments, are recognised in other comprehensive income and accumulated under capital reserves in equity. When a foreign operation is disposed of, such currency translation differences are recognised in the income statement as part of the gain or loss on disposal.

2.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to management who is responsible for allocating resources and assessing performance of the operating segments. Segment revenue, segment profits, segment assets and segment liabilities are also measured on a basis that is consistent with internal reporting.

The Group's financial businesses are organised into Consumer/Private Banking, Institutional Banking, Treasury and Others. In total, the Group has four reportable segments.

2.5 Revenue recognition

Net interest income

Net interest income, being interest income less interest expense, is recognised on a time-proportionate basis using the effective interest method. The effective interest rate is the rate that discounts estimated future cash receipts or payments through the expected life of the financial instrument or, when appropriate, a shorter period to its carrying amount. The calculation includes significant fees and transaction costs that are integral to the effective interest rate, as well as premiums or discounts. No interest expense is accrued on the Group's structured investment deposits which are carried at fair value through profit or loss.

When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument. Interest earned on the recoverable amount is recognised as interest income in the income statement.

Fee and commission income

The Group earns fee and commission income from a diverse range of products and services provided to its customers. Fee and commission income is recognised on the completion of a transaction. For a service that is provided over a period of time, fee and commission income is recognised over the period during which the related service is provided or credit risk is undertaken.

Dividend income
Dividend income is recognised when the right to receive payment is established. Dividend income arising from held for trading financial assets is recognised in "Net trading income", while that arising from available-for-sale financial assets is recognised in "Net income from financial investments".

Rental income
Rental income from operating leases on properties is recognised on a straight-line basis over the lease term.

2.6 Cash and cash equivalents
For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand and non-restricted balances with central banks which are readily convertible into cash.

2.7 Financial assets
Financial assets are classified according to the purpose for which the assets were acquired. Management determines the classification at initial recognition.

The classification of financial assets is as follows:

(a) Financial assets at fair value through profit or loss are either acquired for the purpose of short-term selling (held for trading) or designated by management on initial recognition (designated under the fair value option).

Derivatives are classified as held for trading unless they are designated as hedging instruments. The specific Group accounting policy on derivatives is detailed in Note 2.15.

Financial assets designated under the fair value option meet at least one of the following criteria upon designation:

- it eliminates or significantly reduces measurement or recognition inconsistencies that would otherwise arise from measuring financial assets, or recognising gains or losses on them, using different bases; or
- the financial asset contains an embedded derivative that would otherwise need to be separately recorded.

(b) Financial assets classified as loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than:

- those that the Group intends to sell immediately or in the short term, which are classified as held for trading, or those that the entity upon initial recognition designates as at fair value through profit or loss; or
- those that the Group upon initial recognition designates as available-for-sale.

(c) Financial assets classified as available-for-sale are non-derivatives that are either designated in this category or not classified in any other categories. These financial assets are intended to be held for an indefinite period of time, and may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices.

Recognition and derecognition
Purchases and sales of financial assets are recognised on the date that the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Reclassification of financial assets
Non-derivative financial assets may be reclassified out of the fair value through profit or loss and available-for- sale categories in particular circumstances:

- financial assets that would meet the definition of loans and receivables may be classified out of the fair value through profit or loss and available-for-sale categories if the Group has the intention and ability to hold these financial assets for the foreseeable future or until maturity; and
- financial assets (except financial assets that would have met the definition of loans and receivables) may be reclassified out of the fair value through profit or loss category in rare circumstances.

Reclassifications are made at fair value as of the reclassification date. The fair value becomes the new cost or amortised cost as applicable. Any gain or loss already recognised in the income statement before the reclassification date is not reversed.

Initial measurement
Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, for which transaction costs are expensed off immediately. The fair value of a financial asset on initial recognition is usually the transaction price.

Subsequent measurement
Financial assets at fair value through profit or loss and available-for-sale financial assets are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method. Unquoted equity investments classified as available-for-sale for which fair values cannot be reliably determined are carried at cost, less impairment.

Realised or unrealised gains or losses on financial assets held for trading and financial assets designated under the fair value option, except interest income, are taken to "Net trading income" and "Net income from financial instruments designated at fair value" respectively in the income statement in the period they arise. Unrealised gains or losses arising from changes in fair value of financial assets classified as available-for-sale are recognised in other comprehensive income and accumulated in available-for-sale revaluation reserves. When financial assets classified as available-for-sale are sold or impaired, the accumulated fair value adjustments in the available-for-sale revaluation reserves are reclassified to profit or loss.

Determination of fair value

The fair values of financial instruments traded in active markets (such as exchange-traded and over-the-counter securities and derivatives) are based on quoted market prices at the balance sheet date. The quoted market prices used for financial assets held by the Group are the current bid prices. If the market for a financial asset is not active, the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and option pricing models. Where applicable, a valuation reserve or pricing adjustment is applied to arrive at the fair value.

2.8 Impairment of financial assets

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

(a) Financial assets classified as loans and receivables

The Group carries out regular and systematic reviews of all credit facilities extended to customers.

The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

- Significant financial difficulty of the issuer or obligor, including breach of covenants and/or financial conditions;
- A breach of contract, such as a default or delinquency in interest or principal payments;
- Granting of a concession to the borrower, for economic or legal reasons relating to the borrower's financial difficulty, that the Group would not otherwise consider; and
- High probability of bankruptcy or other financial reorganisation of the borrower.

Specific allowances for credit losses

A specific allowance for credit losses is established if there is objective evidence that the Group will be unable to collect all amounts due under a claim according to the original contractual terms or the equivalent value. A "claim" means a loan, debt security or a commitment such as a letter of guarantee and letter of credit.

A specific allowance for credit losses is recorded as a reduction in the carrying value of a claim on the balance sheet. For an off-balance sheet item such as a commitment, a specific allowance for credit loss is recorded as a component within other liabilities.

Specific allowances for credit losses are evaluated either as being counterparty-specific or collectively for a portfolio according to the following principles:

Counterparty-specific: Individual credit exposures are evaluated using the discounted cash flow method and an allowance is made when existing facts, conditions or valuations indicate that the Group is not likely to collect part or all of the principal and interest due contractually on the claim. An allowance is reversed only when there has been an identifiable event that led to an improvement in the collectability of the claim.

When a loan is uncollectible, it is written off against the related allowance for loan impairment. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Recoveries in full or in part of amounts previously written off are credited to the income statement in "Allowances for credit and other losses".

Homogenous consumer loans, such as housing loans and credit card receivables, are pooled according to their risk characteristics, and assessed and provided for collectively as a group, taking into account the historical loss experience of such loans.

General allowances for credit losses

Apart from specific allowances, the Group also carries general allowances for credit losses. The Group maintains a level of allowances that is deemed sufficient to absorb the estimated credit losses inherent in its loan portfolio (including off-balance sheet credit exposures). In determining the level of general allowances, the Group considers country and portfolio risks, as well as industry practices. The Group maintains general allowances of at least 1% of credit exposures on and off the balance sheet (against which specific allowances have not been made) adjusted for collaterals held. This is in accordance with the transitional arrangements under Notice to Banks No. 612 "Credit Files, Grading and Provisioning" issued by the Monetary Authority of Singapore.

(b) Financial assets classified as available-for-sale
The Group assesses at each balance sheet date whether there is objective evidence that an available-for-sale financial asset is impaired. In the case of an equity investment, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the asset is impaired. When there is objective evidence of an impairment of an available-for-sale financial asset, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the income statement – is reclassified from the revaluation reserve within equity to profit or loss. Impairment losses recognised in the income statement on equity investments are not reversed through the income statement, until the equity investments are disposed of. A subsequent recovery in the value of an available-for-sale debt instrument whose value has been impaired is reversed through the income statement if there has been an identifiable event that led to the recovery.

2.9 Repurchase agreements
Repurchase agreements (Repos) are treated as collateralised borrowing. The amount borrowed is reflected as a liability either as "Due to non-bank customers", "Due to banks" or "Financial liabilities at fair value through profit or loss". The securities sold under repos are treated as pledged assets and remain on the balance sheet at amortised cost or fair value depending on their classification.

Reverse repurchase agreements (Reverse repos) are treated as collateralised lending. The amount lent is reflected as an asset either as "Loans and advances to customers", "Due from banks" or "Financial assets at fair value through profit or loss".

Amounts paid and received in excess of the amounts borrowed and lent on the repos and reverse repos are amortised as interest expense and interest income respectively using the effective interest method.

2.10 Goodwill on consolidation
Goodwill arising from business combination on or after 1 January 2010 represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the net identifiable assets acquired. Goodwill in a business acquisition prior to 1 January 2010 represents the excess of acquisition cost over the fair values of the identifiable assets acquired, liabilities and contingent liabilities assumed at the date of exchange. Goodwill is stated at cost less impairment losses and it is tested at least annually for impairment.

Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired (i.e. a discount on acquisition) is recognised directly in the income statement in the period of acquisition.

At the acquisition date, any goodwill acquired is allocated to each of the cash-generating units (CGU) expected to benefit from the combination's synergies for the purpose of impairment testing.

2.11 Properties and other fixed assets
Properties (including investment properties) and other fixed assets are stated at cost less accumulated depreciation and impairment losses. The cost of an item of properties and other fixed assets includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The basis of depreciation is as follows:
Properties
Leasehold land, where the balance of the leasehold period is 100 years or less, is depreciated on a straight-line basis over the remaining period of the lease. Leasehold land where the unexpired lease period is more than 100 years is not depreciated.

Buildings are depreciated on a straight-line basis over their useful lives estimated at 50 years or over the remaining lease period, whichever is shorter.

Other fixed assets
Depreciation is calculated using the straight-line method to write down the cost of other fixed assets to their residual values over their estimated useful lives as follows:

Intangible/Computer software	3 – 5 years
Office equipment	5 – 8 years
Furniture and fittings	5 – 8 years

The estimated useful life and residual values of fixed assets are reviewed on each balance sheet date.

Subsequent expenditure relating to properties and other fixed assets that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefit associated with the item can be measured reliably. Other subsequent expenditure is recognised as hire and maintenance expense in the income statement during the financial year in which it is incurred.

On disposal of an item of properties and other fixed assets, the difference between the net disposal proceeds and its carrying amount is taken to the income statement.

2.12 Impairment of non-financial assets

Goodwill

An impairment loss is recognised when the carrying amount of a CGU, including the goodwill, exceeds the recoverable amount of the CGU. Recoverable amount of a CGU is the higher of the CGU's fair value less cost to sell and its value-in-use.

An impairment loss on goodwill recognised in the income statement cannot be reversed in subsequent periods.

Properties and other fixed assets, and investment in subsidiaries, associates and joint ventures

Properties (including investment properties) and other fixed assets, and investment in subsidiaries, associates and joint ventures are reviewed for impairment at each balance sheet date to determine if events or changes in circumstances indicate that the carrying value may not be recoverable. If such an indication exists, the carrying value of the asset is written down to its recoverable amount (being the higher of the fair value less cost to sell and the value-in-use). The impairment loss is charged to the income statement.

2.13 Financial liabilities

The Group classifies its financial liabilities in the following categories: (a) financial liabilities at fair value through profit or loss; and (b) financial liabilities at amortised cost.

Financial liabilities are classified as financial liabilities at fair value through profit or loss if they are incurred for the purpose of short-term repurchasing (held for trading) or designated by management on initial recognition (designated under the fair value option).

Derivatives are classified as held for trading unless they are designated as hedging instruments. The specific Group accounting policy on derivatives is detailed in Note 2.15.

Financial liabilities designated under the fair value option meet at least one of the following criteria upon designation:

- it eliminates or significantly reduces measurement or recognition inconsistencies that would otherwise arise from measuring financial liabilities, or recognising gains or losses on them, using different bases; or
- the financial liability contains an embedded derivative that would otherwise need to be separately recorded.

Financial liabilities are initially recognised at fair value, net of transaction costs incurred, except for financial liabilities at fair value through profit or loss, for which transaction costs are expensed off immediately.

Financial liabilities classified as fair value through profit or loss are subsequently carried at fair value. Realised or unrealised gains or losses on financial liabilities held for trading and financial liabilities designated under the fair value option, except interest expense, are taken to "Net trading income" and "Net income from financial instruments designated at fair value" respectively in the income statement in the period they arise. All other financial liabilities are subsequently carried at amortised cost using the effective interest method.

The fair value of financial liabilities is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments. Where applicable, a valuation reserve or pricing adjustment is applied to arrive at the fair value.

A financial liability is removed or derecognised from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired.

2.14 Provisions and other liabilities

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the balance sheet date.

2.15 Derivative financial instruments and hedge accounting

Derivatives are initially recognised at fair value at the date on which a derivative contract is entered into and are subsequently remeasured at fair value. All derivatives are classified as assets when the fair value is positive (Positive fair values for financial derivatives) and as liabilities when the fair value is negative (Negative fair values for financial derivatives).

Changes in the fair value of derivatives other than those designated as fair value hedges, cash flow hedges or net investments in foreign operations hedges are included in "Net trading income".

Certain derivatives embedded in other financial instruments are treated as separate derivatives when their economic characteristics and risks are not closely related to those of the host contract and the host contract is not carried at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in "Net trading income".

For financial instruments designated as hedging instruments, each entity within the Group documents at the inception the relationship between the hedging instrument and hedged item, including the risk management objective for undertaking various hedge transactions and methods used to assess the effectiveness of the hedge. Each entity within the Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivative is highly effective in offsetting changes in the fair value or cash flows of the hedged item.

Fair value hedge
For a qualifying fair value hedge, the changes in the fair value of the hedging derivatives are recorded in the income statement, together with any changes in the fair value of the hedged item attributable to the hedged risk. Gain or loss arising from hedge ineffectiveness is recognised in the income statement.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item is amortised to the income statement over its remaining maturity, using the effective interest method.

Cash flow hedge
The effective portion of changes in the fair value of a derivative designated and qualifying as a hedge of future cash flows is recognised in other comprehensive income and accumulated under the cash flow hedge reserve in equity, and reclassified to the income statement in the periods when the hedged item affects profit or loss. The ineffective portion of the gain or loss is recognised immediately in the income statement under "Net trading income".

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in the cash flow hedge reserve remains until the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss in the cash flow hedge reserve is reclassified from equity to profit or loss.

Hedge of net investment in a foreign operation
Hedges of net investments in the Group's foreign operations are accounted for in a manner similar to cash flow hedges. The gain or loss from the derivative relating to the effective portion of the hedge is recognised in other comprehensive income and accumulated under the capital reserve in equity. The gain or loss relating to the ineffective portion of the hedge is recognised immediately in the income statement under "Net trading income". On disposal of the foreign operations, the cumulative gain or loss in the capital reserve is reclassified to profit or loss under "Net trading income".

2.16 Employee benefits
Employee benefits, which include base pay, cash bonuses, share-based compensation, contribution to defined contribution plans such as the Central Provident Fund and other staff-related allowances, are recognised in the income statement when incurred. For defined contribution plans, contributions are made to publicly or privately administered funds on a mandatory, contractual or voluntary basis. Once the contributions have been paid, the Group has no further payment obligations.

Employee entitlement to annual leave is recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

2.17 Share-based compensation
Employee benefits also include share-based compensation, namely, the DBSH Share Ownership Scheme (the Scheme), the DBSH Share Option Plan, the DBSH Share Plan and the DBSH Employee Share Plan (the Plans). The details of the Scheme and Plans are described in Note 41.

Equity instruments granted and ultimately vested under the Plans are recognised in the income statement based on the fair value of the equity instrument at the date of grant. The expense is amortised over the vesting period of each award, with a corresponding adjustment to the share option/plan reserves. Monthly contributions to the Scheme are expensed off when incurred.

For the DBSH Share Plan and the DBSH Employee Share Plan, a trust has been set up for each share plan. The employee trust funds are consolidated and the DBSH shares held by the trust funds are accounted for as "Treasury shares", which are included as a deduction within equity.

2.18 Current and deferred taxes
Current income tax for current and prior periods is recognised at the amount expected to be paid or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax is provided on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Temporary differences are not recognised for goodwill that is not deductible for tax purposes and for the initial recognition of assets or liabilities that neither affects accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted by the balance sheet date.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.
Deferred tax is provided on temporary differences arising on investments in subsidiaries, associates and joint ventures, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not be reversed in the foreseeable future.

Deferred tax related to fair value re-measurement of available-for-sale investments, which are recognised outside profit or loss, is also recognised outside profit or loss i.e. in other comprehensive income and accumulated in the available-for-sale revaluation reserves.

2.19 Financial guarantees
A financial guarantee is initially recognised in the financial statements at fair value on the date the guarantee was given. Subsequent to initial recognition, the Group's liability under each guarantee is measured at the higher of the initial measurement less amortisation and the best estimate of the expenditure required to settle any financial obligation arising at the balance sheet date.

The exposure to potential losses associated with a financial guarantee is monitored periodically. When there is objective evidence indicating probability of losses occurring, a provision is recognised for the financial guarantee.

2.20 Share capital and treasury shares
Ordinary shares and preference shares which do not result in the Group having a contractual obligation to deliver cash or another financial asset, or to exchange financial assets or financial liabilities with the holder under conditions that are potentially unfavourable to the Group, are classified as equity. Incremental external costs directly attributable to the issuance of new ordinary shares are deducted against share capital.

When any entity within the Group purchases the Company's ordinary shares ("treasury shares"), the consideration paid including any directly attributable incremental cost is presented as a component within equity, until they are cancelled, sold or reissued.

When treasury shares are subsequently cancelled, the cost of treasury shares is deducted against either the share capital account or retained earnings. When treasury shares are subsequently sold or reissued, any realised gain or loss on sale or reissue, net of any directly attributable incremental transaction costs and related income tax, is recognised in the capital reserve of the Company.

2.21 Dividend payments
Interim dividends are recorded during the financial year in which they are declared payable. Final dividends are recorded during the financial year in which the dividends are approved by the shareholders at the Annual General Meeting.

2.22 Offsetting financial instruments
Certain financial assets and liabilities offset each other and the net amount is reported in the balance sheet when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle them on a net basis, or realise the asset and settle the liability simultaneously.

2.23 Operating leases
Operating leases are charged to the income statement on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment that has to be made to the lessor is recognised as an expense in the period the termination takes place.

2.24 Fiduciary activities
Assets and income belonging to a customer for whom the Group acts in a fiduciary capacity as nominee, trustee or agent, are excluded from the financial statements.

3 EFFECTS ON FINANCIAL STATEMENTS ON ADOPTION OF NEW OR REVISED FRS
The Group has not applied the following FRS and INT FRS that have been issued but are not yet effective.

FRS 24 (Amendments): Related Party Disclosures
The revised standard simplifies the definition of a related party. It clarifies its intended meaning and eliminates inconsistencies from the definition.

The amendment also removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities and replaces it with a requirement to disclose information which is considered sufficient for the financial statements users to understand the effects of related party transactions. For example, the nature and amount of each individually significant transaction needs to be disclosed.

FRS 32 (Amendments): Financial Instruments: Presentation
The amendment clarifies that rights issues are to be classified as equity if they are issued for a fixed amount of cash regardless of the currency in which the exercise price is denominated, provided they are offered on a pro rata basis to all owners of the same class of equity.

INT FRS 119: Extinguishing Financial Liabilities with Equity Instruments

The Interpretation provides guidance on the accounting when an entity renegotiates the terms of its debt with the result that the liability is extinguished by the debtor issuing its own equity instruments to the creditors.

It requires the gain or loss to be recognised in profit or loss when a liability is settled through the issuance of the entity's own equity instruments. The amount of gain or loss will be the difference between the carrying value of the financial liability and the fair value of the equity instruments issued.

4 CRITICAL ACCOUNTING ESTIMATES

The Group's accounting policies and use of estimates are integral to the reported results. Certain accounting estimates require exercise of management's judgement in determining the appropriate methodology for valuation of assets and liabilities. In addition, procedures are in place to ensure that methodologies are reviewed and revised as appropriate. The Group believes its estimates for determining the valuation of its assets and liabilities are appropriate.

The following is a brief description of the Group's critical accounting estimates involving management's valuation judgement.

4.1 Impairment allowances

It is the Group's policy to establish, through charges against profit, specific and general allowances in respect of estimated and inherent credit losses in its portfolio.

In determining specific allowances, management considers objective evidence of impairment and exercises judgement in estimating cash flows and collateral value. When a loan is impaired, a specific allowance is assessed by using the discounted cash flow method, measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate. The amount of specific allowance also takes into account the collateral value, which may be discounted to reflect the impact of a forced sale or timely liquidation.

In determining general allowance, management considers country and portfolio risks, as well as industry practices. General allowances of at least 1% of credit exposures on and off-balance sheet (against which specific allowances have not been made) are maintained and adjusted for collaterals held. This is in accordance with the transitional arrangements under Notice to Banks No. 612, "Credit Files, Grading and Provisioning" issued by the Monetary Authority of Singapore.

4.2 Fair value of financial instruments

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction. The majority of the Group's financial instruments reported at fair value are based on quoted and observable market prices or on internally developed models that are based on independently sourced market parameters, such as interest rate yield curves, option volatilities and foreign exchange rates. Valuation reserves or pricing adjustments where applicable will be used to converge to fair value.

The determination of fair value is subject to the Valuation Framework approved by the Board Risk Management Committee and the oversight of senior management committees. The Valuation Framework is implemented by the Group through policies and procedures approved by the committees. These policies and procedures facilitate the exercise of judgement in determining the risk characteristics of various financial instruments, discount rates, estimates of future cash flows, future expected loss experience and other factors used in the valuation process. Sound judgement may also be applied in adjusting prices for less readily observable external parameters such as through the use of valuation reserves. Other factors such as model assumptions and market dislocations leading to market anomalies can also materially affect these estimates. Refer to Note 43 for more details about the fair value hierarchy of the Group's financial instruments measured at fair value.

4.3 Impairment review of goodwill on consolidation

The Group performs an impairment review to ensure that the carrying value of the goodwill does not exceed its recoverable amount from the CGU to which the goodwill is allocated. The recoverable amount represents the present value of the estimated future cash flows expected to arise from continuing operations. Therefore, in arriving at the recoverable amount, management exercises judgement in estimating the future cash flows, growth rate and discount rate. Refer to Note 26 for more details.

4.4 Income taxes

The Group has exposure to income taxes in numerous jurisdictions. Significant judgement is involved in determining the Group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on reasonable estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

4.5 Provisions for customer compensation

Judgement is needed to determine, taking into account the requirements in FRS 37 Provisions, Contingent Liabilities and Contingent Assets, the appropriate level of possible compensation payable to certain customers who had bought structured investment products from the Group. In making this judgement, the Group evaluates the likelihood and estimated amount of outflow of resources which will be required to settle the obligation with reference to advice from legal counsel.

5 NET INTEREST INCOME

In $ millions	The Group 2010	2009
Cash and balances with central banks and Due from banks	**358**	378
Loans and advances to customers	**3,937**	4,075
Debt securities	**1,404**	1,661
Total interest income	**5,699**	6,114
Due to banks	**137**	109
Due to non-bank customers	**970**	1,131
Others	**274**	419
Total interest expense	**1,381**	1,659
Net interest income	**4,318**	4,455
Comprising:		
Interest income for financial assets at fair value through profit or loss	**270**	413
Interest income for financial assets not at fair value through profit or loss	**5,429**	5,701
Interest expense for financial liabilities at fair value through profit or loss	**(118)**	(196)
Interest expense for financial liabilities not at fair value through profit or loss	**(1,263)**	(1,463)
Total	**4,318**	4,455

6 NET FEE AND COMMISSION INCOME

In $ millions	The Group 2010	2009
Fee and commission income	**1,737**	1,688
Fee and commission expense	**340**	294
Net fee and commission income	**1,397**	1,394
Comprising:		
Loan-related	**333**	375
Trade and remittances	**227**	244
Stock broking	**179**	170
Investment Banking	**154**	146
Credit Card	**149**	143
Wealth Management	**136**	101
Deposit-related	**85**	84
Guarantees	**59**	57
Others	**53**	54
Fund management	**22**	20
Net fee and commission income[a]	**1,397**	1,394

(a) Includes net fee and commission income of $47 million (2009: $44 million), which is derived from the provision of trust and other fiduciary services during the year. Net fee and commission income earned from financial assets or liabilities not at fair value through profit or loss is $571 million (2009: $612 million) during the year

7 NET TRADING INCOME/(LOSS)

In $ millions	The Group 2010	2009
From trading businesses		
– Foreign exchange	**649**	774
– Interest rates, credit and equities[a]	**220**	(21)
Other businesses	**46**	(53)
Total	**915**	700

(a) Includes dividend income of $9 million (2009: $7 million)

8 NET (LOSS)/INCOME FROM FINANCIAL INSTRUMENTS DESIGNATED AT FAIR VALUE

In $ millions	The Group 2010	2009
Financial assets designated at fair value	**5**	365
Financial liabilities designated at fair value	**(25)**	(632)
Total	**(20)**	(267)

Gains or losses from changes in fair value of financial liabilities designated at fair value, not attributable to changes in market conditions, are not material. Refer to Note 31.

9 NET INCOME FROM FINANCIAL INVESTMENTS

In $ millions	The Group 2010	2009
Debt securities		
– Available-for-sale	**192**	9
– Loans and receivables	**5**	2
Equity securities[a] [b]	**113**	243
Total	**310**	254
Comprising net gains transferred from:		
Available-for-sale revaluation reserves	**315**	312

(a) There was no sale of unquoted securities, which were stated at cost in 2010 and 2009
(b) Includes dividend income of $22 million (2009: $20 million)

10 OTHER INCOME

In $ millions	The Group 2010	2009
Rental income	**19**	17
Net gain on properties and other fixed assets	**103**	13
Others	**24**	37
Total	**146**	67

11 EMPLOYEE BENEFITS

In $ millions	The Group 2010	2009
Salary and bonus	**1,207**	1,124
Contributions to defined contribution plans	**69**	67
Share-based expenses	**40**	44
Others [a]	**106**	57
Total	**1,422**	1,292

(a) $4 million (2009: $22 million) of cash grants (Job Credit Scheme) was received from the government in 2010. The amount received was deducted against the staff expenses

Included in the above is compensation to Company directors and directors of subsidiaries as follows:

In $ millions	The Group 2010	2009
Compensation paid to Company directors	**6**	11
Compensation paid to subsidiaries' directors	**18**	19
Total	**24**	30

12 OTHER EXPENSES

In $ millions	The Group 2010	2009
Computerisation expenses[a]	**463**	367
Occupancy expenses[b]	**240**	236
Revenue-related expenses	**136**	132
Others[c]	**471**	382
Total	**1,310**	1,117

(a) Includes hire and maintenance of computer hardware and software
(b) Includes rental expenses of office and branch premises of $139 million (2009: $125 million) and amounts incurred in the maintenance and service of buildings owned by the Group's subsidiary companies
(c) Includes office administration expenses (e.g. printing and stationery, telecommunications, etc), legal and professional fees

In $ millions	The Group 2010	2009
Hire and maintenance of fixed assets, including building-related expenses	**267**	242
Audit fees payable to external auditors[a]:		
– Singapore	**3**	3
– Outside Singapore	**3**	2
Non audit fees payable to external auditors[a]:		
– Singapore	**1**	2
– Outside Singapore	**2**	#
Directors' fees payable to:		
– Company directors[b]	**2**	2
– Subsidiaries' directors	**1**	1

 # Amount under $500,000
(a) PricewaterhouseCoopers network firms
(b) Subject to approval at Annual General Meeting

13 ALLOWANCES FOR CREDIT AND OTHER LOSSES

In $ millions	The Group 2010	2009
Loans and advances to customers (Note 20)	**796**	1,414
Financial investments		
– Available-for-sale[a]	**(18)**	31
– Loans and receivables (Note 21)	**38**	20
Properties and other fixed assets (Note 27)	**(2)**	2
Off-balance sheet credit exposures (Note 32)	**36**	4
Others (bank loans and sundry debtors)	**61**	81
Total	**911**	1,552

(a) Includes one-time impairment charges for a Thailand investment of (2010: Nil, 2009: $23 million)

The table below shows the movements in specific and general allowances during the year for the Group:

In $ millions	Balance at 1 January	Charge/ (Write-back) to income statement	Net write-off during the year	Exchange and other movements	Balance at 31 December
	The Group				
2010					
Loans and advances to customers (Note 20)	**2,837**	**796**	**(899)**	**(106)**	**2,628**
Financial investments	**264**	**20**	**(82)**	**(5)**	**197**
Properties and other fixed assets (Note 27)	**74**	**(2)**	**–**	**(4)**	**68**
Off-balance sheet credit exposures (Note 32)	**199**	**36**	**–**	**(17)**	**218**
Others (bank loans and sundry debtors)	**168**	**61**	**(50)**	**(3)**	**176**
Total specific and general allowances	**3,542**	**911**	**(1,031)**	**(135)**	**3,287**
2009					
Loans and advances to customers (Note 20)	1,884	1,414	(406)	(55)	2,837
Financial investments	608	51	(386)	(9)	264
Properties and other fixed assets (Note 27)	72	2	–	–	74
Off-balance sheet credit exposures (Note 32)	177	4	–	18	199
Others (bank loans and sundry debtors)	94	81	(21)	14	168
Total specific and general allowances	2,835	1,552	(813)	(32)	3,542

14 INCOME TAX EXPENSE

Income tax expense in respect of profit for the financial year is analysed as follows:

In $ millions	The Group 2010	2009
Current tax expense		
– Current year	**490**	473
– Prior years' provision	**(35)**	(124)
Deferred tax expense		
– Effect of change in tax rate	**–**	1
– Origination of temporary differences	**(1)**	(65)
Total	**454**	285

The deferred charge/(credit) in the income statement comprises the following temporary differences:

In $ millions	The Group 2010	2009
Accelerated tax depreciation	**(9)**	(17)
Allowances for loan losses	**10**	(75)
Other temporary differences	**1**	28
Available-for-sale investments	**(3)**	–
Deferred tax credit to income statement	**(1)**	(64)

The tax on the Group's profit (before share of profits of associates) differs from the theoretical amount that would arise using the Singapore basic tax rate as follows:

In $ millions	The Group 2010	2009
Profit	**2,212**	2,447
Prima facie tax calculated at a tax rate of 17% (2009: 17%)	**376**	416
Effect of different tax rates in other countries	**35**	25
Effect of change in tax rate	**–**	1
Income not subject to tax	**(70)**	(47)
Income taxed at concessionary rate	**(121)**	(97)
Non-tax deductible provisions	**–**	3
Goodwill charges not deductible for tax purpose	**173**	–
Others	**61**	(16)
Income tax expense charged to income statement	**454**	285

Refer to Note 28 for further information on deferred tax assets/liabilities.

15 EARNINGS PER ORDINARY SHARE

Number of shares (millions)		The Group 2010	2009
Weighted average number of ordinary shares in issue	(a)	**2,287**	2,234
Dilutive effect of share options		**1**	1
Full conversion of non-voting redeemable CPS		**100**	98
Full conversion of non-voting convertible preference shares		**#**	#
Weighted average number of ordinary shares in issue (diluted)	(aa)	**2,388**	2,333

Amount under 500,000

In $ millions		The Group 2010	2009
Net profit attributable to shareholders (Net Profit)	(b)	**1,632**	2,041
Net profit (less preference dividends)	(c)	**1,602**	2,011
Earnings per ordinary share ($)			
Basic	(c)/(a)	**0.70**	0.90
Diluted	(b)/(aa)	**0.68**	0.87

For the purpose of calculating the diluted earnings per ordinary share, the weighted average number of ordinary shares in issue is adjusted to take into account the effect of a full conversion of non-voting convertible preference shares (CPS) and non-voting redeemable CPS. In addition, the calculation takes into account the exercise of all outstanding share options granted to employees when such shares would be issued at a price lower than the average share price during the financial year.

16 MEASUREMENT BASIS OF FINANCIAL INSTRUMENTS

In $ millions	Held for trading	Designated at fair value through profit or loss	Loans and receivables/ amortised cost	Available-for-sale	Hedging derivatives	Total
	The Group 2010					
Assets						
Cash and balances with central banks	–	–	31,203	–	–	31,203
Singapore Government securities and treasury bills	1,815	–	–	9,731	–	11,546
Due from banks	–	–	20,074	232	–	20,306
Financial assets at fair value through profit or loss	9,618	561	–	–	–	10,179
Positive fair values for financial derivatives	16,563	–	–	–	204	16,767
Loans and advances to customers	–	–	151,698	–	–	151,698
Financial investments	–	–	7,140	19,410	–	26,550
Securities pledged	992	–	–	990	–	1,982
Other assets	–	–	6,379	–	–	6,379
Total financial assets	28,988	561	216,494	30,363	204	276,610
Other asset items outside the scope of FRS 39[(a)]						7,100
Total assets						283,710
Liabilities						
Due to banks	–	–	18,811	–	–	18,811
Due to non-bank customers	–	–	187,695	–	–	187,695
Financial liabilities at fair value through profit or loss	7,196	3,032	–	–	–	10,228
Negative fair values for financial derivatives	16,907	–	–	–	315	17,222
Bills payable	–	–	601	–	–	601
Other liabilities	–	–	6,356	–	–	6,356
Other debt securities in issue	–	–	2,160	–	–	2,160
Subordinated term debts	–	–	6,398	–	–	6,398
Total financial liabilities	24,103	3,032	222,021	–	315	249,471
Other liability items outside the scope of FRS 39[(b)]						1,137
Total liabilities						250,608

(a) Includes investments in associates, goodwill on consolidation, properties and other fixed assets, investment properties and deferred tax assets

(b) Includes current tax liabilities, deferred tax liabilities and provision for loss in respect of off-balance sheet credit exposures

In $ millions	Held for trading	Designated at fair value through profit or loss	The Group 2009 Loans and receivables/ amortised cost	Available-for-sale	Hedging derivatives	Total
Assets						
Cash and balances with central banks	–	–	22,515	–	–	22,515
Singapore Government securities and treasury bills	2,715	–	–	13,245	–	15,960
Due from banks	–	–	22,203	–	–	22,203
Financial assets at fair value through profit or loss	10,043	1,214	–	–	–	11,257
Positive fair values for financial derivatives	15,757	–	–	–	258	16,015
Loans and advances to customers	–	–	129,973	–	–	129,973
Financial investments	–	–	5,055	20,676	–	25,731
Securities pledged	534	–	–	250	–	784
Other assets	–	–	6,011	–	–	6,011
Total financial assets	29,049	1,214	185,757	34,171	258	250,449
Other asset items outside the scope of FRS 39[(a)]						8,195
Total assets						258,644
Liabilities						
Due to banks	–	–	9,108	–	–	9,108
Due to non-bank customers	–	–	178,448	–	–	178,448
Financial liabilities at fair value through profit or loss	7,469	1,748	–	–	–	9,217
Negative fair values for financial derivatives	16,142	–	–	–	264	16,406
Bills payable	–	–	501	–	–	501
Other liabilities	–	–	6,290	–	–	6,290
Other debt securities in issue	–	–	413	–	–	413
Subordinated term debts	–	–	7,702	–	–	7,702
Total financial liabilities	23,611	1,748	202,462	–	264	228,085
Other liability items outside the scope of FRS 39[(b)]						1,060
Total liabilities						229,145

(a) Includes investments in associates, goodwill on consolidation, properties and other fixed assets, investment properties and deferred tax assets

(b) Includes current tax liabilities, deferred tax liabilities and provision for loss in respect of off-balance sheet credit exposures

In 2008, the Group reclassified certain financial assets which were no longer held for selling in the near term, out of the held for trading category into the available-for-sale category. If the Group had not reclassified the financial assets, fair value gains recognised for the year in respect of the reclassified assets outstanding at year end would have amounted to $37 million (2009: gains of $105 million) in the income statement.

In the previous financial years, the Group also reclassified certain financial assets out of the held for trading and available-for-sale categories into the loans and receivables category. The Group has the intention and ability to hold these reclassified assets for the foreseeable future or until maturity. If the Group had not reclassified the available-for-sale assets, fair value losses recognised for the year in respect of the reclassified assets outstanding at year end would have amounted to $4 million (2009: gains of $132 million) in the revaluation reserves. If the Group had not reclassified the held for trading assets, fair value gains or losses recognised for the year in respect of the reclassified assets outstanding at year end would have been insignificant.

The fair values and carrying amounts of the reclassified financial assets are as follows:

In $ millions		The Group			
		2010		2009	
Reclassified from	Reclassified to	Fair values	Carrying amounts	Fair values	Carrying amounts
Reclassified in 2009					
Held for trading	Loans and receivables	**51**	**51**	83	83
Reclassified in 2008					
Held for trading	Available-for-sale	**895**	**895**	1,720	1,720
Available-for-sale	Loans and receivables	**741**	**730**	1,598	1,544
Total		**1,687**	**1,676**	3,401	3,347

17 CASH AND BALANCES WITH CENTRAL BANKS

In $ millions	The Group 2010	2009
Cash on hand	**1,369**	1,388
Balances with central banks		
– Restricted balances [(a)]	**6,091**	3,234
– Non-restricted balances	**23,743**	17,893
Total	**31,203**	22,515

(a) Mandatory balances with central banks

18 SINGAPORE GOVERNMENT SECURITIES AND TREASURY BILLS

In $ millions	The Group 2010	2009
Held for trading	**1,815**	2,715
Available-for-sale	**9,731**	13,245
Total	**11,546**	15,960
Market value	**11,546**	15,960

19 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	The Group	
In $ millions	2010	2009
Trading		
Other government securities and treasury bills	**2,845**	3,893
Corporate debt securities	**3,435**	3,874
Equity securities	**346**	284
Loans and advances to customers	**–**	6
Other financial assets (due from banks)	**2,992**	1,986
Sub-total	**9,618**	10,043
Fair value designated		
Other government securities and treasury bills	**–**	25
Corporate debt securities	**166**	585
Loans and advances to customers	**395**	604
Sub-total	**561**	1,214
Total	**10,179**	11,257
Analysed by industry		
Manufacturing	**482**	578
Building and construction	**188**	243
General commerce	**126**	85
Transportation, storage and communications	**361**	378
Financial institutions, investment and holding companies	**5,129**	4,857
Government	**2,845**	3,918
Others	**1,048**	1,198
Total	**10,179**	11,257
Fair value designated loans and advances and related credit derivatives/enhancements		
Maximum credit exposure	**395**	604
Credit derivatives/enhancements – protection bought	**(395)**	(604)
Cumulative change in fair value arising from changes in credit risk	**(14)**	(16)
Cumulative change in fair value of related credit derivatives /enhancements	**14**	16

Changes in fair value arising from changes in credit risk are determined as the amount of change in their fair value that is not attributable to changes in market conditions that give rise to market risk. Changes in market conditions that give rise to market risk include changes in a benchmark interest rate, foreign exchange rate or index of prices or rates.

During the year, the amount of change in the fair value of the loans and advances attributable to credit risk was $2 million (2009: $39 million).

During the year, the amount of change in the fair value of the related credit derivatives/enhancements was $2 million (2009: $39 million).

20 LOANS AND ADVANCES TO CUSTOMERS

	The Group	
In $ millions	2010	2009
Gross	**154,326**	132,810
Less: Specific allowances	**1,152**	1,512
General allowances	**1,476**	1,325
Net total	**151,698**	129,973
Comprising:		
Bills receivable	**8,287**	5,023
Loans	**143,411**	124,950
Net total	**151,698**	129,973
Analysed by industry [(a)]		
Manufacturing	**19,173**	16,120
Building and construction	**21,353**	18,426
Housing loans	**38,675**	33,120
General commerce	**16,706**	13,304
Transportation, storage and communications	**14,378**	12,277
Financial institutions, investment and holding companies	**18,509**	16,674
Professionals and private individuals (except housing loans)	**11,142**	10,873
Others	**14,390**	12,016
Gross total	**154,326**	132,810
Analysed by product		
Long-term loans	**72,265**	65,622
Short-term facilities	**31,751**	25,659
Overdrafts	**3,261**	3,410
Housing loans	**38,675**	33,120
Trade financing	**8,374**	4,999
Gross total	**154,326**	132,810
Analysed by currency		
Singapore dollar	**67,439**	56,703
Hong Kong dollar	**30,478**	30,274
US dollar	**37,743**	28,938
Others	**18,666**	16,895
Gross total	**154,326**	132,810

(a) The industry classifications have been prepared at the level of the borrowing entity. A loan to an entity is classified by the industry in which it operates, even though its parent or group's main business may be in a different industry.

The table below shows the movements in specific and general allowances during the year for the Group:

In $ millions	Balance at 1 January	Charge/ (Write-back) to income statement	Net write-off during the year	Exchange and other movements	Balance at 31 December
			2010		
Specific allowances					
Manufacturing	**368**	**21**	**(63)**	**(21)**	**305**
Building and construction	**23**	**6**	**(2)**	**(3)**	**24**
Housing loans	**28**	**(11)**	**(1)**	**(1)**	**15**
General commerce	**228**	**84**	**(203)**	**(8)**	**101**
Transportation, storage and communications	**97**	**100**	**(10)**	**(7)**	**180**
Financial institutions, investment and holding companies	**589**	**354**	**(539)**	**(24)**	**380**
Professionals and private individuals (except housing loans)	**89**	**48**	**(63)**	**(5)**	**69**
Others	**90**	**12**	**(18)**	**(6)**	**78**
Total specific allowances	**1,512**	**614**	**(899)**	**(75)**	**1,152**
General allowances					
Manufacturing	**199**	**36**	**–**	**(5)**	**230**
Building and construction	**232**	**34**	**–**	**(5)**	**261**
Housing loans	**56**	**(7)**	**–**	**(1)**	**48**
General commerce	**165**	**42**	**–**	**(4)**	**203**
Transportation, storage and communications	**154**	**23**	**–**	**(4)**	**173**
Financial institutions, investment and holding companies	**204**	**22**	**–**	**(5)**	**221**
Professionals and private individuals (except housing loans)	**136**	**2**	**–**	**(3)**	**135**
Others	**179**	**30**	**–**	**(4)**	**205**
Total general allowances	**1,325**	**182**	**–**	**(31)**	**1,476**
Total allowances	**2,837**	**796**	**(899)**	**(106)**	**2,628**

In $ millions	Balance at 1 January	Charge/ (Write-back) to income statement	2009 Net write-off during the year	Exchange and other movements	Balance at 31 December
Specific allowances					
Manufacturing	340	229	(189)	(12)	368
Building and construction	29	3	(8)	(1)	23
Housing loans	41	(6)	(7)	–	28
General commerce	174	152	(92)	(6)	228
Transportation, storage and communications	5	94	(1)	(1)	97
Financial institutions, investment and holding companies	66	526	1	(4)	589
Professionals and private individuals (except housing loans)	109	75	(92)	(3)	89
Others	104	7	(18)	(3)	90
Total specific allowances	868	1,080	(406)	(30)	1,512
General allowances					
Manufacturing	150	53	–	(4)	199
Building and construction	179	57	–	(4)	232
Housing loans	48	9	–	(1)	56
General commerce	129	39	–	(3)	165
Transportation, storage and communications	125	32	–	(3)	154
Financial institutions, investment and holding companies	144	64	–	(4)	204
Professionals and private individuals (except housing loans)	104	34	–	(2)	136
Others	137	46	–	(4)	179
Total general allowances	1,016	334	–	(25)	1,325
Total allowances	1,884	1,414	(406)	(55)	2,837

21 FINANCIAL INVESTMENTS

In $ millions	The Group 2010	2009
Available-for-sale		
Quoted other government securities and treasury bills	**8,345**	7,539
Quoted corporate debt securities	**9,922**	12,121
Quoted equity securities	**818**	691
Unquoted equity securities	**325**	325
Available-for-sale financial investments	**19,410**	20,676
Loans and receivables		
Other government securities and treasury bills	**128**	146
Corporate debt securities	**7,140**	5,079
Less: Impairment allowances for corporate debt securities	**128**	170
Loans and receivables financial investments	**7,140**	5,055
Total	**26,550**	25,731
Market value of debt securities and quoted equity securities	**26,286**	25,578
Analysed by industry		
Manufacturing	**726**	656
Building and construction	**1,257**	887
General commerce	**612**	582
Transportation, storage and communications	**1,769**	1,260
Financial institutions, investment and holding companies	**9,698**	10,513
Government	**8,473**	7,685
Others	**4,015**	4,148
Total carrying value	**26,550**	25,731

The table below shows the movements in impairment allowances during the year for the Group:

In $ millions	Balance at 1 January	Charge to income statement	Net write-off during the year	Exchange and other movements	Balance at 31 December
2010					
Loans and receivables					
Corporate debt securities	**170**	**38**	**(76)**	**(4)**	**128**
2009					
Loans and receivables					
Corporate debt securities	483	20	(331)	(2)	170

22 SECURITIES PLEDGED

In $ millions	The Group 2010	2009
Securities pledged		
Singapore Government securities and treasury bills	**414**	55
Other government securities and treasury bills	**1,556**	702
Corporate debt securities	**12**	27
Total securities pledged[a]	**1,982**	784
Related liabilities	**1,981**	776

(a) Includes financial assets at fair value through profit or loss of $992 million (2009: $534 million)

The Group enters into securities repurchase agreements and securities lending transactions under which it receives or transfers collateral in accordance with normal market practice.

23 SUBSIDIARIES

In $ millions	The Company 2010	2009
Unquoted equity shares, at cost	**8,076**	6,726
Due from subsidiaries	**2,362**	2,972
Total	**10,438**	9,698

Refer to Note 49 for details of significant subsidiaries.

24 JOINT VENTURES

The Group's share of income and expenses, and assets and liabilities of joint ventures at 31 December are as follows:

In $ millions	The Group 2010	2009
Income statement		
Share of income	**24**	72
Share of expenses	**(20)**	(95)
Balance sheet		
Share of total assets	**190**	896
Share of total liabilities	**146**	772

The joint ventures are Hutchinson DBS Card Limited for 2010 and Cholamandalam DBS Finance Limited and Hutchinson DBS Card Limited for 2009.

25 INVESTMENTS IN ASSOCIATES

In $ millions	The Group 2010	2009
Unquoted		
Cost	**105**	52
Share of post acquisition reserves	**117**	107
Sub-total	**222**	159
Quoted		
Cost	**1,263**	1,231
Impairment allowances	**(837)**	(837)
Net exchange translation adjustments	**(40)**	(31)
Share of post acquisition reserves	**205**	150
Sub-total	**591**	513
Total	**813**	672
Market value of quoted associates	**1,309**	1,015

The Group's share of income and expenses, assets and liabilities and off-balance sheet items of associates at 31 December are as follows:

In $ millions	The Group 2010	2009
Income statement		
Share of income	**432**	411
Share of expenses	**(330)**	(319)
Balance sheet		
Share of total assets	**5,847**	5,220
Share of total liabilities	**5,034**	4,548
Off-balance sheet		
Share of contingent liabilities and commitments	**54**	48

Refer to Note 49 for details of significant associates.

26 GOODWILL ON CONSOLIDATION

Set out below is the carrying value of the Group's goodwill arising from acquisition of subsidiaries and joint ventures as at 31 December, after an assessment for impairment is performed:

In $ millions	The Group 2010	2009
Balance at 1 January	**5,847**	5,847
Impairment charge	**(1,018)**	–
Disposal of joint venture	**(27)**	–
Balance at 31 December	**4,802**	5,847

Goodwill arising from acquisition of subsidiaries and joint ventures is allocated to the Group's cash-generating units or groups of cash-generating units as follows:

In $ millions	2010	2009
DBS Bank (Hong Kong) Limited	**4,631**	5,649
DBS Vickers Securities Holdings Pte Ltd	**154**	154
Cholamandalam DBS Finance Limited	**–**	27
Primefield Company Pte Ltd	**17**	17
Total	**4,802**	5,847

Key assumptions used for value-in-use calculations:

	DBS Bank (Hong Kong) Limited	DBS Vickers Securities Holdings Pte Ltd
Growth rate[(a)]	4.5%	4.0%
Discount rate[(a)]	9.5%	9.0%

(a) No change from 2009

The recoverable amounts are determined based on a value-in-use calculation. These calculations use cash flow projections based on financial budgets and forecasts approved by senior management, taking into account projected regulatory capital requirements. The recoverable value is determined by discounting the cash flow projections to their present values. The terminal value reflecting all periods beyond the fifth year is calculated based on the forecast fifth year profit, the cost of equity and the long term growth rate stated above. The growth rates do not exceed the long-term average growth rate for the market in which the businesses operate.

The process of evaluating goodwill impairment requires significant management judgement, the results of which are highly sensitive to the assumptions used. The review of goodwill impairment represents management's best estimate of the various factors, including the future cash flows and the discount and growth rates used.

For the year ended 31 December 2010, an impairment charge of $1,018 million has been recorded in the income statement for the goodwill arising from the Group's acquisition of DBS Bank (Hong Kong) Limited. This resulted from a decline in the value-in-use of the cash generating unit as cash flow projections were reduced. The decline in cash flow projection for the cash generating unit was driven by the increased likelihood of interest margin compression as a result of heightened deposit competition.

If the estimated long term growth rates for DBS Bank (Hong Kong) Limited and DBS Vickers Securities Holdings Pte Ltd are reduced by 25 basis points or the estimated discount rates increased by 25 basis points, the impact on the recoverable amounts for these entities are not material. On this basis, the Group concluded that goodwill remains recoverable at 31 December 2010. However, if conditions in Hong Kong and the banking industry deteriorate and turn out to be significantly worse than anticipated in the Group's performance forecast, the goodwill may be further impaired in future periods.

27 PROPERTIES AND OTHER FIXED ASSETS

The Group leases out investment properties under operating leases. The leases typically run for an initial period of one to five years, and may contain an option to renew the lease after that date at which time all terms will be renegotiated. None of the leases include contingent rentals.

The minimum lease receivables as at the balance sheet date are as follows:

	The Group	
In $ millions	2010	2009
Minimum lease receivable		
Not later than 1 year	**13**	15
Later than 1 year but not later than 5 years	**18**	18
Total	**31**	33

	The Group				
		Non-investment property			
In $ millions	Investment property	Owner-occupied property	Other fixed assets[a]	Subtotal of non-investment property	Total
	(1)	(2)	(3)	(4)=(2+3)	(5)=(1+4)
2010					
Cost					
Balance at 1 January	**502**	**944**	**919**	**1,863**	**2,365**
Additions	**–**	**21**	**155**	**176**	**176**
Disposals	**(71)**	**(45)**	**(126)**	**(171)**	**(242)**
Transfer	**31**	**(31)**	**–**	**(31)**	**–**
Exchange differences	**3**	**(64)**	**(37)**	**(101)**	**(98)**
Balance at 31 December	**465**	**825**	**911**	**1,736**	**2,201**
Less: Accumulated depreciation					
Balance at 1 January	**104**	**164**	**491**	**655**	**759**
Depreciation charge	**6**	**23**	**164**	**187**	**193**
Disposals	**(16)**	**(24)**	**(113)**	**(137)**	**(153)**
Transfer	**3**	**(3)**	**–**	**(3)**	**–**
Exchange differences	**10**	**(34)**	**(25)**	**(59)**	**(49)**
Balance at 31 December	**107**	**126**	**517**	**643**	**750**
Less: Allowances for impairment	**–**	**68**	**–**	**68**	**68**
Net book value at 31 December	**358**	**631**	**394**	**1,025**	**1,383**
Market value at 31 December	**497**	**999**	**–**	**–**	**–**
2009					
Cost					
Balance at 1 January	350	1,122	848	1,970	2,320
Additions	–	4	175	179	179
Disposals	(6)	(12)	(105)	(117)	(123)
Transfer	158	(158)	–	(158)	–
Exchange differences	–	(12)	1	(11)	(11)
Balance at 31 December	502	944	919	1,863	2,365
Less: Accumulated depreciation					
Balance at 1 January	57	188	399	587	644
Depreciation charge	6	24	165	189	195
Disposals	–	(5)	(74)	(79)	(79)
Transfer	41	(41)	–	(41)	–
Exchange differences	–	(2)	1	(1)	(1)
Balance at 31 December	104	164	491	655	759
Less: Allowances for impairment	–	74	–	74	74
Net book value at 31 December	398	706	428	1,134	1,532
Market value at 31 December	509	1,106	–	–	–

(a) Refers to computer hardware, software, office equipment, furniture and fittings and other fixed assets

Movements in allowances for impairment of properties during the year are as follows:

In $ millions	The Group 2010	2009
Balance at 1 January	**74**	72
(Write-back)/Charge to income statement	**(2)**	2
Exchange and other movements	**(4)**	–
Balance at 31 December	**68**	74

27.1 The net book value of PWC Building, being property held both for the purpose of generating rental income and for owner occupancy, was $416 million as at 31 December 2010 (2009: $423 million). Its fair value was independently appraised at $560 million (2009: $542 million).

28 DEFERRED TAX ASSETS/LIABILITIES

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same tax authority. The deferred tax assets and liabilities are to be recovered and settled after one year and the following amounts, determined after appropriate offsetting, are shown in the balance sheet. The following amounts, determined after appropriate offsetting, are shown in the balance sheet:

In $ millions	The Group 2010	2009
Deferred tax assets	**102**	144
Deferred tax liabilities	**(40)**	(54)
Total	**62**	90

The movement in deferred tax (prior to offsetting of balances within the same tax jurisdiction) is as follows:

In $ millions		The Group 2010	
Deferred income tax assets	**Allowances for losses**	**Other temporary differences**	**Total**
Balance at 1 January	**173**	**44**	**217**
Disposal of joint venture	**(13)**	**–**	**(13)**
Charge to income statement	**(10)**	**(5)**	**(15)**
Balance at 31 December	**150**	**39**	**189**

Deferred income tax liabilities	Accelerated tax depreciation	Available-for-sale investments	Other temporary differences	Total
Balance at 1 January	**(107)**	**(9)**	**(11)**	**(127)**
Credit to income statement	**9**	**3**	**4**	**16**
Credit/(Charge) to equity	**12**	**(28)**	**–**	**(16)**
Balance at 31 December	**(86)**	**(34)**	**(7)**	**(127)**

In $ millions		The Group 2009	
Deferred income tax assets	**Allowances for losses**	**Other temporary differences**	**Total**
Balance at 1 January	98	62	160
Credit/(Charge) to income statement	75	(18)	57
Balance at 31 December	173	44	217

Deferred income tax liabilities	Accelerated tax depreciation	Available-for-sale investments	Other temporary differences	Total
Balance at 1 January	(124)	91	(1)	(34)
Credit/(Charge) to income statement	17	–	(10)	7
Charge to equity	–	(100)	–	(100)
Balance at 31 December	(107)	(9)	(11)	(127)

29 OTHER ASSETS

In $ millions	The Group 2010	2009
Accrued interest receivable	**713**	855
Deposits and prepayments	**277**	183
Clients' monies receivable from securities business	**798**	783
Sundry debtors and others	**4,591**	4,190
Total	**6,379**	6,011

30 DUE TO NON-BANK CUSTOMERS

In $ millions	The Group 2010	2009
Analysed by currency		
Singapore dollar	**108,791**	99,608
US dollar	**29,900**	28,939
Hong Kong dollar	**23,162**	23,543
Others	**25,842**	26,358
Total	**187,695**	178,448
Analysed by product		
Savings accounts	**88,789**	82,751
Current accounts	**30,114**	27,705
Fixed deposits	**65,534**	64,124
Other deposits	**3,258**	3,868
Total	**187,695**	178,448

31 FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

In $ millions	The Group 2010	2009
Trading		
Other debt securities in issue (Note 31.1)	**1,909**	1,622
Due to non-bank customers		
– structured investments	**3,387**	3,426
– others	**151**	853
Payable in respect of short sale of securities	**1,706**	1,356
Other financial liabilities	**43**	212
Sub-total	**7,196**	7,469
Fair value designated[(a)]		
Due to non-bank customers		
– structured investments	**2,459**	705
Other debt securities in issue (Note 31.2)	**573**	1,043
Sub-total	**3,032**	1,748
Total	**10,228**	9,217

(a) Changes in fair value arising from changes in credit risks are determined as the amount of change in fair value that is not attributable to changes in market conditions that give rise to market risk. Changes in market conditions that give rise to market risk include changes in benchmark interest rate, foreign exchange rate or index of prices or rates. Change in fair value arising from change in credit risks is not significant. Net unrealised loss for the fair value designated liabilities amount to $13 million at 31 December 2010 (2009: $13 million gain)

31.1 Other debt securities in issue (Trading)

Details of other debt securities issued and outstanding at 31 December are as follows:

In $ millions Type	Issue Date	Maturity Date	The Group 2010	2009
Issued by the Bank and other subsidiaries				
Equity linked notes	6 Jun 2006 to 31 Dec 2010	3 Jan 2011 to 20 Jan 2015	**694**	644
Credit linked notes	27 Aug 2004 to 18 Aug 2010	7 Mar 2011 to 20 Jun 2016	**596**	846
Interest linked notes	19 Sep 2008 to 16 Nov 2010	25 May 2011 to 26 Nov 2040	**569**	58
Foreign exchange linked notes	29 Jul 2010 to 31 Dec 2010	3 Jan 2011 to 29 Mar 2011	**50**	74
Total			**1,909**	1,622
Due within 1 year			**998**	934
Due after 1 year			**911**	688
Total			**1,909**	1,622

31.2 Other debt securities in issue (Fair value designated)

In $ millions	The Group 2010	2009
Negotiable certificates of deposit	**54**	–
Other debt securities	**519**	1,043
Total	**573**	1,043
Due within 1 year	**423**	892
Due after 1 year	**150**	151
Total	**573**	1,043

Details of negotiable certificates of deposit issued and outstanding at 31 December are as follows:

In $ millions Face Value	Interest Rate and Repayment Terms	Issue Date	Maturity Date	The Group 2010	2009
Issued by other subsidiaries					
HK$307.5m	3M HIBOR* + 0.4% to 0.7%, payable quarterly	12 Apr 2010 to 12 May 2010	29 Apr 2011 to 12 Apr 2013	**51**	–
US$2.2m	3M LIBOR** + 0.4%, payable quarterly	14 Apr 2010	14 Oct 2011	**3**	–
Total				**54**	–

* *HIBOR: Hong Kong Interbank Offer Rate*

** *LIBOR: London Interbank Offer Rate*

Details of other debt securities issued and outstanding at 31 December are as follows:

In $ millions Type	Issue Date	Maturity Date	The Group 2010	2009
Issued by the Bank				
Credit linked notes	28 Feb 2010 to 21 Dec 2010	11 Jan 2011 to 23 Dec 2015	**386**	726
Issued by other subsidiaries				
Equity linked notes	10 Nov 2006	10 Nov 2011	**21**	90
Credit linked notes	8 Feb 2006 to 5 Sep 2007	8 Feb 2011 to 5 Sep 2014	**112**	227
Total			**519**	1,043

32 OTHER LIABILITIES

In $ millions	The Group 2010	2009
Sundry creditors	**3,985**	4,028
Cash collaterals received in respect of derivative portfolios	**483**	336
Interest payable	**229**	291
Provision for loss in respect of off-balance sheet credit exposures	**218**	199
Clients' monies payable in respect of securities business	**708**	640
Other payable	**951**	995
Total	**6,574**	6,489

The table below shows the movements in provision for loss in respect of off-balance sheet credit exposures during the year for the Group:

In $ millions	Balance at 1 January	Charge to income statement	Exchange and other movements	Balance at 31 December
2010				
Contingent liabilities and commitments	**199**	**36**	**(17)**	**218**
2009				
Contingent liabilities and commitments	177	4	18	199

The industry breakdown of provision for loss in respect of off-balance sheet credit exposures during the year are as follows:

	2010			
In $ millions	Balance at 1 January	Charge/ (Write-back) to income statement	Exchange and other movements	Balance at 31 December
Off-balance sheet credit exposures				
Manufacturing	**34**	**9**	**(3)**	**40**
Building and construction	**12**	**4**	**(1)**	**15**
Housing loans	**1**	**–**	**–**	**1**
General commerce	**24**	**8**	**(2)**	**30**
Transportation, storage and communications	**10**	**4**	**(1)**	**13**
Financial institutions, investment and holding companies	**32**	**1**	**(2)**	**31**
Professionals and private individuals (except housing loans)	**57**	**(3)**	**(4)**	**50**
Others	**29**	**13**	**(4)**	**38**
Total	**199**	**36**	**(17)**	**218**

	2009			
In $ millions	Balance at 1 January	Charge/ (Write-back) to income statement	Exchange and other movements	Balance at 31 December
Off-balance sheet credit exposures				
Manufacturing	31	–	3	34
Building and construction	12	(1)	1	12
Housing loans	1	–	–	1
General commerce	26	(4)	2	24
Transportation, storage and communications	12	(3)	1	10
Financial institutions, investment and holding companies	45	(16)	3	32
Professionals and private individuals (except housing loans)	21	31	5	57
Others	29	(3)	3	29
Total	177	4	18	199

33 OTHER DEBT SECURITIES IN ISSUE

In $ millions	The Group 2010	2009
Negotiable certificates of deposit	**964**	281
Other debt securities	**1,196**	132
Total	**2,160**	413
Due within 1 year	**505**	44
Due after 1 year	**1,655**	369
Total	**2,160**	413

Details of negotiable certificates of deposit issued and outstanding at 31 December are as follows:

In $ millions Face Value	Interest Rate and Repayment Terms	Issue Date	Maturity Date	The Group 2010	2009
Issued by other subsidiaries					
HK$2,282m	0.61% to 4.22%, payable quarterly	22 Aug 2008 to 16 Nov 2010	3 Jun 2011 to 21 Jan 2020	**386**	141
HK$1,280m	3M HIBOR + 0.2% to 0.3%, payable quarterly	1 Apr 2010 to 4 Aug 2010	1 Jun 2011 to 2 Apr 2013	**212**	–
HK$1,894m	0.56% to 4.20%, payable yearly	31 Aug 2008 to 14 Oct 2010	21 Apr 2011 to 28 Aug 2018	**320**	140
HK$280m	Zero Coupon Certificate of Deposit, payable on maturity	18 Nov 2010	18 Nov 2011	**46**	–
Total				**964**	281

Details of other debt securities issued and outstanding at 31 December are as follows:

In $ millions Face Value	Interest Rate and Repayment Terms	Issue Date	Maturity Date	The Group 2010	2009
Issued by the Bank					
US$1,000m Medium term notes	2.375%, payable half yearly	14 Sep 2010	14 Sep 2015	**1,194**	–
Type					
Issued by other subsidiaries/joint ventures					
Notes issued		30 Nov 2010 to 21 Dec 2010	5 Jan 2011 to 19 Jan 2011	**2**	2
Redeemable non-convertible debentures [(a)]				**–**	130
Total				**1,196**	132

(a) These notes comprised fixed rate notes issued by Cholamandalam DBS Finance Limited, a joint venture company, which was disposed in 2010.

34 SUBORDINATED TERM DEBTS

Subordinated term debts issued by subsidiaries of the Group are classified as liabilities in accordance with FRS 32. These are long-term debt instruments that have a junior or lower priority claim on the Group's assets in the event of a default or liquidation, and qualify as Tier 2 capital for capital adequacy purposes.

In $ millions				The Group	
Face Value		**Issue Date**	**Maturity Date**	**2010**	**2009**
Issued by the Bank					
US$500m	7.88% Subordinated Notes (Note 34.1)	15 Apr 2000	15 Apr 2010	**–**	715
US$850m	7.13% Subordinated Notes (Note 34.2)	15 May 2001	15 May 2011	**1,116**	1,274
US$750m	5.00% Subordinated Notes callable with step-up in 2014 (Note 34.3)	1 Oct 2004	15 Nov 2019	**1,014**	1,089
US$900m	Floating Rate Subordinated Notes callable with step-up in 2016 (Note 34.4)	16 Jun 2006	15 Jul 2021	**1,158**	1,264
S$500m	4.47% Subordinated Notes callable with step-up in 2016 (Note 34.5)	11 Jul 2006	15 Jul 2021	**500**	500
US$500m	5.13% Subordinated Notes callable with step-up in 2012 (Note 34.6)	15 May 2007	16 May 2017	**680**	753
US$1,500m	Floating Rate Subordinated Notes callable with step-up in 2012 (Note 34.7)	15 May 2007	16 May 2017	**1,930**	2,107
Total				**6,398**	7,702
Due within 1 year				**1,116**	715
Due after 1 year				**5,282**	6,987
Total				**6,398**	7,702

34.1 Interest is payable semi-annually on 15 April and 15 October commencing 15 October 2000. The fixed rate funding has been converted to floating rate at six-month LIBOR + 0.96% via interest rate swaps. In computing the Group's capital adequacy ratio, these notes qualify as Tier 2 capital, the eligible amount being dependent on regulatory amortisation rules. The notes expired in 2010.

34.2 Interest is payable semi-annually on 15 May and 15 November commencing 15 November 2001. The fixed rate funding has been converted to floating rate at three-month LIBOR + 1.25% via interest rate swaps. In computing the Group's capital adequacy ratio, these notes qualify as Tier 2 capital, the eligible amount being dependent on regulatory amortisation rules.

34.3 Interest is payable semi-annually on 15 May and 15 November commencing 15 May 2005. Part of the fixed rate funding has been converted to floating rate at three-month LIBOR + 0.61% via interest rate swaps. If the notes are not called at the tenth year, the interest rate steps up and will be reset at six-month LIBOR + 1.61% on the call date. In computing the Group's capital adequacy ratio, these notes qualify as Tier 2 capital.

34.4 Interest is payable quarterly on 15 January, 15 April, 15 July and 15 October commencing 15 October 2006. Interest on the notes will be paid initially at three-month LIBOR + 0.61%. If the notes are not called at the tenth year, the interest rate steps up and will be set at three-month LIBOR + 1.61% on the call date. In computing the Group's capital adequacy ratio, these notes qualify as Tier 2 capital.

34.5 Interest is payable semi-annually on 15 January and 15 July commencing 15 January 2007. If the notes are not called at the tenth year, the interest rate steps up and will be reset at a floating rate per annum equal to six-month Singapore Swap Offer Rate + 1.58% on the call date. In computing the Group's capital adequacy ratio, these notes qualify as Tier 2 capital.

34.6 Interest is payable semi-annually on 16 May and 16 November commencing 16 November 2007. The fixed rate funding has been converted to floating rate at three-month LIBOR + 0.22% via interest rate swaps. If the notes are not called at the fifth year, the interest rate steps up and will be set at three-month LIBOR + 1.22% on the call date. In computing the Group's capital adequacy ratio, these notes qualify as Tier 2 capital.

34.7 Interest is payable quarterly on 16 February, 16 May, 16 August and 16 November commencing 16 August 2007. Interest on the notes will be paid initially at three-month LIBOR + 0.22%. If the notes are not called at the fifth year, the interest rate steps up and will be set at three-month LIBOR + 1.22% on the call date. In computing the Group's capital adequacy ratio, these notes qualify as Tier 2 capital.

35 SHARE CAPITAL AND TREASURY SHARES

During the financial year, pursuant to the DBSH Share Option Plan, the Company issued 1,362,039 (2009: 1,011,601) ordinary shares, fully paid in cash upon the exercise of the options granted. The newly issued shares rank pari passu in all respects with the previously issued shares. The movements in number of ordinary shares and Convertible Preference Shares (CPS) are as follows:

	The Company	
Number of shares (millions)	**2010**	**2009**
Balance at 1 January	**2,382**	1,587
Issue of shares pursuant to Scrip Dividend Scheme	**25**	–
Issue of rights shares	**–**	794
Issue of shares upon exercise of share options	**2**	1
Balance at 31 December	**2,409**	2,382
The balance includes the following:		
2,308,790,261 (2009: 2,282,452,288) ordinary shares[(a)]	**2,309**	2,282
180,654 (2009: 180,654) non-voting CPS	**#**	#
99,713,061 (2009: 99,713,061) non-voting redeemable CPS	**100**	100
Total	**2,409**	2,382

(a) The ordinary shares are fully paid-up and do not have par value

 # Amount under 500,000

The non-voting CPS and non-voting redeemable CPS enjoy the same dividend rate paid on ordinary shares except that the dividend payable is subject to maximum of $0.30 per annum (non-cumulative). The CPS do not carry voting rights, except in certain instances e.g. where any relevant dividend due is not paid up in full or where a resolution is proposed varying the rights of the preference shares. Subject to the terms set out in the Company's Articles of Association, each CPS may be converted into one fully paid ordinary share at the option of the holder. The Company may also redeem the non-voting redeemable CPS in accordance with the Articles of Association.

Movements in carrying amount of share capital and treasury shares are as follows:

	The Group	
In $ millions	**Issued share capital**	**Treasury shares**
Balance at 1 January 2010	**8,435**	**(114)**
Issue of shares pursuant to Scrip Dividend Scheme	**327**	**–**
Draw-down of reserves upon vesting of performance shares	**–**	**30**
Issue of shares upon exercise of share options	**16**	**–**
Reclassification of reserves upon exercise of share options	**2**	**–**
Balance at 31 December 2010	**8,780**	**(84)**
Balance at 1 January 2009	4,215	(154)
Issue of rights shares	4,210	–
Draw-down of reserves upon vesting of performance shares	–	61
Issue of shares upon exercise of share options	11	–
Share issue expenses	(2)	–
Purchase of treasury shares	–	(21)
Reclassification of reserves upon exercise of share options	1	–
Balance at 31 December 2009	8,435	(114)

As at 31 December 2010, the number of treasury shares held by the Group is 5,762,894 (2009: 7,784,454), which is 0.24% (2009: 0.33%) of the total number of issued shares excluding treasury shares.

Movements in the number of treasury shares are as follows:

	The Company	
Number of shares	**2010**	**2009**
Balance at 1 January	**7,784,454**	8,112,401
Purchase of treasury shares	**–**	3,871,658
Vesting of performance shares	**(2,021,560)**	(4,199,605)
Balance at 31 December	**5,762,894**	7,784,454

36 OTHER RESERVES AND REVENUE RESERVES

36.1 Other reserves

	The Group		The Company	
In $ millions	**2010**	**2009**	**2010**	**2009**
Available-for-sale revaluation reserves	**387**	132	**–**	–
General reserves	**2,453**	2,453	**–**	–
Capital reserves	**(106)**	(48)	**–**	–
Share option and share plan reserves	**79**	71	**79**	71
Others	**4,271**	4,271	**–**	–
Total	**7,084**	6,879	**79**	71

Movements in other reserves during the year are as follows:

	The Group					
In $ millions	**Available-for-sale revaluation reserves**	**General reserves[(a)]**	**Capital reserves[(b)]**	**Share option and share plan reserves**	**Other reserves[(c)]**	**Total**
Balance at 1 January 2010	**132**	**2,453**	**(48)**	**71**	**4,271**	**6,879**
Net exchange translation adjustments	**–**	**–**	**(70)**	**–**	**–**	**(70)**
Share of associates' capital reserves	**–**	**–**	**12**	**–**	**–**	**12**
Cost of share-based payments	**–**	**–**	**–**	**40**	**–**	**40**
Reclassification of reserves upon exercise of share options	**–**	**–**	**–**	**(2)**	**–**	**(2)**
Draw-down of reserves upon vesting of performance shares	**–**	**–**	**–**	**(30)**	**–**	**(30)**
Available-for-sale:						
– net valuation taken to equity	**598**	**–**	**–**	**–**	**–**	**598**
– transferred to income statement on sale	**(315)**	**–**	**–**	**–**	**–**	**(315)**
– tax on items taken directly to or transferred from equity	**(28)**	**–**	**–**	**–**	**–**	**(28)**
Balance at 31 December 2010	**387**	**2,453**	**(106)**	**79**	**4,271**	**7,084**

	The Group					
In $ millions	**Available-for-sale revaluation reserves**	**General reserves[(a)]**	**Capital reserves[(b)]**	**Share option and share plan reserves**	**Other reserves[(c)]**	**Total**
Balance at 1 January 2009	(388)	2,453	(103)	89	4,271	6,322
Net exchange translation adjustments	–	–	37	–	–	37
Share of associates' capital reserves	–	–	18	–	–	18
Cost of share-based payments	–	–	–	44	–	44
Reclassification of reserves upon exercise of share options	–	–	–	(1)	–	(1)
Draw-down of reserves upon vesting of performance shares	–	–	–	(61)	–	(61)
Available-for-sale:						
– net valuation taken to equity	932	–	–	–	–	932
– transferred to income statement on sale	(312)	–	–	–	–	(312)
– tax on items taken directly to or transferred from equity	(100)	–	–	–	–	(100)
Balance at 31 December 2009	132	2,453	(48)	71	4,271	6,879

(a) 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

(b) Capital reserves include net exchange translation adjustments arising from translation differences on net investments in foreign subsidiaries, joint ventures, associates and branches, and the related foreign currency financial instruments designated as a hedge

(c) Other reserves relate to the share premium of the Bank prior to the restructuring of the Bank under a financial services holding company, DBSH, pursuant to a scheme of arrangement under Section 210 of the Singapore Companies Act on 26 June 1999

	The Company
In $ millions	**Share option and share plan reserves**
Balance at 1 January 2010	**71**
Cost of share-based payments	**40**
Reclassification of reserves upon exercise of share options	**(2)**
Draw-down of reserves upon vesting of performance shares	**(30)**
Balance at 31 December 2010	**79**
Balance at 1 January 2009	89
Cost of share-based payments	44
Reclassification of reserves upon exercise of share options	(1)
Draw-down of reserves upon vesting of performance shares	(61)
Balance at 31 December 2009	71

36.2 Revenue reserves

In $ millions	The Group 2010	2009
Balance at 1 January	**10,173**	9,436
Net profit attributable to shareholders	**1,632**	2,041
Amount available for distribution	**11,805**	11,477
Less: Final dividend on ordinary shares of $0.14 (one-tier tax-exempt) paid for the previous financial year (2009: $0.14 one-tier tax-exempt)	**320**	319
Interim dividends on ordinary shares of $0.28 (one-tier tax-exempt) paid for the current financial year (2009: $0.42 one-tier tax-exempt)	**638**	955
Interim dividends on non-voting CPS and non-voting redeemable CPS of $0.28 (one-tier tax-exempt) paid for the current financial year (2009: $0.30 one-tier tax-exempt)	**28**	30
Balance at 31 December	**10,819**	10,173

36.3 Proposed dividend

Proposed final one-tier tax-exempt dividends on ordinary shares of $0.28 per share and on DBSH non-voting convertible preference share ("CPS") and DBSH non-voting redeemable CPS of $0.02 per share will not be accounted for in the financial statements for the year ended 31 December 2010 until they are approved at the Annual General Meeting on 28 April 2011.

37 NON-CONTROLLING INTERESTS

In $ millions	The Group 2010	2009
Preference shares issued by the Bank (Note 37.1)	**1,100**	1,100
Preference shares issued by the Bank (Note 37.2)	**1,700**	–
Preference shares issued by the Bank (Note 37.3)	**800**	–
Preference shares issued by DBS Capital Funding Corporation (Note 37.4)	**1,033**	1,118
Preference shares issued by DBS Capital Funding II Corporation (Note 37.5)	**1,500**	1,500
Other subsidiaries	**370**	408
Total	**6,503**	4,126

37.1 $1,100 million 6% non-cumulative non-convertible perpetual preference shares and a liquidation preference of $100 each, was issued on 28 May 2001 by the Bank, a subsidiary of the Company, to third parties. They qualify as Tier 1 capital for the calculation of the Group's capital adequacy ratios. Dividends, if declared by the Board of Directors of the Bank, are payable semi-annually on 15 May and 15 November at a fixed rate of 6% of the liquidation preference per annum, ending on or prior to 15 May 2011, and thereafter on 15 February, 15 May, 15 August and 15 November in each year at a floating rate per annum equal to the three-month Singapore Swap Offer Rate + 2.28%.

37.2 $1,700 million 4.7% non-cumulative non-convertible perpetual preference shares and a liquidation preference of $250,000 each, was issued on 22 October 2010 by the Bank, a subsidiary of the Company, to third parties. They qualify as Tier 1 capital for the calculation of the Group's capital adequacy ratios. Dividends, if declared by the Board of Directors of the Bank, are payable semi-annually on 22 April and 22 October at a fixed rate of 4.7% of the liquidation preference per annum.

37.3 $800 million 4.7% non-cumulative non-convertible perpetual preference shares and a liquidation preference of $100 each, was issued on 22 November 2010 by the Bank, a subsidiary of the Company, to third parties. They qualify as Tier 1 capital for the calculation of the Group's capital adequacy ratios. Dividends, if declared by the Board of Directors of the Bank, are payable semi-annually on 22 May and 22 November at a fixed rate of 4.7% of the liquidation preference per annum.

37.4 US$725 million 7.66% non-cumulative guaranteed preference shares, Series A, each with a liquidation preference of US$1,000 and $100 million 5.35% non-cumulative guaranteed preference shares, Series B, each with a liquidation preference of $10,000 were issued on 21 March 2001 by DBS Capital Funding Corporation, a subsidiary of the Bank. Dividends, when declared by the Board of Directors of DBS Capital Funding Corporation, are 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, dividends are payable quarterly in arrears on 15 March, 15 June, 15 September and 15 December each year at a floating rate of three-month LIBOR + 3.20% per annum (Series A) and three-month Singapore Swap Offer Rate + 2.52% per annum (Series B). In computing the Group's capital adequacy ratio, these guaranteed preference shares qualify as Tier 1 capital.

37.5 $1,500 million 5.75% non-cumulative non-convertible non-voting guaranteed preference shares, with a liquidation preference of $250,000 was issued on 27 May 2008 by DBS Capital Funding II Corporation, a subsidiary of the Bank. Dividends, when declared by the Board of Directors of DBS Capital Funding II Corporation, are 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, dividends are 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. In computing the Group's capital adequacy ratio, these guaranteed preference shares qualify as Tier 1 capital.

38 CONTINGENT LIABILITIES AND COMMITMENTS

The Group conducts business involving guarantees, performance bonds and indemnities. The majority of these facilities are offset by corresponding obligations of third parties.

Guarantees and performance bonds are generally written by the Group to support the performance of a customer to third parties. As the Group will only be required to meet these obligations in the event of the customer's default, the cash requirements of these instruments are expected to be considerably below their nominal amount.

Endorsements are residual liabilities of the Group in respect of bills of exchange, which have been paid and subsequently rediscounted.

In $ millions	The Group 2010	2009
Guarantees on account of customers	**9,876**	10,465
Endorsements and other obligations on account of customers		
– Letters of credit	**5,343**	4,616
– Others	**777**	595
Other contingent items (Note 38.2)	**35**	35
Undrawn loan commitments[(a)]	**94,752**	81,419
Undisbursed commitments in securities	**204**	108
Sub-total	**110,987**	97,238
Operating lease commitments (Note 38.3)	**921**	920
Capital commitments	**41**	49
Total	**111,949**	98,207

In $ millions	The Group 2010	2009
Analysed by industry (except for operating lease commitments and capital commitments)		
Manufacturing	**19,605**	16,872
Building and construction	**7,163**	5,811
Housing loans	**5,207**	5,010
General commerce	**14,743**	11,579
Transportation, storage and communications	**6,396**	5,006
Government	**372**	189
Financial institutions, investment and holding companies	**15,271**	15,633
Professionals and private individuals (except housing loans)	**24,515**	22,856
Others	**17,715**	14,282
Total	**110,987**	97,238

(a) Undrawn loan commitments are recognised at activation stage and include commitments which are unconditionally cancellable by the Group

38.1 The Bank, a wholly-owned subsidiary of the Company, has existing outsourcing agreements for the provision of information technology and related support to the Group's operations. There are various termination clauses in the agreements that could require the Group to pay termination fees on early termination of the contract or part thereof. The termination fees are stipulated in the agreements and are determined based on the year when the agreements or part thereof are terminated.

38.2 Included in "Other contingent items" at 31 December 2010, is an amount of $35 million (2009: $35 million), representing the termination fee payable by the Bank should a distribution agreement be terminated prematurely prior to December 2010. Under the terms of the agreement, the termination fee payable reduces by $7 million each year until the expiry of the agreement in December 2015.

38.3 The Group has existing significant operating lease commitments including the leasing of office premises in DBS Towers One and Two, Changi Business Park and Marina Bay Financial Centre in Singapore; and One Island East in Hong Kong. These include lease commitments for which the payments will be determined in the future based on the prevailing market rates in accordance with the lease agreements, of which the related amounts have not been included. The leases have varying terms, escalation clauses and renewal rights.

39 FINANCIAL DERIVATIVES

Financial derivatives are financial instruments whose characteristics are derived from the underlying assets, or from interest and exchange rates or indices. These include forwards, swaps, futures and options. The following sections outline the nature and terms of the most common types of derivatives used by the Group.

Interest rate contracts

Forward rate agreements give the buyer the ability to determine the underlying rate of interest for a specified period commencing on a specified future date (the settlement date). There is no exchange of principal and settlement is effected on the settlement date. The settlement amount is the difference between the contracted rate and the market rate prevailing on the settlement date.

Interest rate swaps involve the exchange of interest obligations with a counterparty for a specified period without exchanging the underlying (or notional) principal.

Interest rate futures are exchange-traded agreements to buy or sell a standard amount of a specified fixed income security or time deposit at an agreed interest rate on a standard future date.

Interest rate options give the buyer on payment of a premium the right, but not the obligation, to fix the rate of interest on a future deposit or loan, for a specified period and commencing on a specified future date.

Interest rate caps and floors give the buyer the ability to fix the maximum or minimum rate of interest. There is no facility to deposit or draw down funds, instead the writer pays to the buyer the amount by which the market rate exceeds or is less than the cap rate or the floor rate respectively. This category includes combinations of interest rate caps and floors, which are known as interest rate collars.

Exchange rate contracts

Forward foreign exchange contracts are agreements to buy or sell fixed amounts of currency at agreed rates of exchange on a specified future date.

Cross currency swaps are agreements to exchange, and on termination of the swap, re-exchange principal amounts denominated in different currencies. Cross currency swaps may involve the exchange of interest payments in one specified currency for interest payments in another specified currency for a specified period.

Currency options give the buyer, on payment of a premium, the right but not the obligation, to buy or sell specified amounts of currency at agreed rates of exchange on or before a specified future date.

Equity-related contracts

Equity options provide the buyer, on payment of a premium, the right but not the obligation, either to purchase or sell a specified stock or stock index at a specified price or level on or before a specified date.

Equity swaps involve the exchange of a set of payments whereby one of these payments is based on an equity-linked return while the other is typically based on an interest reference rate.

Credit-related contracts

Credit default swaps involve the transfer of credit risk of a reference asset from the protection buyer to the protection seller. The protection buyer makes one or more payments to the seller in exchange for an undertaking by the seller to make a payment to the buyer upon the occurrence of a predefined credit event.

Commodity-related contracts

Commodity contracts are agreements between two parties to exchange cash flows which are dependent on the price of the underlying physical assets.

Commodity options give the buyer the right, but not the obligation, to buy or sell a specific amount of commodity at an agreed contract price on or before a specified date.

39.1 Trading derivatives

Most of the Group's derivatives relate to sales and trading activities. Sales activities include the structuring and marketing of derivatives to customers to enable them to take, transfer, modify or reduce current or expected risks. Trading activities are entered into principally for the purpose of generating a profit from short-term fluctuations in price or dealer's margin. Trading includes mainly market making and warehousing to facilitate customer orders. Market making involves quoting bid and offer prices to other market participants with the intention of generating revenues based on spread and volume. Warehousing involves holding on to positions in order to liquidate in an orderly fashion with timing of unwinding determined by market conditions and traders' views of markets as they evolve.

39.2 Hedging derivatives

The accounting treatment of the hedge derivative transactions varies according to the nature of the hedge and whether the hedge meets the specified criteria to qualify for hedge accounting. Derivatives transacted as economic hedges but do not qualify for hedge accounting are treated in the same way as derivative instruments used for trading purposes.

Fair value hedges

The Group's fair value hedges consist principally of interest rate swaps used for managing interest rate gaps. For the year ended 31 December 2010, the loss on hedging instruments was $96 million (2009: loss of $4 million). The total gain on hedged items attributable to the hedged risk amounted to $102 million (2009: gain of $8 million).

Net investment hedges

The Group hedges part of the currency translation risk of net investments in foreign operations through financial derivatives and borrowings. The ineffectiveness arising from hedges of net investments in foreign operations is insignificant.

In $ millions	Net investments in foreign operations[a]	Financial instruments which hedge the net investments[b]	Remaining unhedged currency exposures
2010			
Hong Kong dollar	**4,442**	**4,351**	**91**
US dollar	**770**	**597**	**173**
Others	**3,545**	**2,040**	**1,505**
Total	**8,757**	**6,988**	**1,769**
2009			
Hong Kong dollar	4,218	4,152	66
US dollar	695	697	(2)
Others	3,359	2,481	878
Total	8,272	7,330	942

(a) Refer to net tangible assets of subsidiaries, joint ventures and associates, and capital funds/retained earnings of overseas branches operations

(b) Include forwards, non-deliverable forwards and borrowings used to hedge the investments

The following table summarises the contractual or underlying principal amounts of derivative financial instruments held or issued for trading and hedging purposes. The notional or contractual amounts of these instruments reflect the volume of transactions outstanding at balance sheet date, and do not represent amounts at risk.

In the financial statements, trading derivative financial instruments are revalued on a gross position basis and the unrealised gains or losses are reflected as assets (Positive fair values for financial derivatives) or liabilities (Negative fair values for financial derivatives). Derivative assets and liabilities arising from different transactions are only offset if the transactions are done with the same counterparty, a legal right of offset exists, and the parties intend to settle the cash flows on a net basis. There was no offset of derivative assets and liabilities in 2010 and 2009.

In $ millions	2010 Underlying notional	2010 Year-end positive fair values	2010 Year-end negative fair values	2009 Underlying notional	2009 Year-end positive fair values	2009 Year-end negative fair values
Derivatives held for trading						
Interest rate derivatives						
Forward rate agreements bought	**6,453**	**–**	**13**	22,067	1	33
Forward rate agreements sold	**3,108**	**7**	**–**	18,599	27	1
Interest rate swaps	**671,379**	**7,022**	**7,608**	658,889	7,146	7,420
Financial futures bought	**7,587**	**1**	**2**	27,378	10	4
Financial futures sold	**3,310**	**6**	**1**	11,536	12	6
Interest rate options bought	**3,845**	**37**	**–**	2,201	32	–
Interest rate options sold	**4,541**	**–**	**50**	2,761	–	31
Interest rate futures options bought	**2,484**	**1**	**–**	7,022	1	–
Interest rate futures options sold	**1,737**	**–**	**2**	7,748	–	1
Interest rate caps/floors bought	**7,301**	**168**	**–**	10,409	99	–
Interest rate caps/floors sold	**10,137**	**–**	**246**	9,214	–	113
Sub-total	**721,882**	**7,242**	**7,922**	777,824	7,328	7,609
Foreign exchange (FX) derivatives						
FX contracts	**315,484**	**3,238**	**3,051**	305,666	2,967	2,716
Currency swaps	**79,190**	**3,907**	**3,603**	84,521	3,029	3,162
Currency options bought	**65,952**	**1,449**	**–**	58,232	1,203	–
Currency options sold	**73,467**	**–**	**1,384**	59,714	–	999
Sub-total	**534,093**	**8,594**	**8,038**	508,133	7,199	6,877
Equity derivatives						
Equity options bought	**1,599**	**135**	**–**	1,177	13	–
Equity options sold	**1,513**	**–**	**101**	633	–	15
Equity swaps	**2,280**	**18**	**21**	2,421	35	47
Sub-total	**5,392**	**153**	**122**	4,231	48	62
Credit derivatives						
Credit default swaps and others	**75,327**	**572**	**822**	94,970	1,180	1,593
Sub-total	**75,327**	**572**	**822**	94,970	1,180	1,593
Commodity derivatives						
Commodity contracts	**181**	**–**	**3**	216	1	1
Commodity options bought	**67**	**2**	**–**	39	1	–
Commodity options sold	**42**	**–**	**–**	5	–	–
Sub-total	**290**	**2**	**3**	260	2	1
Total derivatives held for trading	**1,336,984**	**16,563**	**16,907**	1,385,418	15,757	16,142
Derivatives held for hedging						
Interest rate swaps held for fair value hedge	**6,651**	**150**	**270**	6,406	222	224
FX contracts held for fair value hedge	**348**	**10**	**3**	185	2	1
FX contracts held for hedge of net investment	**1,815**	**44**	**13**	2,261	34	22
Currency swaps held for hedge of net investment	**1,724**	**–**	**29**	2,585	–	17
Total derivatives held for hedging	**10,538**	**204**	**315**	11,437	258	264
Total derivatives	**1,347,522**	**16,767**	**17,222**	1,396,855	16,015	16,406
Impact of netting arrangements recognised for computation of Capital Adequacy Ratio (CAR)		**(8,496)**	**(8,496)**		(8,569)	(8,569)
		8,271	**8,726**		7,446	7,837

The contractual or underlying principal amounts of derivative financial instruments of bank and non-bank counterparties amounted to $1,142 billion (2009: $1,024 billion) and $206 billion (2009: $373 billion) respectively. These positions are mainly booked in Singapore. For purpose of managing its credit exposures, the Group maintains collateral agreements and enters into master netting agreements with most of these counterparties. For those arrangements that comply with the regulatory requirements as set out in MAS Notice 637, the Group recognises the netting arrangements in the computation of its Capital Adequacy Ratios.

40 CASH AND CASH EQUIVALENTS

In $ millions	The Group 2010	2009
Cash on hand (Note 17)	**1,369**	1,388
Non-restricted balances with central banks (Note 17)	**23,743**	17,893
Total	**25,112**	19,281

41 SHARE-BASED COMPENSATION PLANS

41.1 DBSH Share Ownership Scheme

The DBSH Share Ownership Scheme is a fund set up to hold units of the Company's ordinary shares. All employees with at least one year of service and who are not participating in the DBSH Share Option Plan or DBSH Share Plan are eligible.

Under the Scheme, participants and the Group contribute up to 10% and 5% of monthly base salary respectively to buy units of the Company's ordinary shares. Amounts contributed by the Group under the Scheme are recognised as employee benefits when paid.

	Ordinary shares			
	Number		Market value (In $ millions)	
	2010	2009	2010	2009
Balance at 1 January	**5,355,157**	3,522,570	**82**	30
Balance at 31 December	**5,473,697**	5,335,157	**78**	82

41.2 DBSH Share Option Plan

Under the DBSH Share Option Plan (the Option Plan), options to subscribe for the Company's ordinary shares may be granted to Group executives who hold the rank of Vice President (or equivalent) and above and selected employees below the rank of Vice President (or equivalent).

The exercise price of the granted options is equal to the average of the last dealt prices for the Company's shares, as determined by reference to the daily official list published by the Singapore Exchange Securities Trading Ltd, for the three consecutive trading days immediately preceding the date of the grant.

These share options vest over a period in accordance with a vesting schedule determined by the Compensation and Management Development Committee (Committee), and are exercisable after the first anniversary of the date of the grant up to the date of expiration of the options. The fair value of options granted is determined using the Binomial model.

The DBSH Share Option Plan expired on 19 June 2009 and the Plan was neither extended nor replaced. The termination of this Plan will, however, not affect the rights of holders of any outstanding existing Options.

The following table sets out the movement of the unissued ordinary shares of the Company under outstanding options, the weighted average exercise prices and expiration dates.

	2010		2009	
	Unissued number of ordinary shares under outstanding options	**Weighted average exercise price ($)**	**Unissued number of ordinary shares under outstanding options**	**Weighted average exercise price ($)[a]**
Balance at 1 January	**14,920,398**	**13.26**	14,373,192	13.15
Movements during the year:				
– Issue of rights	**–**	**–**	2,537,599	13.15
– Exercised	**(1,362,039)**	**11.66**	(1,011,601)	11.63
– Forfeited/ Expired	**(2,140,540)**	**17.91**	(978,792)	13.00
Balance at 31 December	**11,417,819**	**12.58**	14,920,398	13.26
Additional information:				
Outstanding options exercisable at 31 December	**11,417,819**	**12.58**	14,920,398	13.26
Weighted average remaining contractual life of options outstanding at 31 December	**1.77 years**		2.5 years	
Range of exercise price of options outstanding at 31 December	**$8.84 to $15.05**		$8.84 to $18.99	

(a) Adjusted for effects of rights issue in January 2009

In 2010, 1,362,039 options (2009: 1,011,601) were exercised at their contractual exercise prices. During the year, the corresponding weighted average market price of the Company's shares was $14.36 (2009: $12.80).

DBSH Options	**Number of unissued ordinary shares 1 January 2010**	**Exercised**	**During the year Forfeited/ Expired**	**Number of unissued ordinary shares 31 December 2010**	**Exercise price per share [a]**	**Expiry date**
March 2000 [b]	1,036,318	–	1,036,318	–	$17.75	06 March 2010
July 2000 [b]	875,153	–	875,153	–	$18.99	27 July 2010
March 2001	3,486,521	24,444	195,270	3,266,807	$15.05	15 March 2011
August 2001	153,395	33,408	–	119,987	$11.00	01 August 2011
March 2002	2,865,806	397,116	–	2,468,690	$12.53	28 March 2012
August 2002	149,272	9,410	3,529	136,333	$10.43	16 August 2012
December 2002	11,763	–	–	11,763	$9.75	18 December 2012
February 2003	2,371,584	332,987	8,233	2,030,364	$8.84	24 February 2013
March 2004	2,652,353	370,731	16,704	2,264,918	$12.53	02 March 2014
March 2005	1,318,233	193,943	5,333	1,118,957	$12.81	01 March 2015
	14,920,398	1,362,039	2,140,540	11,417,819		

(a) Adjusted for effects of rights issue in January 2009
(b) Expired in 2010

41.3 DBSH Share Plan

Under the DBSH Share Plan (the Share Plan), the Company's ordinary shares may be granted to Group executives who hold such rank as may be determined by the Committee appointed to administer the Share Plan from time to time. The awards could be performance-based and/or time-based.

Where time-based awards are granted, they will only vest after the satisfactory completion of time-based service conditions. Participants are awarded shares of the Company, their equivalent cash value or a combination of both as part of their deferred bonus (at the discretion of the Committee).

A time-based award comprises two elements, namely, the main award and the "kicker" award. The shares comprised in the "kicker" award constitute twenty percent of the shares comprised in the main award. Effective 2010, the deferral period for unvested shares was extended from a 3-year period to a 4-year period showing a more prudent risk management arrangement. Under the new vesting schedule, thirty-three percent of the shares comprised in the main award will vest two years after the date of grant. A further thirty-three percent of the shares comprised in the main award will vest three years after the date of grant. The remainder thirty-four percent of the shares comprised in the main award, together with the shares comprised in the "kicker" award, will vest four years after the date of grant. For time-based awards, the fair value of the shares awarded are computed based on the market price of the ordinary shares at the time of the award and is amortised through the income statement over the vesting period. At each balance sheet date, the Group revises its estimates of the number of shares expected to vest based on non-market vesting conditions and the corresponding adjustments are made to the income statement and Share Plan reserves.

The following table sets out the movement of time-based awards granted in the current and previous financial years pursuant to the Share Plan and their fair values at grant date.

Number of shares	2010 grant	2009 grant
Balance at 1 January 2010	**Not applicable**	4,115,463
Granted in 2010	**4,367,999**	Not applicable
Vested in 2010	**(31,468)**	–
Forfeited in 2010	**(204,884)**	(170,803)
Balance at 31 December 2010	**4,131,647**	3,944,660
Weighted average fair value per share at grant date	**$14.28**	$8.18

Since the inception of the Share Plan, no awards have been cash-settled under the Share Plan.

41.4 DBSH Employee Share Plan

The DBSH Employee Share Plan (the ESP) caters to all employees of the Group who are not eligible to participate in the DBSH Share Option Plan, the DBSH Share Plan or other equivalent plans.

Under the ESP, eligible employees are awarded ordinary shares of the Company, their equivalent cash value or a combination of both (at the discretion of the Committee), when time-based conditions are met. The ESP awards are granted at the absolute discretion of the Compensation and Management Development Committee.

Time-based awards were granted in the current and previous financial years. The time-based awards will only vest after the satisfactory completion of time-based service conditions. Similar to the DBSH Share Plan, effective from the 2010 grant, shares will vest at thirty-three percent two years after the date of grant. A further thirty-three percent will vest three years after the date of grant and the remainder thirty-four percent four years after the date of grant. For grants in 2009, the vesting period was over 3-year period with fifty percent of the shares granted vesting two years after the date of grant and the remainder fifty percent of the shares vesting three years after the date of grant. The fair value of the shares awarded are computed based on the market price of the ordinary shares at the time of the award and is amortised through the income statement over the vesting period. At each balance sheet date, the Group revises its estimates of the number of shares expected to vest based on non-market vesting conditions and the corresponding adjustments are made to the income statement and Share Plan reserves.

The following table sets out the movement of time-based awards granted in the current and previous financial years pursuant to the ESP and their fair values at grant date.

Number of shares	2010 grant	2009 grant
Balance at 1 January 2010	**Not applicable**	177,000
Granted in 2010	**389,900**	Not applicable
Forfeited in 2010	**(47,700)**	(21,400)
Balance at 31 December 2010	**342,200**	155,600
Weighted average fair value per share at grant date	**$14.26**	$8.05

Since the inception of the ESP, no awards have been cash-settled under the ESP.

42 RELATED PARTY TRANSACTIONS

42.1 Transactions between the Company and its subsidiaries, including consolidated special purpose entities, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this Note.

42.2 During the financial year, the Group had banking transactions with related parties, consisting of associates, joint ventures and key management personnel of the Group. These included the taking of deposits and extension of credit card and other loan facilities. These transactions were made in the ordinary course of business and carried out at arms-length commercial terms, and are not material.

In addition, key management personnel received remuneration for services rendered during the financial year. Non-cash benefits including performance shares were also granted.

42.3 Total compensation and fees to key management personnel[a] are as follows:

	The Group	
In $ millions	**2010**	**2009**
Short-term benefits	**37**	31
Post-employment benefits	**#**	#
Share-based payments	**11**	13
Total [b]	**48**	44

Amount under $500,000

(a) *Includes Company Directors and members of the Management Committee who have authority and responsibility in planning the activities and direction of the Group*

(b) *Includes cash bonus based on amount accrued during the year, to be paid in the following year*

43 FAIR VALUE OF FINANCIAL INSTRUMENTS

43.1 Fair value measurements

The following table presents assets and liabilities measured at fair value and classified by level of the following fair value measurement hierarchy:

(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
(b) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and
(c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

	The Group			
In $ millions	**Level 1**	**Level 2**	**Level 3**	**Total**
2010				
Assets				
Singapore Government securities and treasury bills	**11,546**	**–**	**–**	**11,546**
Financial assets at fair value through profit or loss[(a)]				
– Debt securities	**5,578**	**379**	**489**	**6,446**
– Equity securities	**346**	**–**	**–**	**346**
– Other financial assets	**–**	**3,387**	**–**	**3,387**
Available-for-sale financial investments				
– Debt securities	**15,599**	**2,438**	**230**	**18,267**
– Equity securities[(b)]	**713**	**168**	**137**	**1,018**
– Other financial assets	**–**	**232**	**–**	**232**
Securities pledged	**1,982**	**–**	**–**	**1,982**
Positive fair values for financial derivatives	**12**	**16,730**	**25**	**16,767**
Liabilities				
Financial liabilities at fair value through profit or loss[(c)]				
– Other debt securities in issue	**–**	**2,306**	**176**	**2,482**
– Other financial liabilities	**1,706**	**5,958**	**82 [(d)]**	**7,746**
Negative fair values for financial derivatives	**7**	**17,180**	**35**	**17,222**

In $ millions	Level 1	The Group Level 2	Level 3	Total
2009				
Assets				
Singapore Government securities and treasury bills	15,960	–	–	15,960
Financial assets at fair value through profit or loss[(a)]				
– Debt securities	6,755	859	763	8,377
– Equity securities	272	10	2	284
– Other financial assets	–	2,596	–	2,596
Available-for-sale financial investments				
– Debt securities	16,439	2,632	589	19,660
– Equity securities[(b)]	559	182	141	882
Securities pledged	784	–	–	784
Positive fair values for financial derivatives	24	15,923	68	16,015
Liabilities				
Financial liabilities at fair value through profit or loss[(c)]				
– Other debt securities in issue	–	2,424	241	2,665
– Other financial liabilities	332	3,880	2,340 [(d)]	6,552
Negative fair values for financial derivatives	12	16,309	85	16,406

(a) Includes other government securities, corporate debt securities, equity securities and other financial assets at fair value through profit or loss

(b) Excludes unquoted equities stated at cost of $125 million (2009: $134 million)

(c) Includes debt securities in issue, due to non-bank customers (structured investments) and other financial liabilities at fair value through profit or loss

(d) Comprises deposits with variable returns linked to performance of foreign exchange, equities, interest rates or other market drivers. Principal amounts totalling $82 million (2009: $2,317 million) are included within the $82 million (2009: $2,340 million) fair value figures for structured investments. Unrealised loss for the structured investments is not significant (2009: $23 million)

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

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

The Group classifies financial instruments as Level 3 when there is reliance on unobservable inputs to the valuation model attributing to a significant contribution to the instrument value. Valuation reserves or pricing adjustments where applicable will be used to converge to fair value.

Securities traded over the counter can be valued using broker, dealer quotes or any other approved sources. The Group may also use valuation models or discounted cash flow technique to determine the fair value.

Most of the OTC derivatives are priced using valuation models. Where derivative products have been established in the markets for some time, the Group uses models that are widely accepted by the industry.

The valuation techniques and inputs used generally depend on the contractual terms and the risks inherent in the instrument as well as the availability of pricing information in the market. Principal techniques used include discounted cash flows, and other appropriate valuation models. OTC derivatives which are valued using unobservable inputs that are supported by little or no market activity which are significant to the fair value of the assets or liabilities are classified as Level 3. For private equities or funds, fair value is reviewed utilising available and relevant market information, e.g. financial statements of the underlying company or funds. This often requires significant management judgement or estimation. These instruments are classified as Level 3.

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

In $ millions	Opening balance	Gains or losses: Profit or loss	Gains or losses: Other comprehensive income	Purchases	Issues	Settlement	Transfer in	Transfer out	Closing balance
2010									
Assets									
Financial assets at fair value through profit or loss									
– Debt securities	**763**	**(44)**	**–**	**96**	**–**	**(326)**	**50**[(b)]	**(50)**[(d)]	**489**
– Equity securities	**2**	**–**	**–**	**3**	**–**	**(5)**	**–**	**–**	**–**
Available-for-sale financial investments									
– Debt securities	**589**	**1**	**2**	**3**	**–**	**(165)**	**68**[(b)]	**(268)**[(d)]	**230**
– Equity securities	**141**	**(12)**	**–**	**19**	**–**	**(13)**	**2**	**–**	**137**
Positive fair values for financial derivatives	**68**	**6**	**–**	**–**	**–**	**(1)**	**18**[(c)]	**(66)**[(e)]	**25**
Liabilities									
Financial liabilities at fair value through profit or loss									
– Other debt securities in issue	**241**	**16**	**–**	**–**	**59**	**(145)**	**5**	**–**	**176**
– Other financial liabilities	**2,340**	**(7)**	**–**	**–**	**11**	**(135)**	**19**	**(2,146)**[(f)]	**82**[(a)]
Negative fair values for financial derivatives	**85**	**–**	**–**	**–**	**–**	**(1)**	**28**	**(77)**	**35**

In $ millions	Opening balance	Gains or losses: Profit or loss	Gains or losses: Other comprehensive income	Purchases	Settlement	Transfer in	Transfer out	Closing balance
2009								
Assets								
Financial assets at fair value through profit or loss								
– Debt securities	1,194	31	–	24	(342)	277[(b)]	(421)[(d)]	763
– Equity securities	2	–	–	6	(6)	–	–	2
Available-for-sale financial investments								
– Debt securities	1,115	43	–	306	(417)	153[(b)]	(611)[(d)]	589
– Equity securities	116	–	25	–	–	–	–	141
Positive fair values for financial derivatives	135	(12)	–	–	(54)	1[(c)]	(2)[(e)]	68
Liabilities								
Financial liabilities at fair value through profit or loss								
– Other debt securities in issue	277	269	–	–	(305)	–	–	241
– Other financial liabilities	2,483	(143)	–	–	–	–	–	2,340[(a)]
Negative fair values for financial derivatives	359	(157)	–	–	(112)	–	(5)	85

(a) Principal amounts totalling $82 million (2009: $2,317 million) are included within the $82 million (2009: $2,340 million) fair value figures for structured investments

(b) Principally reflects transfers from Level 1 & 2 within the fair value hierarchy due to reduced price transparency or use of proxy pricing over different asset classes

(c) Principally reflects transfers from Level 2 within the fair value hierarchy for interest rate and credit derivatives due to reduced transparency of correlation inputs and credit spreads having significant impact on overall fair value of instrument

(d) Principally reflects transfers to Level 1 & 2 within the fair value hierarchy as recent improved liquidity conditions provided improved price transparency and/or due to the use of developed in-house models with significant observable inputs

(e) Principally reflects transfers to Level 2 within the fair value hierarchy for interest rate derivatives due to availability of in-house pricing model with significant observable inputs

(f) Principally reflects transfers to Level 2 within the fair value hierarchy for structured deposits with variable returns linked to performance of some asset class(es) due to availability of in-house pricing model with significant observable inputs

Total losses for the year included in profit or loss for Level 3 assets/(liabilities) held at the end of 2010	(51)
Total gains for the year included in profit or loss for Level 3 assets/(liabilities) held at the end of 2009	50

Economic hedges entered into for Level 2 exposures may be classified within a different category (i.e. Level 1) and similarly, hedges entered for Level 3 exposures may also be classified within a different category (i.e. Level 1 and/or Level 2). The effects are presented gross in the table.

Effect of changes in significant unobservable assumptions to reasonably possible alternatives
As at 31 December 2010, financial instruments measured with valuation techniques using significant unobservable inputs (Level 3) mainly include some of the following: private equity investments, corporate debt securities, equity, interest rate and credit derivatives and financial liabilities from structured product issuances.

In estimating its significance, the Group used an approach that is currently based on methodologies used for fair value adjustments. These adjustments reflect the values that the Group estimates are appropriate to adjust from the valuations produced to reflect for uncertainties in the inputs used. The methodologies used can be a statistical or other relevant approved techniques.

For many of the Level 3 financial instruments considered, in particular derivatives, unobservable input parameters represent only a small portion of the total number of parameters required to value a financial instrument. The Group has assessed this as insignificant.

43.2 Financial assets & liabilities not carried at fair value
For financial assets and liabilities not carried at fair value on the financial statements, the Group has ascertained that their fair values were not materially different from their carrying amounts at year-end.

For cash and balances with central banks, placements with banks, loans and advances to non-bank customers, as well as deposits of bank and non-bank customers, the basis of arriving at fair values is by discounting cash flows using the relevant market interest rates for the respective currency.

For investment debt securities and subordinated debt issued, fair values are determined based on independent market quotes, where available. Where market prices are not available, fair values are estimated using discounted cash flow method.

For unquoted equities not carried at fair value, fair values have been estimated by reference to the net tangible asset backing of the investee. Unquoted equities of $125 million as at 31 December 2010 (2009: $134 million) were stated at cost less accumulated impairment losses because the fair value cannot be reliably estimated using valuation techniques supported by observable market data. The Group intends to dispose of such instruments through trade sale.

The fair value of variable-interest bearing as well as short term financial instruments accounted for at amortised cost is assumed to be approximated by their carrying amounts.

44 CREDIT RISK

44.1 Maximum exposure to credit risk

The maximum exposure to credit risk at the balance sheet date is the amounts on the balance sheet as well as commitments to extend credit, without taking into account the fair value of any collateral and master netting arrangements. The table below shows the maximum exposure and average gross exposures to credit risk for the components of the balance sheet:

	The Group			
In $ millions	**Average 2010**	**Average 2009**	**2010**	**2009**
Cash and balances with central banks (excludes cash on hand)	**25,480**	17,939	**29,834**	21,127
Singapore Government securities and treasury bills	**13,753**	15,378	**11,546**	15,960
Due from banks	**21,254**	21,335	**20,306**	22,203
Financial assets at fair value through profit or loss (excludes equity securities)				
Other government securities and treasury bills	**3,381**	3,022	**2,845**	3,918
Corporate debt securities	**4,030**	4,553	**3,601**	4,459
Loans and advances to customers	**503**	626	**395**	610
Other financial assets	**2,489**	1,839	**2,992**	1,986
Positive fair values for financial derivatives	**16,391**	24,172	**16,767**	16,015
Loans and advances to customers	**140,835**	127,907	**151,698**	129,973
Financial investments (excludes equity securities)				
Other government securities and treasury bills	**8,079**	6,117	**8,473**	7,685
Corporate debt securities	**16,982**	17,060	**16,934**	17,030
Securities pledged				
Singapore Government securities and treasury bills	**235**	120	**414**	55
Other government securities and treasury bills	**1,129**	754	**1,556**	702
Corporate debt securities	**20**	16	**12**	27
Other assets	**6,195**	6,049	**6,379**	6,011
Credit exposure	**260,756**	246,887	**273,752**	247,761
Contingent liabilities and commitments (excludes operating lease and capital commitments)	**104,113**	94,370	**110,987**	97,238
Total credit exposure	**364,869**	341,257	**384,739**	344,999

The geographic distribution[c] of credit exposures are as follows:

The Group 2010

In $ millions	Singapore	Hong Kong	Rest of Greater China	South and Southeast Asia	Rest of the World	Total
Cash and balances with central banks (excludes cash on hand)	**26,016**	**159**	**3,338**	**317**	**4**	**29,834**
Due from banks	**11,080**	**4,699**	**3,353**	**419**	**755**	**20,306**
Financial assets at fair value through profit or loss (excludes equity securities)	**7,242**	**308**	**179**	**1,964**	**140**	**9,833**
Other securities[b] (excludes equity securities)	**26,509**	**5,966**	**932**	**1,033**	**4,495**	**38,935**
Loans and advances to customers	**89,098**	**35,715**	**11,962**	**8,957**	**5,966**	**151,698**
Other assets[a]	**15,916**	**4,882**	**976**	**922**	**450**	**23,146**
Credit exposure	**175,861**	**51,729**	**20,740**	**13,612**	**11,810**	**273,752**
Contingent liabilities and commitments (excludes operating lease and capital commitments)	**62,614**	**25,154**	**8,257**	**6,015**	**8,947**	**110,987**
Total credit exposure	**238,475**	**76,883**	**28,997**	**19,627**	**20,757**	**384,739**

The Group 2009

In $ millions	Singapore	Hong Kong	Rest of Greater China	South and Southeast Asia	Rest of the World	Total
Cash and balances with central banks (excludes cash on hand)	19,109	158	1,644	212	4	21,127
Due from banks	16,822	2,519	1,172	542	1,148	22,203
Financial assets at fair value through profit or loss (excludes equity securities)	7,599	392	411	2,147	424	10,973
Other securities[b] (excludes equity securities)	28,773	7,467	452	1,087	3,680	41,459
Loans and advances to customers	72,961	32,818	9,979	7,874	6,341	129,973
Other assets[a]	16,325	3,953	478	771	499	22,026
Credit exposure	161,589	47,307	14,136	12,633	12,096	247,761
Contingent liabilities and commitments (excludes operating lease and capital commitments)	51,853	26,195	5,432	5,682	8,076	97,238
Total credit exposure	213,442	73,502	19,568	18,315	20,172	344,999

(a) Other assets include positive fair values for financial derivatives and other assets

(b) Other securities include Singapore Government securities and treasury bills, financial investments and securities pledged

(c) Based on the country in which the transactions are booked

The industry distribution of credit exposures are as follows:

	The Group 2010									
In $ millions	Manufac-turing	Building and construc-tion	General commerce	Transpor-tation, storage and communic-ations	Financial institutions, investment and holding companies	Government	Housing loans	Professional and private individuals (excluding housing loans)	Others	Total
Cash and balances with central banks (excludes cash on hand)	–	–	–	–	**29,834**	–	–	–	–	**29,834**
Due from banks	–	–	–	–	**20,306**	–	–	–	–	**20,306**
Financial assets at fair value through profit or loss (excludes equity securities)	**412**	**162**	**110**	**310**	**4,993**	**2,845**	–	–	**1,001**	**9,833**
Other securities[(b)] (excludes equity securities)	**581**	**929**	**602**	**1,761**	**9,107**	**21,989**	–	–	**3,966**	**38,935**
Loans and advances to customers	**18,638**	**21,068**	**16,402**	**14,025**	**17,908**	–	**38,612**	**10,938**	**14,107**	**151,698**
Other assets[(a)]	**543**	**190**	**438**	**970**	**13,448**	–	–	**133**	**7,424**	**23,146**
Credit exposure	**20,174**	**22,349**	**17,552**	**17,066**	**95,596**	**24,834**	**38,612**	**11,071**	**26,498**	**273,752**
Contingent liabilities and commitments (excludes operating lease and capital commitments)	**19,605**	**7,163**	**14,743**	**6,396**	**15,271**	**372**	**5,207**	**24,515**	**17,715**	**110,987**
Total credit exposure	**39,779**	**29,512**	**32,295**	**23,462**	**110,867**	**25,206**	**43,819**	**35,586**	**44,213**	**384,739**

(a) Other assets include positive fair values for financial derivatives and other assets

(b) Other securities include Singapore Government securities and treasury bills, financial investments and securities pledged

In $ millions	The Group 2009									
	Manufacturing	Building and construction	General commerce	Transportation, storage and communications	Financial institutions, investment and holding companies	Government	Housing loans	Professional and private individuals (excluding housing loans)	Others	Total
Cash and balances with central banks (excludes cash on hand)	–	–	–	–	21,127	–	–	–	–	21,127
Due from banks	–	–	–	–	22,203	–	–	–	–	22,203
Financial assets at fair value through profit or loss (excludes equity securities)	524	199	81	341	4,762	3,918	–	–	1,148	10,973
Other securities(b) (excludes equity securities)	554	580	571	1,252	10,011	24,402	–	–	4,089	41,459
Loans and advances to customers	15,553	18,171	12,911	12,026	15,881	–	33,036	10,648	11,747	129,973
Other assets(a)	653	166	127	683	13,909	–	–	11	6,477	22,026
Credit exposure	17,284	19,116	13,690	14,302	87,893	28,320	33,036	10,659	23,461	247,761
Contingent liabilities and commitments (excludes operating lease and capital commitments)	16,872	5,811	11,579	5,006	15,633	189	5,010	22,856	14,282	97,238
Total credit exposure	34,156	24,927	25,269	19,308	103,526	28,509	38,046	33,515	37,743	344,999

(a) Other assets include positive fair values for financial derivatives and other assets

(b) Other securities include Singapore Government securities and treasury bills, financial investments and securities pledged

44.2 Loans and advances to customers

Loans and advances to customers are summarised as follows:

In $ millions	The Group 2010	2009
Loans and advances to customers		
Performing Loans		
– Neither past due nor impaired (i)	**150,980**	128,253
– Past due but not impaired (ii)	**528**	774
Non-Performing Loans		
– Impaired (iii)	**2,818**	3,783
Total gross loans (Note 20)	**154,326**	132,810

(i) Loans and advances neither past due nor impaired, analysed by loan grading and industry

The credit quality of the portfolio of loans and advances that are neither past due nor impaired can be assessed by reference to the loan gradings in MAS Notice to Banks No. 612, "Credit Files, Grading and Provisioning" are as follows:

	The Group		
In $ millions	**Pass**	**Special mention**	**Total**
2010			
Manufacturing	**16,887**	**1,748**	**18,635**
Building and construction	**20,577**	**581**	**21,158**
Housing loans	**38,086**	**335**	**38,421**
General commerce	**15,062**	**1,347**	**16,409**
Transportation, storage and communications	**13,122**	**553**	**13,675**
Financial institutions, investments and holding companies	**17,238**	**327**	**17,565**
Professionals and private individuals (except housing loans)	**10,855**	**43**	**10,898**
Others	**13,614**	**605**	**14,219**
Total	**145,441**	**5,539**	**150,980**

	The Group		
In $ millions	**Pass**	**Special mention**	**Total**
2009			
Manufacturing	13,544	1,731	15,275
Building and construction	17,916	319	18,235
Housing loans	32,539	256	32,795
General commerce	12,145	559	12,704
Transportation, storage and communications	11,112	782	11,894
Financial institutions, investments and holding companies	14,255	709	14,964
Professionals and private individuals (except housing loans)	10,498	62	10,560
Others	11,193	633	11,826
Total	123,202	5,051	128,253

(ii) Loans and advances past due but not impaired, analysed by past due period and industry

	The Group			
In $ millions	**Up to 30 days past due**	**30-59 days past due**	**60-90 days past due**	**Total**
2010				
Manufacturing	**48**	**5**	**2**	**55**
Building and construction	**97**	**3**	**5**	**105**
Housing loans	**126**	**8**	**2**	**136**
General commerce	**51**	**5**	**–**	**56**
Transportation, storage and communications	**61**	**1**	**–**	**62**
Financial institutions, investment and holding companies	**3**	**–**	**–**	**3**
Professionals and private individuals (except housing loans)	**65**	**10**	**3**	**78**
Others	**30**	**2**	**1**	**33**
Total	**481**	**34**	**13**	**528**

In $ millions	The Group Up to 30 days past due	30-59 days past due	60-90 days past due	Total
2009				
Manufacturing	109	11	7	127
Building and construction	99	1	2	102
Housing loans	128	4	8	140
General commerce	129	6	2	137
Transportation, storage and communications	109	3	8	120
Financial institutions, investment and holding companies	2	–	–	2
Professionals and private individuals (except housing loans)	89	6	8	103
Others	16	27	–	43
Total	681	58	35	774

(iii) Non-performing assets

Non-performing assets by loan grading and industry

	The Group							
	NPAs[a]				Specific allowances[a]			
In $ millions	Sub-standard	Doubtful	Loss	Total	Sub-standard	Doubtful	Loss	Total
2010								
Customer loans								
Manufacturing	**190**	**166**	**146**	**502**	**18**	**161**	**146**	**325**
Building and construction	**74**	**7**	**9**	**90**	**9**	**7**	**9**	**25**
Housing loans	**104**	**–**	**14**	**118**	**2**	**–**	**15**	**17**
General commerce	**139**	**61**	**48**	**248**	**5**	**53**	**49**	**107**
Transportation, storage and communications	**554**	**75**	**17**	**646**	**109**	**57**	**17**	**183**
Financial institutions, investment and holding companies	**635**	**299**	**26**	**960**	**175**	**198**	**26**	**399**
Professional and private individuals (except housing loans)	**123**	**10**	**40**	**173**	**25**	**8**	**41**	**74**
Others	**54**	**32**	**55**	**141**	**2**	**27**	**53**	**82**
Total customer loans	**1,873**	**650**	**355**	**2,878**	**345**	**511**	**356**	**1,212**
Debt securities	**17**	**5**	**6**	**28**	**–**	**1**	**5**	**6**
Contingent items and others	**196**	**82**	**29**	**307**	**29**	**68**	**30**	**127**
Total	**2,086**	**737**	**390**	**3,213**	**374**	**580**	**391**	**1,345**

In $ millions	The Group NPAs[(a)] Sub-standard	Doubtful	Loss	Total	Specific allowances[(a)] Sub-standard	Doubtful	Loss	Total
2009								
Customer loans								
Manufacturing	384	185	166	735	36	180	170	386
Building and construction	64	18	7	89	1	14	7	22
Housing loans	166	3	19	188	9	3	18	30
General commerce	231	86	155	472	21	62	155	238
Transportation, storage and communications	155	104	5	264	11	81	5	97
Financial institutions, investment and holding companies	846	764	128	1,738	86	407	128	621
Professional and private individuals (except housing loans)	140	22	72	234	20	21	72	113
Others	67	17	72	156	9	17	72	98
Total customer loans	2,053	1,199	624	3,876	193	785	627	1,605
Debt securities	52	102	6	160	2	98	6	106
Contingent items and others	50	130	3	183	–	94	3	97
Total	2,155	1,431	633	4,219	195	977	636	1,808

(a) NPAs and specific allowances for customer loans each includes $60 million (2009: $93 million) in interest receivables

Non-performing assets by region

In $ millions	The Group NPAs	Specific allowances	General allowances
2010			
Singapore	**675**	**223**	**774**
Hong Kong	**362**	**214**	**398**
Rest of Greater China	**252**	**166**	**161**
South and Southeast Asia	**336**	**164**	**220**
Rest of the World	**1,588**	**578**	**299**
Total	**3,213**	**1,345**	**1,852**
2009			
Singapore	754	215	741
Hong Kong	567	330	349
Rest of Greater China	353	213	130
South and Southeast Asia	207	99	193
Rest of the World	2,338	951	259
Total	4,219	1,808	1,672

Non-performing assets by past due period

In $ millions	The Group 2010	2009
Not overdue	**1,294**	1,802
< 90 days past due	**225**	358
91-180 days past due	**124**	113
> 180 days past due	**1,570**	1,946
Total past due assets	**1,919**	2,417
Total	**3,213**	4,219

Collateral value for non-performing assets

In $ millions	The Group 2010	2009
Properties	**250**	540
Shares and debentures	**85**	124
Fixed deposits	**38**	22
Others	**317**	300
Total	**690**	986

The Group does not disclose the fair value of collateral held as security on assets past due but not impaired as it is not practicable to do so.

Past due assets by industry

In $ millions	The Group 2010	2009
Manufacturing	**328**	454
Building and construction	**84**	28
Housing loans	**114**	167
General commerce	**147**	366
Transportation, storage and communications	**18**	24
Financial institutions, investment and holding companies	**861**	987
Professional and private individuals (except housing loans)	**126**	149
Others	**105**	127
Sub-total	**1,783**	2,302
Debt securities and contingent items	**136**	115
Total	**1,919**	2,417

Past due assets by region

In $ millions	The Group 2010	2009
Singapore	**345**	416
Hong Kong	**282**	446
Rest of Greater China	**149**	216
South and Southeast Asia	**99**	98
Rest of the World	**908**	1,126
Sub-total	**1,783**	2,302
Debt securities and contingent items	**136**	115
Total	**1,919**	2,417

Restructured non-performing assets

In $ millions	The Group NPAs	Specific allowances
2010		
Substandard	**443**	**47**
Doubtful	**145**	**128**
Loss	**28**	**28**
Total	**616**	**203**
2009		
Substandard	389	51
Doubtful	90	73
Loss	54	54
Total	533	178

Restructured assets returned to the performing status but are still under concessions as at 31 December 2010 and 31 December 2009 are not material.

44.3 Credit quality of Singapore Government securities and treasury bills, financial assets at fair value through profit or loss, financial investments and securities pledged[(a)]

The table below presents an analysis of Singapore Government securities and treasury bills, financial assets at fair value through profit or loss, financial investments and securities pledged for the Group by rating agency designation at 31 December:

	Financial assets at fair value through profit or loss						Financial investments			
In $ millions External rating	**Singapore Government securities and treasury bills**	**Other government securities and treasury bills**	**Corporate debt securities**	**Loans and advances to customer**	**Other financial assets (due from banks)** [(b)]	**Total**	**Other government securities and treasury bills**	**Corporate debt securities**	**Total**	**Securities pledged**
	(1)	(2)	(3)	(4)	(5)	(6)=(2+3+4+5)	(7)	(8)	(9)=(7+8)	(10)
2010										
AAA	**11,546**	**341**	**285**	**–**	**–**	**626**	**4,448**	**3,002**	**7,450**	**414**
AA- to AA+	**–**	**37**	**165**	**–**	**–**	**202**	**1,350**	**2,023**	**3,373**	**1,270**
A- to A+	**–**	**384**	**1,362**	**–**	**–**	**1,746**	**1,899**	**6,024**	**7,923**	**12**
Lower than A-	**–**	**2,083**	**1,175**	**–**	**–**	**3,258**	**776**	**1,748**	**2,524**	**286**
Unrated	**–**	**–**	**614**	**395**	**2,992**	**4,001**	**–**	**4,137**	**4,137**	**–**
Total	**11,546**	**2,845**	**3,601**	**395**	**2,992**	**9,833**	**8,473**	**16,934**	**25,407**	**1,982**
2009										
AAA	15,960	452	296	–	–	748	3,607	1,843	5,450	55
AA- to AA+	–	463	336	–	–	799	1,134	3,199	4,333	505
A- to A+	–	993	2,267	–	–	3,260	2,046	5,584	7,630	13
Lower than A-	–	2,010	1,337	–	–	3,347	898	2,439	3,337	211
Unrated	–	–	223	610	1,986	2,819	–	3,965	3,965	–
Total	15,960	3,918	4,459	610	1,986	10,973	7,685	17,030	24,715	784

(a) The amount of securities that are past due but not impaired is not material

(b) For amounts due from banks, majority of the bank counterparties are accorded "Pass" grade in accordance with the loan grading per MAS Notice to Banks No. 612 "Credit Files, Grading and Provisioning"

Cross-border exposures

At 31 December 2010, the Group had exposures to various countries where net exposure exceeded 1% of the Group's total assets. The exposures are determined based on the location of the credit risk of the customers and counterparties regardless of where the transactions are booked.

The Group's exposures exceeding 1% of the Group's total assets as at 31 December are as follows:

	Loans and debt securities				Total exposure	
In $ millions **Assets in**	**Banks**	**Central banks and Government securities**	**Non-banks[(a)]**	**Investments**	**Amount**	**As a % of Total assets**
	(1)	**(2)**	**(3)**	**(4)**	**(5)=(1+2+3+4)**	**(6)**
2010						
Top 10 countries						
(Net exposure >1% of Total assets)						
Hong Kong	**3,554**	**2,288**	**37,631**	**79**	**43,552**	**15.4**
China	**3,947**	**1,346**	**8,023**	**291**	**13,607**	**4.8**
India	**3,944**	**1,047**	**6,911**	**46**	**11,948**	**4.2**
South Korea	**2,133**	**1,965**	**4,491**	**–**	**8,589**	**3.0**
Taiwan	**217**	**1,982**	**5,108**	**20**	**7,327**	**2.6**
Indonesia	**191**	**1,700**	**4,394**	**15**	**6,300**	**2.2**
United States	**995**	**2,862**	**1,727**	**106**	**5,690**	**2.0**
United Kingdom	**1,479**	**375**	**2,612**	**9**	**4,475**	**1.6**
Malaysia	**1,148**	**143**	**2,837**	**101**	**4,229**	**1.5**
Japan	**1,156**	**1**	**2,375**	**1**	**3,533**	**1.2**
Total	**18,764**	**13,709**	**76,109**	**668**	**109,250**	**38.5**
2009						
Top 10 countries						
(Net exposure >1% of Total assets)						
Hong Kong	1,240	1,667	34,084	116	37,107	14.3
India	3,413	1,048	5,838	194	10,493	4.1
China	1,446	784	7,434	211	9,875	3.8
South Korea	4,161	2,291	3,065	–	9,517	3.7
United Kingdom	4,199	543	2,529	7	7,278	2.8
United States	1,998	2,227	2,840	184	7,249	2.8
Indonesia	49	1,869	3,827	2	5,747	2.2
Taiwan	516	1,192	3,988	17	5,713	2.2
Australia	3,305	19	1,524	75	4,923	1.9
Japan	2,073	–	1,946	–	4,019	1.6
Total	22,400	11,640	67,075	806	101,921	39.4

(a) Non-bank loans include loans to government and quasi-government entities

45 MARKET RISK

45.1 Market risk

The following table shows the period-end, average, high and low VaR (at a 99% confidence level over a one-day holding period) for trading book market risk:

		The Group 1 Jan 2010 to 31 Dec 2010		
In $ millions	**As at 31 Dec 2010**	**Average**	**High**	**Low**
Total	**31**	**27**	**39**	**15**

		The Group 1 Jan 2009 to 31 Dec 2009*		
In $ millions	**As at 31 Dec 2009**	**Average**	**High**	**Low**
Total	22	33	52	21

* *Using a two-year historical observation period up to 31 May 2009, and using a one-year historical observation period from 1 June 2009.*

Although VaR provides valuable insights, no single measure can capture all aspects of market risk. Therefore, regular stress testing is carried out to monitor the Group's vulnerability to shocks.

The Group has comprehensive capital-linked risk appetite framework for all types of market risk, including interest rate risk in the banking book, in line with its internal capital adequacy assessment process. The Group level total VaR associated with this framework is tabulated below, showing the period-end, average, high and low VaR (at a 99% confidence level over a one-day holding period).

		The Group 1 Jan 2010 to 31 Dec 2010		
In $ millions	**As at 31 Dec 2010**	**Average**	**High**	**Low**
Total	**65**	**56**	**74**	**38**

		The Group 28 Feb 2009 to 31 Dec 2009*		
In $ millions	**As at 31 Dec 2009**	**Average**	**High**	**Low**
Total	81	76	94	58

* *Using a two-year historical observation period up to 31 May 2009, and using a one-year historical observation period from 1 June 2009.*

The economic value impact of changes in interest rates is simulated under various assumptions for the banking book. Based on a 200 basis point upward parallel shock to all yield curves, the simulated economic value change is negative $465 million. The corresponding simulated economic value change for a 200 basis point downward shock is positive $499 million.

45.2 Interest rate repricing gaps

The following tables summarise the Group's assets and liabilities across the banking and trading books at their carrying amounts as at 31 December, categorised by the earlier of contractual repricing or maturity dates. Actual dates may differ from contractual dates owing to prepayments and the exercise of options. It should also be noted that any representation of interest rate risk at a specific date offers only a snapshot of the risks taken by the Group, since the position is actively managed.

In $ millions	**Less than 7 days**	**1 week to 1 month**	**1 to 3 months**	**3 to 12 months**	**1 to 3 years**	**Over 3 years**	**Non-interest bearing**	**Total**
2010								
Cash and balances with central banks	**3,624**	**7,064**	**12,818**	**1,168**	**–**	**–**	**6,529**	**31,203**
Due from banks	**3,460**	**5,583**	**4,509**	**3,572**	**–**	**–**	**3,182**	**20,306**
Financial assets at fair value through profit or loss	**500**	**1,920**	**1,627**	**2,894**	**1,171**	**1,721**	**346**	**10,179**
Other securities[(a)]	**372**	**1,776**	**7,895**	**5,146**	**9,170**	**14,577**	**1,142**	**40,078**
Loans and advances to customers	**25,538**	**47,572**	**35,957**	**19,575**	**14,440**	**6,995**	**1,621**	**151,698**
Other assets[(b)]	**–**	**–**	**–**	**–**	**–**	**–**	**30,246**	**30,246**
Total assets	**33,494**	**63,915**	**62,806**	**32,355**	**24,781**	**23,293**	**43,066**	**283,710**
Due to banks	**5,208**	**9,377**	**2,981**	**753**	**–**	**–**	**492**	**18,811**
Due to non-bank customers	**129,670**	**21,085**	**19,201**	**14,486**	**1,497**	**1,756**	**–**	**187,695**
Financial liabilities at fair value through profit or loss	**788**	**1,119**	**1,510**	**2,969**	**2,177**	**1,648**	**17**	**10,228**
Other liabilities[(c)]	**1,509**	**251**	**244**	**531**	**388**	**1,541**	**23,012**	**27,476**
Subordinated term debts	**–**	**1,158**	**1,930**	**1,116**	**680**	**1,514**	**–**	**6,398**
Total liabilities	**137,175**	**32,990**	**25,866**	**19,855**	**4,742**	**6,459**	**23,521**	**250,608**
Non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**	**6,503**	**6,503**
Shareholders' funds	**–**	**–**	**–**	**–**	**–**	**–**	**26,599**	**26,599**
Total equity	**–**	**–**	**–**	**–**	**–**	**–**	**33,102**	**33,102**
On-balance sheet interest rate gap	**(103,681)**	**30,925**	**36,940**	**12,500**	**20,039**	**16,834**	**(13,557)**	**–**
Off-balance sheet interest rate gap – Financial derivatives[(d)]	**8,326**	**9,522**	**(5,684)**	**(4,670)**	**(4,205)**	**(3,289)**	**–**	**–**

In $ millions	Less than 7 days	1 week to 1 month	1 to 3 months	3 to 12 months	1 to 3 years	Over 3 years	Non-interest bearing	Total
2009								
Cash and balances with central banks	2,443	8,706	7,254	–	–	–	4,112	22,515
Due from banks	5,999	6,298	5,178	3,887	70	43	728	22,203
Financial assets at fair value through profit or loss	554	2,275	2,265	3,219	1,289	1,371	284	11,257
Other securities[(a)]	1,157	3,371	9,348	6,465	10,040	11,054	1,040	42,475
Loans and advances to customers	27,404	42,809	24,052	21,077	6,593	6,910	1,128	129,973
Other assets[(b)]	–	–	–	–	–	–	30,221	30,221
Total assets	37,557	63,459	48,097	34,648	17,992	19,378	37,513	258,644
Due to banks	4,828	2,413	1,144	516	–	–	207	9,108
Due to non-bank customers	120,650	25,785	15,804	14,315	987	907	–	178,448
Financial liabilities at fair value through profit or loss	386	1,474	949	1,596	3,371	1,428	13	9,217
Other liabilities[(c)]	789	21	39	70	366	612	22,773	24,670
Subordinated term debts	–	1,264	2,107	715	2,027	1,589	–	7,702
Total liabilities	126,653	30,957	20,043	17,212	6,751	4,536	22,993	229,145
Non-controlling interests	–	–	–	–	–	–	4,126	4,126
Shareholders' funds	–	–	–	–	–	–	25,373	25,373
Total equity	–	–	–	–	–	–	29,499	29,499
On-balance sheet interest rate gap	(89,096)	32,502	28,054	17,436	11,241	14,842	(14,979)	–
Off-balance sheet interest rate gap – Financial derivatives[(d)]	5,064	(151)	(414)	2,852	(3,388)	(3,963)	–	–

(a) Other securities include Singapore Government securities and treasury bills, financial investments and securities pledged

(b) Other assets include positive fair values for financial derivatives, investments in associates, goodwill on consolidation, properties and other fixed assets, investment properties, deferred tax assets and other assets

(c) Other liabilities include negative fair values for financial derivatives, bills payable, current and deferred tax liabilities, other debt securities in issue and other liabilities

(d) Off-balance sheet items are represented at notional values

46 LIQUIDITY RISK

The table below analyses assets and liabilities of the Group at 31 December based on the remaining period at balance sheet date to the contractual maturity date:

In $ millions	2010 Up to 1 year	2010 More than 1 year	2010 Total	2009 Up to 1 year	2009 More than 1 year	2009 Total
Cash and balances with central banks	**31,203**	**–**	**31,203**	22,515	–	22,515
Singapore Government securities and treasury bills	**3,329**	**8,217**	**11,546**	5,822	10,138	15,960
Due from banks	**18,362**	**1,944**	**20,306**	19,652	2,551	22,203
Financial assets at fair value through profit or loss	**6,615**	**3,564**	**10,179**	7,319	3,938	11,257
Positive fair values for financial derivatives	**16,767**	**–**	**16,767**	16,015	–	16,015
Loans and advances to customers	**55,955**	**95,743**	**151,698**	44,471	85,502	129,973
Financial investments	**7,655**	**18,895**	**26,550**	6,910	18,821	25,731
Securities pledged	**940**	**1,042**	**1,982**	505	279	784
Investments in associates	**–**	**813**	**813**	–	672	672
Goodwill on consolidation	**–**	**4,802**	**4,802**	–	5,847	5,847
Properties and other fixed assets	**–**	**1,025**	**1,025**	–	1,134	1,134
Investment properties	**–**	**358**	**358**	–	398	398
Deferred tax assets	**–**	**102**	**102**	–	144	144
Other assets	**5,465**	**914**	**6,379**	5,640	371	6,011
Total assets	**146,291**	**137,419**	**283,710**	128,849	129,795	258,644
Due to banks	**18,425**	**386**	**18,811**	9,108	–	9,108
Due to non-bank customers	**184,442**	**3,253**	**187,695**	176,554	1,894	178,448
Financial liabilities at fair value through profit or loss	**5,677**	**4,551**	**10,228**	4,087	5,130	9,217
Negative fair values for financial derivatives	**17,222**	**–**	**17,222**	16,406	–	16,406
Bills payable	**601**	**–**	**601**	501	–	501
Current tax liabilities	**879**	**–**	**879**	807	–	807
Deferred tax liabilities	**–**	**40**	**40**	–	54	54
Other liabilities	**5,392**	**1,182**	**6,574**	5,413	1,076	6,489
Other debt securities in issue	**505**	**1,655**	**2,160**	44	369	413
Subordinated term debts	**1,116**	**5,282**	**6,398**	715	6,987	7,702
Total liabilities	**234,259**	**16,349**	**250,608**	213,635	15,510	229,145
Non-controlling interests	**–**	**6,503**	**6,503**	–	4,126	4,126
Shareholders' funds	**–**	**26,599**	**26,599**	–	25,373	25,373
Total equity	**–**	**33,102**	**33,102**	–	29,499	29,499

The table below shows the assets and liabilities of the Group at 31 December based on contractual undiscounted repayment obligations:

In $ millions	Less than 7 days	1 week to 1 month	1 to 3 months	3 to 12 months	More than 1 year	No specific maturity	Total
2010							
Cash and balances with central banks	**10,154**	**7,069**	**12,832**	**1,168**	**–**	**–**	**31,223**
Due from banks	**6,018**	**5,552**	**4,110**	**2,694**	**1,982**	**–**	**20,356**
Financial assets at fair value through profit or loss	**381**	**1,850**	**1,147**	**3,118**	**4,106**	**346**	**10,948**
Other securities[(a)]	**179**	**529**	**4,193**	**6,700**	**31,931**	**1,143**	**44,675**
Loans and advances to customers	**10,850**	**12,226**	**13,758**	**21,146**	**104,635**	**–**	**162,615**
Other assets[(b)]	**1,435**	**115**	**319**	**89**	**914**	**10,141**	**13,013**
Total assets	**29,017**	**27,341**	**36,359**	**34,915**	**143,568**	**11,630**	**282,830**
Due to banks	**5,701**	**9,380**	**2,599**	**755**	**386**	**–**	**18,821**
Due to non-bank customers	**129,678**	**21,112**	**19,239**	**14,569**	**3,332**	**–**	**187,930**
Financial liabilities at fair value through profit or loss	**754**	**797**	**1,059**	**3,091**	**4,538**	**17**	**10,256**
Other liabilities[(c)]	**3,277**	**876**	**363**	**1,021**	**3,042**	**1,812**	**10,391**
Subordinated term debts	**–**	**14**	**2**	**1,238**	**5,651**	**–**	**6,905**
Total liabilities	**139,410**	**32,179**	**23,262**	**20,674**	**16,949**	**1,829**	**234,303**
Non-controlling interests	**–**	**–**	**–**	**–**	**–**	**6,503**	**6,503**
Shareholders' funds	**–**	**–**	**–**	**–**	**–**	**26,599**	**26,599**
Total equity	**–**	**–**	**–**	**–**	**–**	**33,102**	**33,102**
Derivatives settled on a net basis[(d)]	**(284)**	**1**	**(66)**	**26**	**(485)**	**–**	**(808)**
Net liquidity gap	**(110,677)**	**(4,837)**	**13,031**	**14,267**	**126,134**	**(23,301)**	**14,617**
2009							
Cash and balances with central banks	5,479	8,109	7,257	–	–	1,683	22,528
Due from banks	6,506	6,032	5,310	1,930	2,570	53	22,401
Financial assets at fair value through profit or loss	435	2,135	1,302	3,505	4,008	284	11,669
Other securities[(a)]	728	1,922	4,067	7,171	31,403	1,038	46,329
Loans and advances to customers	8,297	12,252	10,824	14,508	94,106	–	139,987
Other assets[(b)]	1,211	53	265	56	321	11,603	13,509
Total assets	22,656	30,503	29,025	27,170	132,408	14,661	256,423
Due to banks	5,162	2,415	1,143	516	–	–	9,236
Due to non-bank customers	120,659	25,820	15,837	14,387	1,900	–	178,603
Financial liabilities at fair value through profit or loss	385	1,298	522	1,955	5,478	13	9,651
Other liabilities[(c)]	2,766	294	770	203	1,107	3,287	8,427
Subordinated term debts	–	14	3	918	7,498	–	8,433
Total liabilities	128,972	29,841	18,275	17,979	15,983	3,300	214,350
Non-controlling interests	–	–	–	–	–	4,126	4,126
Shareholders' funds	–	–	–	–	–	25,373	25,373
Total equity	–	–	–	–	–	29,499	29,499
Derivatives settled on a net basis[(d)]	(601)	(326)	(322)	(621)	(397)	(36)	(2,303)
Net liquidity gap	(106,917)	336	10,428	8,570	116,028	(18,174)	10,271

(a) Other securities include Singapore Government securities and treasury bills, financial investments and securities pledged

(b) Other assets include investments in associates, goodwill on consolidation, properties and other fixed assets, investment properties, deferred tax assets and other assets

(c) Other liabilities include bills payable, other debt securities in issue, current and deferred tax liabilities and other liabilities

(d) Positive indicates inflow and negative indicates outflow of funds

The balances in the above table will not agree with the balances in the consolidated balance sheet as the table incorporates all cash flows, on an undiscounted basis, related to both principal as well as future interest payments.

Customer assets and liabilities (including non-maturing savings/current deposits) are represented on a contractual basis or in a period when it can legally be withdrawn. On a behavioral basis for liquidity risk analysis, the assets and liabilities cash flows may differ from contractual basis.

46.1 Derivatives settled on a gross basis

The table below shows the Group's derivative financial instruments in the period where they mature based on the remaining period to contractual maturity date as at the balance sheet date. The amounts disclosed in the table are the contractual undiscounted cash flows on a gross settlement basis.

In $ millions	Less than 7 days	1 week to 1 month	1 to 3 months	3 to 12 months	More than 1 year	Total
2010						
Foreign exchange derivatives						
– outflow	**37,345**	**47,079**	**64,501**	**98,369**	**50,635**	**297,929**
– inflow	**37,356**	**47,244**	**64,632**	**98,767**	**50,249**	**298,248**
2009						
Foreign exchange derivatives						
– outflow	47,713	52,740	58,622	96,563	47,510	303,148
– inflow	47,617	52,060	58,806	96,724	47,464	302,671

46.2 Contingent liabilities and commitments

The table below shows the Group's contingent liabilities and commitments in the period where they expire based on the remaining period to contractual maturity date as at the balance sheet date:

In $ millions	Less than 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
2010					
Guarantees, endorsements and other contingent items	**16,031**	**–**	**–**	**–**	**16,031**
Undrawn loan commitments[(a)] and other facilities	**90,044**	**2,410**	**1,949**	**553**	**94,956**
Operating lease commitments	**132**	**312**	**185**	**292**	**921**
Capital commitments	**40**	**1**	**–**	**–**	**41**
Total	**106,247**	**2,723**	**2,134**	**845**	**111,949**
2009					
Guarantees, endorsements and other contingent items	15,711	–	–	–	15,711
Undrawn loan commitments[(a)] and other facilities	75,768	4,785	769	205	81,527
Operating lease commitments	127	218	178	397	920
Capital commitments	41	8	–	–	49
Total	91,647	5,011	947	602	98,207

(a) Undrawn loan commitments are recognised at activation stage and include commitments which are unconditionally cancellable by the Group

The Group expects that not all of the contingent liabilities and undrawn loan commitments will be drawn before expiry.

46.3 Behavioural profiling

For the purpose of liquidity risk management, the Group actively monitors and manages its liquidity profile within a 1-year period. A conservative view is adopted in the behavioural profiling of assets, liabilities and off-balance sheet commitments that have exhibited cash flow patterns that differ significantly from the actual contractual maturity profile.

The table below shows the Group's behavioural net and cumulative maturity mismatch between assets and liabilities over a 1-year period under a normal scenario without incorporating growth projections:

In $ millions[(a)]	Less than 7 days	1 week to 1 month	1 to 3 months	3 to 6 months	6 months to 1 year
2010					
Net liquidity mismatch	**15,969**	**6,844**	**16,810**	**(2,297)**	**3,328**
Cumulative mismatch	**15,969**	**22,813**	**39,623**	**37,326**	**40,654**
2009					
Net liquidity mismatch	23,111	13,349	9,793	(492)	555
Cumulative mismatch	23,111	36,460	46,253	45,761	46,316

(a) Positive indicates a position of liquidity surplus. Negative indicates a liquidity shortfall that has to be funded

As the behavioural assumptions used to determine the maturity mismatch between assets and liabilities are updated from time to time, the information presented above is not directly comparable across past balance sheet dates.

47 CAPITAL MANAGEMENT

The Group's capital management policies are to diversify its sources of capital, to allocate capital efficiently, guided by the need to maintain a prudent relationship between available capital and the risks of its underlying businesses and to meet the expectations of key constituencies, including investors, regulators and rating agencies. The Group has complied with all capital adequacy ratios prescribed by the regulators.

The capital management process, which is under the oversight of the Capital and Balance Sheet Committee, includes periodic reviews of both the demand for and supply of capital across the Group. Overseas subsidiaries and non-banking subsidiaries of the Group may be required to comply with country-specific and industry-specific capital requirements depending on the applicable jurisdiction and industry they operate in. Available capital is allocated across competing demands, guided by the policies outlined above, and to ensure regulatory compliance. Quarterly updates are provided to the Board of Directors.

The Group has adopted the capital adequacy requirements of Basel II as set out in the revised Monetary Authority of Singapore Notice to Banks No. 637 (Notice on Risk Based Capital Adequacy Requirements for Banks incorporated in Singapore) with effect from 1 January 2008.

The following table sets forth details of capital resources and capital adequacy ratios for the Group. MAS Notice to Banks No. 637 "Notice on Risk Based Capital Adequacy Requirements for Banks incorporated in Singapore" sets out the current requirements relating to the minimum capital adequacy ratios for a bank incorporated in Singapore and the methodology a bank incorporated in Singapore shall use for calculating these ratios.

In $ millions	2010	2009
Tier 1 Capital		
Share capital	**8,780**	8,435
Disclosed reserves and others	**23,927**	20,928
Less: Tier 1 Deductions	**5,064**	6,098
Eligible Tier 1 Capital	**27,643**	23,265
Tier 2 Capital		
Loan allowances admitted as Tier 2	**696**	434
Subordinated debts	**5,281**	5,970
Revaluation surplus from equity securities	**149**	87
Less: Tier 2 Deductions	**142**	128
Total eligible capital	**33,627**	29,628
Risk-weighted assets	**182,694**	177,222
Capital Adequacy Ratio (%)		
Core Tier 1 ratio	**11.8**	11.0
Tier 1 ratio	**15.1**	13.1
Tier 2 ratio	**3.3**	3.6
Total (Tier 1 and 2) ratio	**18.4**	16.7

48 SEGMENT REPORTING

48.1 Business segment reporting

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 presentation of the business segment results in the financial statements has been revised in 2010 to better reflect internal management reporting. In addition, the Group adopted a revised capital benefit and fund transfer policy with effect from 1 January 2010. Comparative figures have been restated to conform to the current presentation.

The various business segments are described below:

Consumer/Private Banking

Consumer/ Private Banking 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.

Institutional Banking

Institutional Banking provides financial services and products to institutional clients including non bank financial institutions, government linked companies, large corporates and small and medium-sized businesses. The business focus is to broaden and deepen the financial relationship with clients. The products and services available to customers include long and short term credit facilities ranging from specialised lending such as asset financing, project financing and real estate financing to overdraft, trade, receivables financing and structured trade; cash management and deposit; treasury and markets; corporate finance and advisory banking services for mergers and acquisitions, capital raising through debt and equity markets, capital restructuring, syndicated finance, securities and fiduciary services and private equity. Institutional Banking also provides equity services through DBS Vickers Securities (DBSV). DBSV offers a wide range of services to retail and corporate customers including research, sales and trading, share placement, nominees and securities custodian services and distribution of primary and secondary issues.

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 making 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 customer of other business segments, such as Consumer/Private Banking and Institutional Banking, is reflected in the respective segments. Treasury is also responsible for facilitating the execution of Group's asset and liability interest rate positions and management of the investment of the Group's excess liquidity and shareholders' funds.

Others

Others encompasses a range of activities from corporate decisions and income and expenses not attributed to the business segments described above.

During the year, no one group of related customers accounted for more than 10% of the Group's revenues.

The following table analyses the results, total assets and total liabilities of the Group by business segments:

In $ millions	Consumer/ Private Banking	Institutional Banking	Treasury	Others[a]	Total
2010					
Net interest income	**1,398**	**1,995**	**840**	**85**	**4,318**
Non-interest income	**667**	**1,518**	**393**	**170**	**2,748**
Total income	**2,065**	**3,513**	**1,233**	**255**	**7,066**
Expenses	**1,471**	**1,119**	**368**	**(33)**	**2,925**
Goodwill charge	**–**	**–**	**–**	**1,018**	**1,018**
Allowances for credit and other losses	**55**	**812**	**(2)**	**46**	**911**
Share of profits of associates	**–**	**25**	**–**	**77**	**102**
Profit before tax	**539**	**1,607**	**867**	**(699)**	**2,314**
Income tax expense	**81**	**274**	**134**	**(35)**	**454**
Net profit	**458**	**1,360**	**733**	**(919)**	**1,632**
Total assets before goodwill	**51,328**	**118,572**	**98,735**	**10,273**	**278,908**
Goodwill on consolidation					**4,802**
Total assets					**283,710**
Total liabilities	**117,529**	**80,559**	**42,584**	**9,936**	**250,608**
Capital expenditure	**45**	**28**	**10**	**93**	**176**
Depreciation [b]	**46**	**20**	**10**	**117**	**193**
2009					
Net interest income	1,399	1,844	1,223	(11)	4,455
Non-interest income	609	1,328	26	185	2,148
Total income	2,008	3,172	1,249	174	6,603
Expenses	1,245	964	324	71	2,604
Allowances for credit and other losses	82	1,118	7	345	1,552
Share of profits of associates	–	28	–	38	66
Profit before tax	681	1,118	918	(204)	2,513
Income tax expense	109	197	195	(216)	285
Net profit	572	974	723	(228)	2,041
Total assets before goodwill	45,094	100,649	97,959	9,095	252,797
Goodwill on consolidation					5,847
Total assets					258,644
Total liabilities	115,194	69,084	31,262	13,605	229,145
Capital expenditure	28	22	11	118	179
Depreciation [b]	50	24	7	114	195

(a) 2009 includes one-time impairment charge for a Thailand investment of $23 million

(b) Amounts for each business segment are shown before allocation of centralised cost

48.2 Geographical segment reporting

Income and net profit attributable to shareholders (Net profit) are based on the country in which the transactions are booked. Total assets are shown by geographical area in which the assets are booked. It would not be materially different if total assets shown are based on the country in which the counterparty or assets are located. The total assets, income and net profit are stated after elimination of inter-group assets and revenues.

			The Group			
In $ millions	**Singapore**	**Hong Kong**	**Rest of Greater China[(c)]**	**South and Southeast Asia[(d)]**	**Rest of the World[(e)]**	**Total**
2010						
Total income	**4,426**	**1,465**	**426**	**457**	**292**	**7,066**
Net profit	**670[(a)]**	**579**	**47**	**203**	**133**	**1,632**
Total assets before goodwill	**179,813**	**52,489**	**21,033**	**13,710**	**11,863**	**278,908**
Goodwill on consolidation	**4,802**	**–**	**–**	**–**	**–**	**4,802**
Total assets	**184,615**	**52,489**	**21,033**	**13,710**	**11,863**	**283,710**
Non-current assets[(f)]	**1,623**	**406**	**129**	**36**	**2**	**2,196**
2009						
Total income	3,991	1,366	409	501	336	6,603
Net profit	1,163[(b)]	464	68	226	120	2,041
Total assets before goodwill	165,652	47,653	14,362	12,743	12,387	252,797
Goodwill on consolidation	5,847	–	–	–	–	5,847
Total assets	171,499	47,653	14,362	12,743	12,387	258,644
Non-current assets[(f)]	1,485	530	142	46	1	2,204

(a) Includes goodwill charges of $1,018 million in 2010

(b) Includes one-time impairment charge for a Thailand investment of $23 million in 2009

(c) Rest of Greater China includes branch, subsidiary and associate operations in Mainland China and Taiwan

(d) South and Southeast Asia includes branch, subsidiary, joint venture and associate operations in India, Indonesia, Malaysia and the Philippines

(e) Rest of the World includes branch operations in South Korea, Japan, United States of America and United Kingdom

(f) Includes investment in associates, properties and other fixed assets, and investment properties

49 LIST OF SUBSIDIARIES, JOINT VENTURES, ASSOCIATES AND SPECIAL PURPOSE ENTITIES

The significant operating subsidiaries in the Group are listed below:

	Name of subsidiary	Principal activities	Country of incorporation	Share capital Currency	Share capital In millions	Effective shareholding % 2010	Effective shareholding % 2009
	Held by the Company						
1.	DBS Bank Ltd	Retail, corporate and investment banking services	Singapore	SGD	15,946	**100**	100
	Held by the Bank						
2.	DBS Asset Management Ltd	Investment management services	Singapore	SGD	64	**100**	100
3.	DBS China Square Ltd	Property investment holding	Singapore	SGD	229	**70**	70
4.	DBS Trustee Ltd	Trustee services	Singapore	SGD	3	**100**	100
5.	DBS Vickers Securities Holdings Pte Ltd	Investment holding	Singapore	SGD	403	**100**	100
6.	The Islamic Bank of Asia Limited	Provision of Shariah compliant direct investment and capital market services	Singapore	USD	500	**50**	50
7.	DBS Nominees Pte Ltd	Nominee services	Singapore	SGD	#	**100**	100
8.	DBSN Services Pte Ltd	Nominee services	Singapore	SGD	#	**100**	100
9.	Primefield Company Pte Ltd	Investment holding	Singapore	SGD	12	**100**	100
10.	DBS Capital Investments Ltd	Venture capital investment holding	Singapore	SGD	2	**100**	100
11.	DBS Diamond Holdings Ltd	Investment holding	Bermuda	USD	3,694	**100**	100
12.	DBS Group Holdings (Hong Kong) Ltd	Investment holding	Bermuda	HKD	2,619	**100**	100
13.	DBS Capital Funding Corporation**	Capital funding	Cayman Islands	USD	#	**100**	100
14.	DBS Capital Funding II Corporation**	Capital funding	Cayman Islands	USD	#	**100**	100
15.	DBS Bank (China) Limited*	Retail, small and medium-sized enterprise and corporate banking services	China	CNY	4,000	**100**	100
16.	DBS Private Equity Enterprise[(a)] *	Investment holding	China	USD	15	**99**	99
17.	DBS Asia Capital Limited*	Corporate finance and advisory services	Hong Kong	HKD	92	**100**	100
18.	PT Bank DBS Indonesia*	Commercial banking and financial services	Indonesia	IDR	2,225,000	**99**	99
19.	DBSAM Funds*	Collective investment scheme	Luxembourg	USD	10	**100**	100
20.	DBS Insurance Agency (Taiwan) Limited*	Provision of insurance agency services	Republic of Taiwan	NTD	3	**100**	100
	Held by other subsidiaries						
21.	AXS Infocomm Pte Ltd[(b)]	Development and operation of multimedia transactional pay phone kiosks	Singapore	SGD	19	**86.2**	86.2
22.	DBS Vickers Securities (Singapore) Pte Ltd	Securities and futures broker	Singapore	SGD	50	**100**	100
23.	DBS Vickers Securities Online Holdings Pte Ltd	Investment holding	Singapore	SGD	35	**100**	100
24.	DBS Vickers Research (Singapore) Pte Ltd	Market research consultants	Singapore	SGD	1	**100**	100
25.	Vickers Ballas Asset Management Pte Ltd	Marketing, distributing and managing investment funds	Singapore	SGD	1	**100**	100

Name of subsidiary	Principal activities	Country of incorporation	Share capital Currency	Share capital In millions	Effective shareholding % 2010	Effective shareholding % 2009
26. DBS Vickers Securities Nominees (Singapore) Pte Ltd	Nominee services	Singapore	SGD	#	**100**	100
27. DBS Asset Management (United States) Pte Ltd	Investment management services	Singapore	SGD	#	**100**	100
28. DBS Asset Management (Hong Kong) Ltd*	Investment management services	Hong Kong	HKD	13	**100**	100
29. DBS Bank (Hong Kong) Limited*	Retail, corporate and investment banking services	Hong Kong	HKD	7,000	**100**	100
30. DBS Corporate Services (Hong Kong) Limited*	Investment holding and corporate services	Hong Kong	HKD	1	**100**	100
31. DHB Limited*	Investment holding	Hong Kong	HKD	2,300	**100**	100
32. DBS Vickers (Hong Kong) Limited*	Securities and futures broker	Hong Kong	HKD	150	**100**	100
33. DBS Vickers Securities Nominees (Hong Kong) Limited*	Nominee services	Hong Kong	HKD	#	**100**	100
34. DBS Vickers Securities (Hong Kong) Limited*	Investment holding	Hong Kong	HKD	8	**100**	100
Held by other subsidiaries						
35. Kenson Asia Limited*	Corporate services	Hong Kong	HKD	#	**100**	100
36. Kingly Management Limited*	Corporate services	Hong Kong	HKD	#	**100**	100
37. Ting Hong Nominees Limited*	Nominee services	Hong Kong	HKD	#	**100**	100
38. Hang Lung Bank (Nominees) Limited*	Nominee services	Hong Kong	HKD	#	**100**	100
39. DBS Kwong On (Nominees) Limited*	Nominee services	Hong Kong	HKD	#	**100**	100
40. Overseas Trust Bank Nominees Limited*	Nominee services	Hong Kong	HKD	#	**100**	100
41. Worldson Services Limited*	Corporate services	Hong Kong	HKD	#	**100**	100
42. DBS Trustee (Hong Kong) Limited*	Trustee services	Hong Kong	HKD	3	**100**	100
43. PT DBS Vickers Securities (Indonesia)*	Securities broker	Indonesia	IDR	55,000	**99**	99
44. DBS Vickers Securities (Thailand) Co. Ltd*	Securities broker	Thailand	THB	690	**100**	100
45. DHJ Management Limited**	Corporate services	British Virgin Islands	USD	#	**100**	100
46. JT Administration Limited**	Corporate services	British Virgin Islands	USD	#	**100**	100
47. Market Success Limited**	Corporate services	British Virgin Islands	USD	#	**100**	100
48. Kendrick Services Limited**	Corporate directorship services	British Virgin Islands	USD	#	**100**	100
49. Lushington Investment Limited**	Corporate shareholding services	British Virgin Islands	USD	#	**100**	100
50. Quickway Limited**	Corporate directorship services	British Virgin Islands	USD	#	**100**	100
51. DBS Group (HK) Limited*	Investment holding	Bermuda	USD	588	**100**	100
52. DBS Vickers Securities (UK) Ltd*	Securities broker	United Kingdom	GBP	#	**100**	100
53. DBS Vickers Securities (USA), Inc***	Securities broker	United States	USD	3	**100**	100
54. DBS Trustee H.K. (Jersey) Limited*	Trustee services	Jersey	GBP	#	**100**	100
55. DBS Trustee H.K. (New Zealand) Limited*	Trustee services	New Zealand	NZD	#	**100**	100

Name of subsidiary	Principal activities	Country of incorporation	Share capital Currency	Share capital In millions	Effective shareholding % 2010	Effective shareholding % 2009
56. DNZ Limited**	Nominee services	Samoa	USD	#	**100**	100
57. Asian Islamic Investment Management Sdn Bhd[(c)]*	Investment management services	Malaysia	RM	10	**51**	51
58. DBS Investment & Financial Advisory Co. Ltd***	Corporate finance and advisory services	China	USD	1	**100**	–

Amount under $500,000
* *Audited by PricewaterhouseCoopers network firms outside Singapore*
** *No statutory audit was performed for these companies as it is not mandatory under local laws and regulations*
*** *Audited by other auditors*
(a) *In addition to the shareholding of 99%, there is a direct shareholding of 1% (2009: 1%) held through DBS Capital Investments Ltd*
(b) *Shareholding includes 26.4% (2009: 26.4%) held through the Bank. In addition, there is an indirect shareholding of 10.6% (2009: 10.6%) held through Network for Electronic Transfers (Singapore) Pte Ltd*
(c) *In addition to the effective shareholding of 51%, there is an indirect shareholding of 13.6% (2009: 13.6%) held through Hwang-DBS (Malaysia) Bhd*

The significant joint ventures in the Group are listed below:

Name of joint venture	Principal activities	Country of incorporation	Share capital Currency	Share capital In millions	Effective shareholding % 2010	Effective shareholding % 2009
Held by the Bank						
1. Ayala DBS Holdings Inc.***	Investment holding	The Philippines	PHP	3,340	**40.0**	40.0
2. Cholamandalam DBS Finance Limited***	Consumer Finance	India	INR	1,193	**–**	37.5
Held by other subsidiaries						
3. Hutchinson DBS Card Limited*	Provision of credit card services	British Virgin Islands	HKD	1	**50.0**	50.0

* *Audited by PricewaterhouseCoopers network firms outside Singapore*
*** *Audited by other auditors*

The significant associates in the Group are listed below:

Name of associate	Principal activities	Country of incorporation	Share capital Currency	Share capital In millions	Effective shareholding % 2010	Effective shareholding % 2009
Quoted - Held by the Bank						
1. Bank of the Philippine Islands***	Commercial banking and financial services	The Philippines	PHP	35,561	**20.3**	20.3
Quoted - Held by other subsidiaries						
2. Hwang-DBS (Malaysia) Bhd[(a)] *	Investment holding	Malaysia	RM	266	**27.7**	27.7

	Name of associate	Principal activities	Country of incorporation	Share capital Currency	Share capital In millions	Effective shareholding % 2010	Effective shareholding % 2009
	Unquoted - Held by the Bank						
3.	Century Horse Group Limited***	Financial services	British Virgin Islands	USD	#	**20.0**	20.0
4.	Clearing and Payment Services Pte Ltd	Provides service infrastructure for clearing payment and settlement of financial transactions	Singapore	SGD	#	**33.3**	33.3
5.	Network for Electronic Transfers (Singapore) Pte Ltd	Electronic funds transfer	Singapore	SGD	7	**33.3**	33.3
6.	Orix Leasing Singapore Ltd***	Leasing and hire-purchase financing of equipment, provision of installment loans and working capital financing	Singapore	SGD	3	**30.0**	30.0
7.	Raffles Fund 1 Limited***	Investment management services	Cayman Islands	USD	13	**24.2**	24.2
8.	Investment and Capital Corporation of the Philippines***	Financial services	The Philippines	PHP	300	**20.0**	20.0
9.	The Asian Entrepreneur Legacy One, L.P.***	Investment holding	Cayman Islands	USD	331	**12.0**	–
	Unquoted - Held by other subsidiaries						
10.	Hwang-DBS Investment Management Berhad*	Investment management services	Malaysia	RM	10	**30.0**	30.0
11.	Hwang-DBS Vickers Research (Malaysia) Sdn Bhd[(b)]*	Investment management	Malaysia	RM	3	**49.0**	49.0
12.	Singapore Consortium Investment Management Ltd	Investment management services	Singapore	SGD	1	**33.3**	33.3
13.	Changsheng Fund Management Company***	Establishment and management of investment	China	RMB	150	**33.0**	33.0

\# *Amount under $500,000*
* *Audited by PricewaterhouseCoopers network firms outside Singapore*
*** *Audited by other auditors*
(a) *Shareholding includes 4.15% held through the Bank*
(b) *In addition to the effective shareholding of 49%, there is an indirect shareholding of 14.1% (2009: 14.1%) held through Hwang-DBS (Malaysia) Bhd. There is no control over indirect shareholding, thus consolidation was not applied*

The significant operating special purpose entities controlled and consolidated by the Group are listed below:

	Name of entity	Purpose of special purpose entity	Country of incorporation
1.	Zenesis SPC	Issuance of structured products	Cayman Islands
2.	Constellation Investment Ltd	Issuance of structured notes	Cayman Islands

50 ASSETS HELD FOR SALE

On 6 December 2010, DBS Bank Ltd ("DBS") entered into an agreement with The Sumitomo Trust & Banking Co. and Nikko Asset Management Co., Ltd ("Nikko AM") to combine DBS Asset Management Ltd ("DBSAM") and Nikko AM.

Nikko AM, through its indirectly held 100% owned subsidiary Nikko Asset Management Singapore Limited, will acquire DBS' 100% owned subsidiary, DBSAM, for $137 million (US$104 million), and DBS will use proceeds to acquire a 7.25% interest in Nikko AM, thus allowing the Group to participate in the future growth of the combined business.

Shares in Changsheng Fund Management Company, an associate 33% owned by DBSAM, will not form part of the transaction and will be transferred to DBS upon regulatory approvals.

As part of the transaction, DBS and Nikko AM will enter into a non-exclusive distribution agreement through which Nikko AM's portfolio of investment products can be distributed through DBS' network of core markets in the region.

As at 31 December 2010, the assets, liabilities and reserves of DBSAM were consolidated and not classified as a held for sale as the amounts were not material. The transaction is subject to regulatory approvals and is expected to be completed in the first half of 2011.

51 SUBSEQUENT EVENT

On 15 December 2010, DBS Bank Ltd entered into a business migration agreement with The Royal Bank of Scotland N.V and the Royal Bank of Scotland (China) Co. Ltd (RBS China) to transfer certain RBS China's retail and commercial banking customers, business portfolios and related employees in Shanghai, Beijing and Shenzhen to DBS Bank (China) Limited. Subject to customers' consent, up to US$898 million worth of deposits could be transferred to DBS Bank (China) Limited. The business migration is expected to be completed by the second quarter of 2011.