



DBS GROUP HOLDINGS LTD
(Incorporated in the Republic of Singapore)
(Company Registration No. 199901152M)

Proposed Acquisition of PT Bank Danamon Indonesia Tbk

1. INTRODUCTION

The Board of Directors of DBS Group Holdings Ltd ("**DBS**") wishes to announce that it has on 2 April 2012 entered into a conditional share purchase agreement ("**SPA**") with Fullerton Financial Holdings Pte. Ltd. ("**FFH**") (a wholly-owned subsidiary of Temasek Holdings (Private) Limited ("**Temasek**")), pursuant to which DBS will acquire all the shares in Asia Financial (Indonesia) Pte. Ltd. ("**AFI**") for an aggregate purchase price of IDR45.2 trillion (approximately S\$6.2 billion¹) ("**Purchase Price**"), based on an agreed price of IDR7,000 per share of PT Bank Danamon Indonesia Tbk ("**Danamon**") (the "**Reference Price**") held by AFI (the "**Proposed Acquisition**"). As at the date of this Announcement, AFI holds 6,457,558,472 issued shares in Danamon, representing approximately 67.37% of the issued shares in Danamon, Indonesia's sixth largest bank by assets.

Upon completion of the Proposed Acquisition, DBS will launch a mandatory tender offer ("**MTO**") to acquire the remaining listed Danamon shares for a cash offer price of IDR7,000 per Danamon share, which represents a premium of 56.3% over the one-month volume weighted average price ("**VWAP**") per Danamon share.

Completion of the Proposed Acquisition is subject to the satisfaction (or waiver) of all the conditions precedent set out in Section 3.2 of this Announcement.

2. INFORMATION AND RATIONALE FOR THE PROPOSED ACQUISITION

2.1 Information on Danamon

Danamon is a leading full service commercial bank in Indonesia, with a nationwide presence of approximately 3,000 branch offices and outlets and approximately 6 million customers. It has a market leading presence in microfinance, auto lending and a growing business in the small and medium enterprises ("**SME**") and retail segments.

2.2 Rationale for the Proposed Acquisition

DBS' strategic intent is to become a leading Asian bank, with a more diversified revenue mix across its key markets in the three key axes of growth, namely, Greater China, South Asia and Southeast Asia. The Proposed Acquisition is in line with this strategy.

¹ For the purposes of this Announcement, all IDR amounts have been converted into S\$ at the exchange rate of S\$1:IDR7,318.

Indonesia's banking sector is highly attractive for DBS given its demographics, strong macroeconomics and fast growing economy. It remains underserved and continues to benefit from a growing middle class, rapidly rising domestic consumption and increasing trade flows within the region. This offers significant market opportunities across banking products and customer segments, making Danamon's universal banking platform well suited to tap into the Indonesian growth story.

It is envisaged that Danamon will be merged with PT Bank DBS Indonesia ("**DBS Indonesia**"), subject to receipt of requisite regulatory approvals. The combined banking platform will bolster DBS' existing presence in Indonesia, propelling it to a top five player in the country. It will also further enhance the regional network and connectivity that DBS can provide to its customers.

DBS and Danamon are complementary in many ways, and a combined DBS and Danamon banking platform will be stronger for the following reasons:

- Danamon will benefit from DBS' funding strength and experience in building a strong deposit franchise. This will help Danamon to further expand its business and increase its resilience to withstand credit cycles;
- Danamon's revenue growth will be accelerated by leveraging DBS' Asia-wide platform and product expertise, especially in the areas of corporate banking, trade finance, cash management, treasury and capital markets as well as affluent banking and retail banking;
- DBS customers, in Indonesia and around the region, will benefit from Danamon's extensive distribution network in Indonesia; and
- DBS will derive scale benefits by leveraging Danamon's infrastructure.

The Proposed Acquisition is expected to be accretive to DBS' earnings per share and return on equity by 2015². Integration will commence in 2013 and synergies are expected to be progressively phased in from 2014 and fully realised by 2015.

3. SALIENT TERMS OF THE PROPOSED ACQUISITION

3.1 Purchase Price

- (a) The Purchase Price was arrived at based on arms' length negotiations and further taking into account the underlying franchise value of Danamon, DBS' ability to integrate and synergise with Danamon's businesses and the strategic merits of the acquisition of Danamon as described in Section 2.2.
- (b) The Reference Price represents:
 - (i) a premium of 52.2% to the closing price of IDR4,600 per Danamon share traded on the IDX on 30 March 2012, being the latest trading day prior to the date of this Announcement ("**LPD**");

² This statement should not be interpreted to mean that earnings per DBS share for shareholders of DBS will necessarily match or exceed the historical or published earnings per DBS share.

- (ii) a premium of 56.3% to the VWAP of IDR4,480 per Danamon share traded on the Indonesia Stock Exchange ("**IDX**") for the one-month period ending on the LPD; and
 - (iii) a 2.6x multiple to the audited consolidated book value per Danamon share of IDR2,674 as at 31 December 2011.
- (c) The Purchase Price will be satisfied wholly by the issue to FFH (and/or such other wholly-owned subsidiary of Temasek as it may designate) of 439,000,000 new ordinary shares in DBS ("**Consideration Shares**") at an issue price of S\$14.07 per Consideration Share ("**Issue Price**"). The Issue Price is based on the 2-week VWAP of S\$14.35 per DBS share for the period ending on 28 March 2012³, adjusted for DBS' final one-tier tax exempt dividend of S\$0.28 per DBS share.

The Purchase Price and the number of Consideration Shares have been agreed and are fixed under the SPA.

3.2 Conditions Precedent

Completion of the Proposed Acquisition is conditional upon the satisfaction (or waiver) of various conditions precedent, including those set out below:

- (a) the passing of the necessary resolutions by the independent shareholders of DBS at an extraordinary general meeting to be convened ("**EGM**") to approve the Proposed Acquisition and the MTO and the issue of the Consideration Shares to FFH (and/or such other wholly-owned subsidiary of Temasek as it may designate) as consideration for the Proposed Acquisition;
- (b) the grant of a waiver from the Securities Industry Council of Singapore ("**SIC**") that FFH and its concert parties need not, subject to the fulfilment of conditions to be laid down by the SIC, make a general offer for DBS as a result of FFH's acquisition of the Consideration Shares;
- (c) the passing of the necessary resolutions by the shareholders of DBS (other than FFH, parties acting in concert with it and parties not independent of it) at the EGM to waive their rights to receive a general offer as a result of the Proposed Acquisition (the "**Whitewash Resolution**");
- (d) DBS having passed the "fit and proper" test as evidenced by written approval from Bank Indonesia, and where any such approval is subject to conditions, such conditions being acceptable to DBS acting reasonably;
- (e) all necessary consents and approvals from any relevant governmental, quasi-governmental, supranational statutory, regulatory, administrative authority or body in any jurisdiction to the extent required having been obtained and continuing to be in full force and effect, and where any such approval is subject to conditions, such conditions being acceptable to the relevant party to the SPA acting reasonably;

³ Being the latest practicable date prior to the submission of DBS' expression of interest to FFH in relation to the Proposed Acquisition.

- (f) the approval in-principle of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") in respect of the listing and quotation of the Consideration Shares to be issued to FFH having been obtained on terms reasonably acceptable to the parties to the SPA; and
- (g) as at the date of completion of the Proposed Acquisition, the trading of the shares of DBS not being suspended by the SGX-ST (other than a suspension on a temporary basis requested by DBS) and the shares of DBS not having been delisted from the SGX-ST.

Subject to the relevant approvals being received within the timeline noted in comparable precedent transactions, it is currently envisaged that the Proposed Acquisition will be completed in the second half of 2012.

4. WHITEWASH WAIVER

As at the date of this Announcement, Temasek holds, through its wholly-owned subsidiaries, an aggregate interest in 713,033,749 DBS shares, representing approximately 29.5% of all the issued shares in DBS. The issue of the Consideration Shares pursuant to the completion of the Proposed Acquisition will increase the aggregate shareholdings of Temasek and its subsidiaries in DBS from approximately 29.5% to approximately 40.4%. As such, Temasek would be required to make a mandatory general offer ("**DBS Offer**") under the Singapore Code on Takeovers and Mergers ("**Code**") for all the remaining DBS shares unless such obligation is waived by the SIC.

On 30 March 2012, Temasek obtained a waiver from SIC of the obligation of Temasek and its concert parties to make the DBS Offer following the issue of the Consideration Shares ("**Whitewash Waiver**"). The Whitewash Waiver is subject to the completion of the acquisition of the Consideration Shares by Temasek and its concert parties within eight (8) months of the Whitewash Resolution being approved. The Whitewash Waiver is also subject to certain customary conditions being satisfied, including the following:

- (a) that a majority of holders of voting rights of DBS approve the Whitewash Resolution by way of a poll at the EGM to be held before the issue of the Consideration Shares;
- (b) that Temasek and its concert parties and parties not independent of them abstain from voting on the Whitewash Resolution; and
- (c) that DBS appoints an independent financial adviser ("**IFA**") to advise the shareholders of DBS (other than Temasek, parties acting in concert with it and parties not independent of them) on the Whitewash Resolution.

5. MANDATORY TENDER OFFER

Upon completion of the Proposed Acquisition, DBS will make the MTO for the remaining listed Danamon shares at the higher of (a) the Reference Price per Danamon share, and (b) the minimum price per Danamon share at which the MTO is required to be made in accordance

with Rule IX.H.1 on Takeover of Public Company, attachment to Decision of the Chairman of *Badan Pengawas Pasar Modal dan Lembaga Keuangan*, the Indonesian Capital Market and Financial Institutions Supervisory Board ("**Bapepam-LK**") No. Kep-264/BL/2011 dated 31 May 2011 ("**Rules IX.H.1**"), payable wholly in cash. The MTO, when made, will be extended to all holders of listed Danamon shares, including any persons who may be deemed to be associates of Temasek.

Assuming full acceptance of the MTO, the aggregate consideration payable for the MTO will amount to IDR21.2 trillion (approximately S\$2.9 billion). DBS will be required to ensure that it holds no more than 80% of all the issued Danamon shares within two years after the completion of the MTO under Rules IX.H.1, unless Bapepam-LK grants a waiver or an extension.

DBS expects to fund the cash consideration payable under the MTO by a combination of its internal cash resources and future senior debt issuances.

6. FINANCIAL EFFECTS

Schedule 1 hereto sets out the unaudited proforma financial effects of the Proposed Acquisition and the MTO (assuming full acceptance) on the number of DBS shares in issue, the audited consolidated net asset value ("**NAV**") per DBS share and the capital adequacy ratio ("**CAR**") of DBS as at 31 December 2011 and the net earnings per DBS share ("**EPS**") for the period ended 31 December 2011 ("**FY2011**").

7. INTERESTED PERSON TRANSACTION

Temasek is a "controlling shareholder" of DBS within the meaning of the Listing Manual of the SGX-ST ("**Listing Manual**") and FFH is an associate (as defined in the Listing Manual) of Temasek. Accordingly, FFH is an "interested person" of DBS for the purpose of Chapter 9 of the Listing Manual, and the Proposed Acquisition constitutes an "interested person transaction" under Chapter 9 of the Listing Manual.

Under Rule 906 of the Listing Manual, an issuer must obtain the approval of its shareholders for any interested person transaction of a value equal to or more than 5% of the issuer's latest audited consolidated net tangible asset value ("**NTA**").

As the Purchase Price represents 21.9% of the audited consolidated NTA of DBS as at 31 December 2011 of S\$28.3 billion, the Proposed Acquisition must be approved by the shareholders of DBS at the EGM. As required under the Listing Manual, Temasek and its associates (as defined under the Listing Manual) must abstain from voting on the resolution to be tabled at the EGM to approve the Proposed Acquisition.

As at the date of this Announcement, save for the Proposed Acquisition, there are no discloseable interested person transactions between DBS and Temasek and/or the associates of Temasek for the current financial year which have not already been publicly disclosed.

8. MAJOR ACQUISITION

As DBS is required to make the MTO upon completion of the Proposed Acquisition, the Proposed Acquisition and the MTO will be aggregated for the purpose of compliance with Chapter 10 of the Listing Manual, which governs material transactions.

The book value and NTA attributable to the AFI shares⁴ to be acquired pursuant to the Proposed Acquisition and the Danamon shares to be acquired pursuant to the MTO are S\$3.5 billion and S\$3.3 billion respectively.

Assuming full acceptance of the MTO, the "relative figures" in relation to the Proposed Acquisition and the MTO for purposes of Chapter 10 are as follows:

Measure	Proposed Acquisition	Proposed Acquisition + Full MTO Acceptance	DBS	Relative Figures
Net asset value	Not applicable as this test is not applicable to an acquisition of assets			
NPBT ^{5 6}	IDR3.1 trillion (S\$425 million)	IDR4.6 trillion (S\$624 million)	S\$3.7 billion	16.7%
Aggregate consideration	IDR45.2 trillion (S\$6.2 billion)	IDR66.4 trillion (S\$9.1 billion)	S\$34.2 billion ⁷	26.5%
Number of DBS shares issued	439 million	439 million	2,415.3 million ⁸	18.2%

Note: All above figures of Danamon does not take into account (i.e. "seeing through") the stand-alone financial statements of AFI for FY2011 on the basis that substantially all of the assets and liabilities and earnings of AFI relate to or are derived from its 67.37% equity interest in Danamon.

Accordingly, as the aggregate consideration for the Proposed Acquisition and the MTO (assuming full acceptance) exceeds 20% of DBS' market capitalisation as at LPD, the Proposed Acquisition and the MTO constitute a "major transaction" for DBS under Rule 1014 of the Listing Manual.

As such, the Proposed Acquisition and the MTO must be approved by the shareholders of DBS at the EGM as a "major transaction".

⁴ This is based on audited consolidated figures of Danamon for FY2011 and does not take into account the stand-alone financial statements of AFI for FY2011 given that substantially all of the assets and liabilities of AFI relate to or are derived from its 67.37% equity interest in Danamon.

⁵ "**NPBT**" is defined as net profits before income tax, minority interest and extraordinary items.

⁶ All comparisons are based on the audited consolidated financial statements of DBS and Danamon for FY2011. The computation of the "relative figures" does not take into account the stand-alone financial statements of AFI for FY2011 given that substantially all of the earnings of AFI relate to or are derived from its 67.37% equity interest in Danamon.

⁷ Based on the market capitalisation of DBS as at LPD.

⁸ Based on the number of DBS shares in issue as at LPD.

9. DISCLOSURES

Mr. Peter Seah Lim Huat, a director of DBS, is also a director of FFH. Mr. Kwa Chong Seng, a director of DBS, is also a director of Temasek.

Accordingly, Mr. Peter Seah Lim Huat and Mr. Kwa Chong Seng will abstain from voting on any board resolutions relating to, and will abstain from making any recommendation to the shareholders of DBS on, the Proposed Acquisition and the MTO.

No person is proposed to be appointed to the board of DBS, and hence no director's service contract is proposed to be entered into by DBS with any person, in connection with the Proposed Acquisition or the MTO.

Save as disclosed in this Announcement, no director or controlling shareholder of DBS has any interest in the Proposed Acquisition or the MTO.

10. INDEPENDENT FINANCIAL ADVISER

The Directors of DBS who are independent for the purpose of the Proposed Acquisition ("**Independent Directors**") will be appointing ING Bank N.V. as the IFA to advise on the Whitewash Resolution as well as to whether the Proposed Acquisition is on normal commercial terms and is not prejudicial to the interest of DBS and the independent shareholders. The opinion of the IFA, together with the recommendation of the Independent Directors and the opinion of the Audit Committee of DBS on the Proposed Acquisition (both based on the opinion of the IFA), will be disclosed in the circular to be issued by DBS to its shareholders convening the EGM.

11. ALLIANCE FINANCIAL GROUP BERHAD

DBS Bank Ltd. ("**DBS Bank**") has separately received approval from Bank Negara Malaysia to commence discussions with Duxton Investments Pte. Ltd., a wholly-owned subsidiary of FFH, to acquire its 49% stake in Vertical Theme Sdn. Bhd., which holds approximately 29% equity interest in Alliance Financial Group Berhad ("**Alliance**") ("**Alliance Transaction**"). If the Alliance Transaction is successfully negotiated and completed, it will give DBS Bank an effective economic stake of 14% in Alliance and DBS Bank is not required to make any tender offer to the remaining shareholders of Alliance. Further details on the Alliance Transaction will be announced upon agreement of the transaction terms and receipt of requisite regulatory approvals.

12. ADVISERS

DBS has appointed Credit Suisse and Morgan Stanley as its joint financial advisers on the proposed acquisitions of Danamon and Alliance, and WongPartnership LLP and Hadiputranto, Hadinoto & Partners as its legal advisers on the proposed acquisition of Danamon.

13. DOCUMENTS FOR INSPECTION

A copy of the SPA is available for inspection at DBS' registered office at 6 Shenton Way, DBS Building Tower One, Singapore 068809 during normal business hours for a period of three (3) months from the date of this Announcement.

By Order of the Board of
DBS Group Holdings Ltd

Linda Hoon
Group Company Secretary
2 April 2012, Singapore

Investor and Media enquiries:

Michael Sia, SVP, Head of Investor Relations
T: +65 6878 4751
M: +65 9636 9472
E: michaelsia@dbs.com

Karen Ngui, Managing Director, Head of Group
Strategic Marketing and Communications
T: +65 6878 3008
M: +65 9030 8080
E: karenngui@dbs.com

Forward-Looking Statements

All statements other than statements of historical facts included in this Announcement are or may be forward-looking statements. Forward-looking statements include but are not limited to those using words such as "seek", "expect", "anticipate", "estimate", "believe", "intend", "project", "plan", "strategy", "forecast" and similar expressions or future or conditional verbs such as "will", "would", "should", "could", "may" and "might". These statements reflect DBS' current expectations, beliefs, hopes, intentions or strategies regarding the future and assumptions in light of currently available information.

Such forward-looking statements are not guarantees of future performance or events and involve known and unknown risks and uncertainties. Accordingly, actual results may differ materially from those described in such forward-looking statements. Shareholders and investors should not place undue reliance on such forward-looking statements, and DBS does not undertake any obligation to update publicly or revise any forward-looking statements.

Schedule 1

Unaudited Proforma Financial Effects of the Proposed Acquisition and MTO

Bases and Assumptions

The following unaudited proforma financial effects analysis of the Proposed Acquisition and MTO has been prepared on the following key bases and assumptions:

- (1) based on (a) the audited consolidated financial statements of DBS and its subsidiaries for the year ended 31 December 2011 ("**DBS FY2011 Accounts**") and (b) the audited consolidated financial statements of Danamon and its subsidiaries for the year ended 31 December 2011 ("**Danamon FY2011 Accounts**");
- (2) assuming (a) insofar as the NAV and CAR of DBS are concerned, that the Proposed Acquisition and MTO have been effected as of 31 December 2011 and (b) insofar as the EPS of DBS is concerned, that the Proposed Acquisition has been effected as of 1 January 2011;
- (3) based on the Issue Price of S\$14.07 per DBS share;
- (4) before taking into account differences in the generally accepted accounting standards of Singapore and Indonesia under which the DBS FY2011 Accounts and the Danamon FY2011 Accounts, respectively, have been prepared, as well as for the differences in the accounting policies used in the preparation of such financial statements;
- (5) without taking into account (i.e., "seeing through") the stand-alone financial statements of AFI for FY2011 on the basis that substantially all of the assets and liabilities and earnings of AFI relate to or are derived from its 67.37% equity interest in Danamon;
- (6) before commencing on a purchase price allocation exercise to adjust the assets and liabilities of Danamon at their respective fair values, to identify any acquisition related intangibles and to finalise the amount of goodwill;
- (7) assuming full acceptance of the MTO – that is, DBS will hold 99% of all the issued shares in Danamon upon completion of the MTO;
- (8) the interest on the debt incurred by DBS to fund the cash consideration payable under the MTO will be 4.5% per annum; and
- (9) assuming an exchange rate of S\$1:IDR7,318.

Unaudited Proforma Financial Effects

The following unaudited proforma financial effects analysis of the Proposed Acquisition and MTO is prepared for illustrative purposes only, to show:

- (1) the number of issued shares, NAV and CAR of DBS as at 31 December 2011 assuming that the Proposed Acquisition and MTO had been effected as of that date; and

- (2) the EPS of DBS for FY2011 assuming that the Proposed Acquisition had been effected as of 1 January 2011.

The following proforma financial information may not, because of its nature, give a true picture of the NAV, CAR and EPS of DBS as at, and for the year ended, 31 December 2011 assuming that the Proposed Acquisition and MTO had actually been effected as of 31 December 2011 (for NAV and CAR) and 1 January 2011 (for EPS).

Number of DBS Shares in Issue

On the bases and assumptions set out above, the proforma effect of the Proposed Acquisition and MTO on the number of DBS shares in issue is as follows:

	Before Proposed Acquisition and MTO as at 31 December 2011	After Proposed Acquisition	After Proposed Acquisition and MTO
Number of DBS shares in issue (in millions)	2,350	2,789	2,789

NAV

On the bases and assumptions set out above, the proforma effect of the Proposed Acquisition and MTO on the NAV per DBS share is as follows:

	Before Proposed Acquisition and MTO as at 31 December 2011	After Proposed Acquisition	After Proposed Acquisition and MTO
NAV per DBS share (S\$)	11.99	12.32	12.27

EPS

On the bases and assumptions set out above, the proforma effect of the Proposed Acquisition and MTO on the EPS of DBS is as follows:

	Before Proposed Acquisition and MTO as at 31 December 2011	After Proposed Acquisition	After Proposed Acquisition and MTO
EPS (S\$)	1.30	1.20	1.21

CAR

On the bases and assumptions set out above, the proforma effect of the Proposed Acquisition and MTO on the CAR of DBS is as follows:

	Before Proposed Acquisition and MTO as at 31 December 2011	After Proposed Acquisition	After Proposed Acquisition and MTO
CAR			
- Tier 1	12.9%	13.4%	12.1%
- Total (Tier 1 and 2) ratio	15.8%	16.1%	14.8%
Core Tier 1 ratio ⁹			
- with phase-in deduction of 0% to end 2013	12.9%	13.4%	12.1%
- with full deduction	11.0%	11.7%	10.3%

⁹ In June 2011, the MAS announced the Basel III requirements for Singapore-incorporated banks, which included a progressive phase-in for deductions against common equity starting from an initial 0% in 2013 and reaching 100% by 2018.