



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

To: Shareholders

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

### **Unaudited Financial Results for the Second Quarter Ended 30 June 2012**

Details of the unaudited financial results are in the accompanying Performance Summary.

### **Dividends**

For the first half of 2012, the Directors have declared an interim one-tier tax-exempt dividend of 28 cents (first half 2011: 28 cents) for each DBSH non-voting redeemable convertible preference share and an interim one-tier tax-exempt dividend of 28 cents (first half 2011: 28 cents) for each DBSH ordinary share. The DBSH Scrip Dividend Scheme will be applied to these dividends.

The first half 2012 one-tier tax-exempt dividend will be payable on or about 8 October 2012. The DBSH shares will be quoted ex-dividend on 15 August 2012. Notice is hereby given that the Share Transfer Books and Register of Members of the Company will be closed on 21 August 2012. Duly completed transfers received by the Company's Registrar, Tricor Barbinder Share Registration Services of 80 Robinson Road, #02-00, Singapore 068898 up to 5.00 p.m. on 17 August 2012 will be registered to determine shareholders' entitlement to the first half 2012 one-tier tax-exempt dividend. In respect of ordinary shares in the securities accounts with The Central Depository (Pte) Limited ("CDP"), the first half 2012 one-tier tax-exempt dividend will be paid by DBSH to CDP, which will in turn distribute the dividend entitlements to shareholders.

A separate announcement which will outline further administrative details on the application of the DBSH Scrip Dividend Scheme to the first half 2012 dividend will be made in due course.

By order of the Board

Linda Hoon  
Group Secretary

2 August 2012  
Singapore

*More information on the above announcement is available at [www.dbs.com/investor](http://www.dbs.com/investor)*



## **Performance Summary**

Unaudited Financial Results  
For the First Half / Second Quarter ended  
30 June 2012

DBS Group Holdings Ltd  
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# DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

## OVERVIEW

DBS Group Holdings Ltd (“DBSH”) prepares its condensed consolidated DBSH Group (“Group”) interim financial statements in accordance with Singapore Financial Reporting Standard (“FRS”) No. 34 Interim Financial Reporting, as modified by the requirements of Notice to Banks No. 612 “Credit Files, Grading and Provisioning” issued by the Monetary Authority of Singapore. The accounting policies and methods of computation applied for the current financial periods are consistent with those applied for the financial year ended 31 December 2011, with the exception of the adoption of new or revised FRS.

On 1 January 2012, the Group adopted the following new or revised FRS that are issued by the Accounting Standards Council, and are relevant for the Group:

- Conceptual Framework for Financial Reporting 2010 (Chapters 1 and 3)
- Amendments to FRS 107 Financial Instruments: Disclosures

The Amendments to FRS 107 require additional disclosures for all transferred financial assets that are not derecognised in their entirety, and those that are derecognised in their entirety but for which the transferor retains continuing involvement existing at the reporting date, irrespective of when the related transfer transaction occurred. The amendments also clarify the conditions under which an entity is deemed to transfer a financial asset or to have continuing involvement.

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

	2nd Qtr 2012	2nd Qtr 2011	% chg	1st Qtr 2012	% chg	1st Half 2012	1st Half 2011	% chg
<b>Selected income statement items (\$m)</b>								
Net interest income	1,324	1,199	10	1,336	(1)	2,660	2,321	15
Net fee and commission income	379	387	(2)	406	(7)	785	803	(2)
Other non-interest income	242	252	(4)	414	(42)	656	623	5
Total income	1,945	1,838	6	2,156	(10)	4,101	3,747	9
Expenses	872	798	9	898	(3)	1,770	1,571	13
Profit before allowances	1,073	1,040	3	1,258	(15)	2,331	2,176	7
Allowances for credit and other losses	104	137	(24)	144	(28)	248	262	(5)
Profit before tax	1,005	934	8	1,153	(13)	2,158	1,969	10
Net profit	810	735	10	933	(13)	1,743	1,542	13
<b>Selected balance sheet items (\$m)</b>								
Customer loans <sup>1/</sup>	205,180	168,706	22	197,590	4	205,180	168,706	22
Interbank assets <sup>2/</sup>	34,686	24,577	41	33,197	4	34,686	24,577	41
Total assets	353,020	309,492	14	348,280	1	353,020	309,492	14
Customer deposits <sup>3/</sup>	230,566	210,536	10	232,186	(1)	230,566	210,536	10
Interbank liabilities <sup>4/</sup>	31,284	26,799	17	25,975	20	31,284	26,799	17
Total liabilities	318,580	277,208	15	314,165	1	318,580	277,208	15
Shareholders’ funds	30,177	28,014	8	29,798	1	30,177	28,014	8
<b>Key financial ratios (%) <sup>5/</sup></b>								
Net interest margin	1.72	1.80		1.77		1.75	1.80	
Non-interest/total income	31.9	34.8		38.0		35.1	38.1	
Cost/income ratio	44.8	43.4		41.7		43.2	41.9	
Return on assets	0.93	0.98		1.09		1.01	1.05	
Return on equity <sup>6/</sup>	10.9	10.6		12.8		11.9	11.4	
Loan/deposit ratio	89.0	80.1		85.1		89.0	80.1	
NPL ratio	1.3	1.5		1.3		1.3	1.5	
Specific allowances (loans)/average loans (bp)	8	7		9		8	8	
Tier 1 capital adequacy ratio	12.8	13.5		12.7		12.8	13.5	
Total capital adequacy ratio	15.4	16.5		16.4		15.4	16.5	
Core Tier 1 ratio <sup>7/</sup>								
- with phased- in deduction of 0% to end 2013	12.8	13.5		12.7		12.8	13.5	
- with full deduction	11.0	11.5		10.9		11.0	11.5	

# DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

	2nd Qtr 2012	2nd Qtr 2011	1st Qtr 2012	1st Half 2012	1st Half 2011
<b>Per share data (\$)</b>					
Per basic share					
– earnings	1.34	1.26	1.58	1.46	1.33
– net book value <sup>6/</sup>	12.36	11.69	12.28	12.36	11.69
Per diluted share					
– earnings	1.33	1.21	1.56	1.45	1.27
– net book value <sup>6/</sup>	12.27	11.47	12.19	12.27	11.47

**Notes:**

- 1/ Includes customer loans classified as financial assets at fair value through profit or loss on the balance sheet
- 2/ Includes interbank assets classified as financial assets at fair value through profit or loss on the balance sheet
- 3/ Includes customer deposits classified as financial liabilities at fair value through profit or loss on the balance sheet
- 4/ Includes interbank liabilities classified as financial liabilities at fair value through profit or loss on the balance sheet
- 5/ Return on assets, return on equity, specific allowances (loan)/average loan and per share data are computed on an annualised basis
- 6/ Non-controlling interests are not included as equity in the computation of net book value and return on equity
- 7/ 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. If the 2013 deduction requirements were to be applied to the Group's June 2012 position, and without taking into account any other changes required by Basel III, the equivalent Core Tier 1 ratio would be 12.8%.

Second-quarter net profit rose 10% from a year ago to \$810 million as higher net interest income and customer-driven non-interest income increased. It was 13% lower than the previous quarter as market-related income declined.

Net interest income of \$1.32 billion was 10% higher than a year ago and little changed from the previous quarter. Loans rose 22% from a year ago and 4% from the previous quarter led by regional corporate borrowing. Net interest margin of 1.72% were five basis points lower than the previous quarter. The underlying margin excluding treasury and markets interest income was stable.

Fee income fell 2% from a year ago and 7% from the previous quarter to \$379 million. Contributions from investment banking and stockbroking were lower than both comparative periods as capital markets activities were subdued. Other non-interest income fell 4% from a year ago and 42% from the previous quarter to \$242 million as trading income declined. The previous quarter had the benefit of strong trading gains. Income from

treasury customer flows was higher than a year ago and comparable to the previous quarter.

Expenses rose 9% from a year ago to \$872 million and were 3% lower than the previous quarter.

The non-performing loan rate remained stable at 1.3% and specific allowances continued to be low and similar to recent quarters. Total allowances amounted to \$104 million and included \$64 million of general allowances. Allowance coverage was at 129% of non-performing assets and at 171% if collateral was considered.

Return on equity was 10.9%, above the 10.6% a year ago and below the 12.8% in the previous quarter. The total capital adequacy ratio stood at 15.4% with both Tier 1 and core Tier 1 (with phased-in deductions) at 12.8%.

For the first half, net profit rose 13% to a record \$1.74 billion as higher business volumes resulted in total income rising 9% to a new high of \$4.10 billion.

# DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

## NET INTEREST INCOME

Average balance sheet	2nd Qtr 2012			2nd Qtr 2011			1st Qtr 2012		
	Average balance (\$m)	Interest (\$m)	Average rate (%)	Average balance (\$m)	Interest (\$m)	Average rate (%)	Average balance (\$m)	Interest (\$m)	Average rate (%)
<b>Interest-bearing assets</b>									
Customer loans	201,099	1,411	2.82	161,278	1,080	2.68	194,566	1,374	2.84
Interbank assets	47,971	120	1.01	53,737	127	0.95	50,895	119	0.94
Securities	59,555	381	2.57	51,333	373	2.92	58,169	377	2.61
<b>Total</b>	<b>308,625</b>	<b>1,912</b>	<b>2.49</b>	<b>266,348</b>	<b>1,580</b>	<b>2.38</b>	<b>303,630</b>	<b>1,870</b>	<b>2.48</b>
<b>Interest-bearing liabilities</b>									
Customer deposits	229,600	416	0.73	205,628	281	0.55	228,621	381	0.67
Other borrowings	55,628	172	1.24	39,618	100	1.02	52,816	153	1.17
<b>Total</b>	<b>285,228</b>	<b>588</b>	<b>0.83</b>	<b>245,246</b>	<b>381</b>	<b>0.62</b>	<b>281,437</b>	<b>534</b>	<b>0.76</b>
<b>Net interest income/margin <sup>1/</sup></b>		<b>1,324</b>	<b>1.72</b>		<b>1,199</b>	<b>1.80</b>		<b>1,336</b>	<b>1.77</b>

Average balance sheet	1st Half 2012			1st Half 2011		
	Average balance (\$m)	Interest (\$m)	Average rate (%)	Average balance (\$m)	Interest (\$m)	Average rate (%)
<b>Interest-bearing assets</b>						
Customer loans	197,867	2,785	2.83	157,857	2,098	2.68
Interbank assets	49,223	239	0.98	51,978	250	0.97
Securities	58,686	758	2.60	50,011	717	2.89
<b>Total</b>	<b>305,776</b>	<b>3,782</b>	<b>2.49</b>	<b>259,846</b>	<b>3,065</b>	<b>2.38</b>
<b>Interest-bearing liabilities</b>						
Customer deposits	228,671	797	0.70	200,656	544	0.55
Other borrowings	54,257	325	1.21	38,132	200	1.06
<b>Total</b>	<b>282,928</b>	<b>1,122</b>	<b>0.80</b>	<b>238,788</b>	<b>744</b>	<b>0.63</b>
<b>Net interest income/margin <sup>1/</sup></b>		<b>2,660</b>	<b>1.75</b>		<b>2,321</b>	<b>1.80</b>

Note:

<sup>1/</sup> Net interest margin is net interest income expressed as a percentage of average interest-bearing assets

Net interest income was little changed from the previous quarter at \$1.32 billion. While average asset volumes rose, the impact was offset by a five basis point decline in net interest margin to 1.72%. The underlying margin excluding treasury and markets interest income was stable.

Compared to a year ago, net interest income was 10% higher as an increase in asset volumes was partially offset by lower net interest margin.

For the first half, net interest income rose 15% to a record \$2.66 billion due to loan growth.

## DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

<b>Volume and rate analysis (\$m)</b> Increase/(decrease) due to change in	2nd Qtr 2012 versus 2nd Qtr 2011			2nd Qtr 2012 versus 1st Qtr 2012		
	Volume	Rate	Net change	Volume	Rate	Net change
<b>Interest income</b>						
Customer loans	267	64	331	46	(9)	37
Interbank assets	(14)	7	(7)	(7)	8	1
Securities	60	(52)	8	9	(5)	4
<b>Total</b>	<b>313</b>	<b>19</b>	<b>332</b>	<b>48</b>	<b>(6)</b>	<b>42</b>
<b>Interest expense</b>						
Customer deposits	33	102	135	2	33	35
Other borrowings	41	31	72	8	11	19
<b>Total</b>	<b>74</b>	<b>133</b>	<b>207</b>	<b>10</b>	<b>44</b>	<b>54</b>
<b>Net impact on interest income</b>	<b>239</b>	<b>(114)</b>	<b>125</b>	<b>38</b>	<b>(50)</b>	<b>(12)</b>
Due to change in number of days			-			-
<b>Net Interest Income</b>			<b>125</b>			<b>(12)</b>

<b>Volume and rate analysis (\$m)</b> Increase/(decrease) due to change in	1st Half 2012 versus 1st Half 2011		
	Volume	Rate	Net change
<b>Interest income</b>			
Customer loans	532	140	672
Interbank assets	(13)	-	(13)
Securities	124	(88)	36
<b>Total</b>	<b>643</b>	<b>52</b>	<b>695</b>
<b>Interest expense</b>			
Customer deposits	76	172	248
Other borrowings	106	17	123
<b>Total</b>	<b>182</b>	<b>189</b>	<b>371</b>
<b>Net impact on interest income</b>	<b>461</b>	<b>(137)</b>	<b>324</b>
Due to change in number of days			15
<b>Net Interest Income</b>			<b>339</b>

# DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

## NET FEE AND COMMISSION INCOME

(\$m)	2nd Qtr 2012	2nd Qtr 2011	% chg	1st Qtr 2012	% chg	1st Half 2012	1st Half 2011	% chg
Stockbroking	40	51	(22)	52	(23)	92	115	(20)
Investment banking	29	44	(34)	32	(9)	61	119	(49)
Trade & remittances	82	66	24	79	4	161	129	25
Loan-related	82	95	(14)	83	(1)	165	188	(12)
Guarantees	22	16	38	24	(8)	46	36	28
Deposit-related	16	22	(27)	19	(16)	35	42	(17)
Cards <sup>1/</sup>	71	62	15	74	(4)	145	122	19
Wealth management	69	64	8	78	(12)	147	120	23
Others <sup>2/</sup>	13	21	(38)	15	(13)	28	40	(30)
Fee and commission income	424	441	(4)	456	(7)	880	911	(3)
Less: Fee and commission expense	45	54	(17)	50	(10)	95	108	(12)
<b>Total</b>	<b>379</b>	<b>387</b>	<b>(2)</b>	<b>406</b>	<b>(7)</b>	<b>785</b>	<b>803</b>	<b>(2)</b>

Notes:

1/ Net of interchange fees paid

2/ Includes fund management fees

Net fee and commission income decreased 7% from the previous quarter to \$379 million. Stockbroking commissions declined due to lower market volumes while investment banking fees fell as capital market activities were subdued.

Compared to a year ago, net fee and commission income was 2% lower as improved contributions from trade and remittances and cards were more than offset by lower

contributions from stockbroking, investment banking and lending.

Net fee and commission income for the first half was 2% lower at \$785 million. Improved contributions from trade and remittances, wealth management and cards were offset by declines in fee income from stockbroking, investment banking and lending.

## OTHER NON-INTEREST INCOME

(\$m)	2nd Qtr 2012	2nd Qtr 2011	% chg	1st Qtr 2012	% chg	1st Half 2012	1st Half 2011	% chg
Net trading income	139	146	(5)	325	(57)	464	415	12
Net loss from financial instruments designated at fair value	(6)	-	NM	(33)	82	(39)	(11)	(>100)
Net income from financial investments	97	82	18	109	(11)	206	166	24
Net gain on fixed assets	6	9	(33)	2	>100	8	15	(47)
Others (includes rental income)	6	15	(60)	11	(45)	17	38	(55)
<b>Total</b>	<b>242</b>	<b>252</b>	<b>(4)</b>	<b>414</b>	<b>(42)</b>	<b>656</b>	<b>623</b>	<b>5</b>

Note:

NM Not Meaningful

Net trading income (including net income from financial instruments designated at fair value) fell to \$133 million from \$292 million in the previous quarter and \$146 million a year ago. The decline was due to lower trading gains. Income from treasury customer flows was comparable to the previous quarter and 13% higher than a year ago.

For the first half, net trading income rose 5% from a year ago to \$425 million as a 12% increase in income from treasury customer flows was partially offset by lower trading gains. Net income from financial investments also rose, by 24% to \$206 million. The increases in net trading income and net income from financial investments contributed to a 5% rise in total other non-interest income to \$656 million.

# DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

## EXPENSES

(\$m)	2nd Qtr 2012	2nd Qtr 2011	% chg	1st Qtr 2012	% chg	1st Half 2012	1st Half 2011	% chg
Staff	466	423	10	485	(4)	951	828	15
Occupancy	80	72	11	79	1	159	142	12
Computerisation	146	147	(1)	148	(1)	294	299	(2)
Revenue-related	59	39	51	57	4	116	77	51
Others	121	117	3	129	(6)	250	225	11
<b>Total</b>	<b>872</b>	<b>798</b>	<b>9</b>	<b>898</b>	<b>(3)</b>	<b>1,770</b>	<b>1,571</b>	<b>13</b>
Staff headcount at period-end	17,910	17,274	4	17,644	2	17,910	17,274	4

Included in the above table were:

Depreciation of properties and other fixed assets	43	44	(2)	40	8	83	90	(8)
Directors' fees	-	1	(100)	1	(100)	1	2	(50)
Audit fees payable	1	2	(50)	2	(50)	3	3	-

Expenses fell 3% from the previous quarter to \$872 million in line with lower income. Compared to a year ago, costs were 9% higher from higher headcount and operating expenses to support higher business volumes.

For the first half, costs rose 13% to \$1.77 billion. The cost-income ratio rose slightly to 43% from 42% a year ago.

## ALLOWANCES FOR CREDIT AND OTHER LOSSES

(\$m)	2nd Qtr 2012	2nd Qtr 2011	% chg	1st Qtr 2012	% chg	1st Half 2012	1st Half 2011	% chg
General allowances (GP)	64	99	(35)	85	(25)	149	160	(7)
<b>Specific allowances (SP) for loans <sup>1/</sup></b>	<b>40</b>	<b>27</b>	<b>48</b>	<b>43</b>	<b>(7)</b>	<b>83</b>	<b>61</b>	<b>36</b>
Singapore	16	(10)	NM	15	7	31	(8)	NM
Hong Kong	6	8	(25)	1	>100	7	11	(36)
Rest of Greater China	(2)	(6)	67	(1)	(100)	(3)	(14)	79
South and South-east Asia	12	4	>100	6	100	18	6	>100
Rest of the World	8	31	(74)	22	(64)	30	66	(55)
Specific allowances (SP) for securities, properties and other assets	-	11	(100)	16	(100)	16	41	(61)
<b>Total</b>	<b>104</b>	<b>137</b>	<b>(24)</b>	<b>144</b>	<b>(28)</b>	<b>248</b>	<b>262</b>	<b>(5)</b>

Notes:

1/ Specific allowances for loans are classified according to where the borrower is incorporated  
 NM Not Meaningful

Specific allowances for loans amounted to \$40 million, in line with recent quarters. General allowances of \$64 million were taken in line with loan growth.

For the first half, total allowances fell 5% to \$248 million as general allowances fell in line with lower loan growth.

# DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

## PERFORMANCE BY BUSINESS SEGMENTS

(\$m)	Consumer Banking/ Wealth Management	Institutional Banking	Treasury	Others	Total
<b>Selected income items</b>					
<b>2nd Qtr 2012</b>					
Net interest income	356	713	178	77	1,324
Non-interest income	210	399	20	(8)	621
Total income	566	1,112	198	69	1,945
Expenses	387	344	114	27	872
Allowances for credit and other losses	26	72	(1)	7	104
Share of profits of associates	-	1	-	35	36
Profit before tax	153	697	85	70	1,005
<b>1st Qtr 2012</b>					
Net interest income	367	679	203	87	1,336
Non-interest income	236	421	203	(40)	820
Total income	603	1,100	406	47	2,156
Expenses	363	318	106	111	898
Allowances for credit and other losses	21	74	(1)	50	144
Share of profits of associates	-	2	-	37	39
Profit before tax	219	710	301	(77)	1,153
<b>2nd Qtr 2011</b>					
Net interest income	375	552	247	25	1,199
Non-interest income	187	435	(14)	31	639
Total income	562	987	233	56	1,838
Expenses	377	318	103	-	798
Allowances for credit and other losses	26	72	(4)	43	137
Share of profits of associates	-	7	-	24	31
Profit before tax	159	604	134	37	934
<b>1st Half 2012</b>					
Net interest income	723	1,392	381	164	2,660
Non-interest income	446	820	223	(48)	1,441
Total income	1,169	2,212	604	116	4,101
Expenses	750	662	220	138	1,770
Allowances for credit and other losses	47	146	(2)	57	248
Share of profits of associates	-	3	-	72	75
Profit before tax	372	1,407	386	(7)	2,158

# DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

(\$m)	Consumer Banking/ Wealth Management	Institutional Banking	Treasury	Others	Total
<b>1st Half 2011</b>					
Net interest income	717	1,071	471	62	2,321
Non-interest income	358	903	66	99	1,426
Total income	1,075	1,974	537	161	3,747
Expenses	741	612	197	21	1,571
Allowances for credit and other losses	42	128	3	89	262
Share of profits of associates	-	14	-	41	55
Profit before tax	292	1,248	337	92	1,969
<b>Selected balance sheet and other items <sup>1/</sup></b>					
<b>30 Jun 2012</b>					
Total assets before goodwill	60,844	174,281	78,978	34,115	348,218
Goodwill on consolidation					4,802
Total assets					353,020
Total liabilities	130,326	102,904	77,738	7,612	318,580
Capital expenditure for 2nd Qtr 2012	5	4	-	50	59
Depreciation for 2nd Qtr 2012	8	5	1	29	43
<b>31 Mar 2012</b>					
Total assets before goodwill	58,708	167,830	79,895	37,045	343,478
Goodwill on consolidation					4,802
Total assets					348,280
Total liabilities	130,918	104,142	70,425	8,680	314,165
Capital expenditure for 1st Qtr 2012	3	-	-	29	32
Depreciation for 1st Qtr 2012	8	4	2	26	40
<b>30 Jun 2011</b>					
Total assets before goodwill	52,591	135,095	102,305	14,699	304,690
Goodwill on consolidation					4,802
Total assets					309,492
Total liabilities	122,424	88,004	59,869	6,911	277,208
Capital expenditure for 2nd Qtr 2011	6	12	7	11	36
Depreciation for 2nd Qtr 2011	10	5	2	27	44

Note:

1/ Refer to sections on Customer Loans and Non-Performing Assets and Loss Allowance Coverage for more information on business segments

The business segment results are prepared based on the Group's internal management reporting which reflects the organisation management structure. As the activities of the Group are highly integrated, internal allocation has been made in preparing the segment information. Amounts for each business segment are shown after the allocation of certain centralised costs, funding income and the application of transfer pricing, where appropriate. Transactions between segments are recorded within the segment as if they are third party transactions and are eliminated on consolidation.

The various business segments are described below:

## **Consumer Banking/ Wealth Management**

Consumer Banking/ Wealth Management provides individual customers with a diverse range of banking and related financial services. The products and services available to customers include current and savings accounts, fixed deposits, loans and home finance, cards, payments, investment and insurance products.

Compared to the previous quarter, profit before tax fell 30% to \$153 million. Total income fell 6% to \$566 million due to lower net interest margin and wealth management fee income. Expenses rose 7% to \$387 million as non-staff costs rose. Higher general allowances accounted for the increase in allowance charges.

Compared to a year ago, profit before tax fell 4% as total income and expenses were little changed.

### **Institutional Banking**

Institutional Banking provides financial services and products to institutional clients including bank and non-bank financial institutions, government linked companies, large corporates and small and medium-sized businesses. The business focuses on broadening and deepening its customer relationships. The products and services available to customers include a full range of credit facilities ranging from short term working capital financing to specialized lending. It also provides global transactional services such as cash management, trade finance and securities and fiduciary services; treasury and markets products; corporate finance and advisory banking as well as capital markets solutions. Institutional Banking also provides brokerage services for equities and derivatives products through DBS Vickers Securities (DBSV). DBSV itself offers a wide range of services to retail and corporate customers including research, sales and trading, share placement, nominees and securities custodian services and the distribution of primary and secondary share issues.

Compared to the previous quarter, profit before tax was little changed at \$697 million. Total income was stable at \$1.11 billion. While net interest income was higher as average loan and deposit volumes grew, non-interest income declined due to lower lending

fees and stockbroking commissions. Expenses rose 8% to \$344 million due to non-staff costs, while allowances were little changed.

Compared to a year ago, profit before tax was 15% higher as net interest income rose 29% from higher loan and deposit volumes. The increase was partially offset by higher expenses. Allowances were stable.

### **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/Wealth Management and Institutional Banking, is reflected in the respective segments. Treasury is also responsible for managing surplus deposits relative to approved benchmarks.

Treasury's profit before tax was below both comparative periods due to lower income and higher expenses.

### **Others**

Others encompasses a range of activities from corporate decisions and income and expenses not attributed to other business segments, including capital and balance sheet management, funding and liquidity.

# DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

## PERFORMANCE BY GEOGRAPHY <sup>1/</sup>

(\$m)	S'pore	Hong Kong	Rest of Greater China	South and South-east Asia	Rest of the World	Total
<b>Selected income items</b>						
<b>2nd Qtr 2012</b>						
Net interest income	782	228	142	114	58	1,324
Non-interest income	374	151	61	23	12	621
Total income	1,156	379	203	137	70	1,945
Expenses	505	168	117	63	19	872
Allowances for credit and other losses	80	4	2	28	(10)	104
Share of profits of associates	8	-	1	27	-	36
Profit before tax	579	207	85	73	61	1,005
Income tax expense	65	30	18	14	16	143
Net profit	462	177	67	59	45	810
<b>1st Qtr 2012</b>						
Net interest income	809	209	159	105	54	1,336
Non-interest income	527	176	22	62	33	820
Total income	1,336	385	181	167	87	2,156
Expenses	554	155	108	63	18	898
Allowances for credit and other losses	119	2	5	8	10	144
Share of profits of associates	5	-	2	32	-	39
Profit before tax	668	228	70	128	59	1,153
Income tax expense	71	38	15	32	14	170
Net profit	547	190	55	96	45	933
<b>2nd Qtr 2011</b>						
Net interest income	728	199	124	91	57	1,199
Non-interest income	394	177	25	33	10	639
Total income	1,122	376	149	124	67	1,838
Expenses	476	154	94	58	16	798
Allowances for credit and other losses	61	54	4	10	8	137
Share of profits of associates	5	-	5	21	-	31
Profit before tax	590	168	56	77	43	934
Income tax expense	68	25	13	15	15	136
Net profit	459	143	43	62	28	735
<b>1st Half 2012</b>						
Net interest income	1,591	437	301	219	112	2,660
Non-interest income	901	327	83	85	45	1,441
Total income	2,492	764	384	304	157	4,101
Expenses	1,059	323	225	126	37	1,770
Allowances for credit and other losses	199	6	7	36	-	248
Share of profits of associates	13	-	3	59	-	75
Profit before tax	1,247	435	155	201	120	2,158
Income tax expense	136	68	33	46	30	313
Net profit	1,009	367	122	155	90	1,743

# DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

(\$m)	S'pore	Hong Kong	Rest of Greater China	South and South-east Asia	Rest of the World	Total
<b>1st Half 2011</b>						
Net interest income	1,428	389	228	165	111	2,321
Non-interest income	860	377	62	90	37	1,426
Total income	2,288	766	290	255	148	3,747
Expenses	941	309	178	112	31	1,571
Allowances for credit and other losses	174	63	2	12	11	262
Share of profits of associates	8	-	10	37	-	55
Profit before tax	1,181	394	120	168	106	1,969
Income tax expense	129	61	24	31	31	276
Net profit	901	333	96	137	75	1,542
<b>Selected balance sheet items</b>						
<b>30 Jun 2012</b>						
Total assets before goodwill	224,531	60,174	33,591	17,430	12,492	348,218
Goodwill on consolidation	4,802	-	-	-	-	4,802
Total assets	229,333	60,174	33,591	17,430	12,492	353,020
Non-current assets <sup>2/</sup>	1,779	356	114	21	1	2,271
Gross customer loans	129,185	44,529	16,905	10,512	7,324	208,455
<b>31 Mar 2012</b>						
Total assets before goodwill	221,871	60,250	30,381	17,214	13,762	343,478
Goodwill on consolidation	4,802	-	-	-	-	4,802
Total assets	226,673	60,250	30,381	17,214	13,762	348,280
Non-current assets <sup>2/</sup>	1,759	359	127	24	2	2,271
Gross customer loans	121,757	44,888	16,111	10,336	7,653	200,745
<b>30 Jun 2011</b>						
Total assets before goodwill	196,201	55,118	25,727	15,152	12,492	304,690
Goodwill on consolidation	4,802	-	-	-	-	4,802
Total assets	201,003	55,118	25,727	15,152	12,492	309,492
Non-current assets <sup>2/</sup>	1,639	364	138	34	2	2,177
Gross customer loans	101,450	40,095	14,379	9,586	5,947	171,457

**Notes:**

1/ The geographical segment analysis is based on the location where transactions and assets are booked

2/ Includes investment in associates, properties and other fixed assets, and investment properties

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

### Singapore

Compared to the previous quarter, net profit fell 16% to \$462 million.

Net interest income fell 3% to \$782 million as corporate and consumer loan volume growth was more than offset by lower net interest margin. Non-interest income fell 29% to \$374 million due to lower wealth management fee income and trading gains.

Expenses fell 9% to \$505 million in line with lower income. Allowances fell 33% to \$80 million as general and specific allowances declined.

Compared to a year ago, net profit was little changed. An increase in net interest income due to loan growth was offset by lower non-interest income and higher expenses.

### Hong Kong

The second quarter's results incorporate an appreciation of the Hong Kong dollar against the Singapore dollar of 1% from the previous quarter and 3% from a year ago.

Net profit fell 7% from the previous quarter to \$177 million.

Net interest income rose 9% from the previous quarter to \$228 million as lower funding costs resulted in an 18 basis point rise in net interest margin to 1.52%. Loan volumes fell 2% in local currency terms as trade bills matured while deposits fell 7% as time deposits declined.

Non-interest income fell 14% to \$151 million. Trading income fell as both treasury customer flows and trading gains declined. Fee income was stable.

Total income fell 2% to \$379 million from the previous quarter while expenses rose 8% to \$168 million. Total allowances remained low at \$4 million.

Compared to a year ago, net profit was 24% higher as higher net interest income and lower total allowances were partially offset by a decline in non-interest income.

### Other countries

Net profit for Rest of Greater China rose 22% from the previous quarter to \$67 million. Net interest income fell 11% to \$142 million due to lower net interest margin. Non-interest income more than doubled to \$61 million from investment gains and higher income from treasury customer flows. Expenses increased 8% to \$117 million while total allowances remained low at \$2 million.

Compared to a year ago, net profit grew 56%. Higher net interest income and non-interest income were partially offset by an increase in expenses.

Net profit for South and South-east Asia declined 39% from the previous quarter to \$59 million. Net interest income rose 9% from higher net interest margin. Non-interest income fell 63% to \$23 million from lower trading income. Expenses were unchanged at \$63 million. Total allowances more than doubled to \$28 million as general and specific allowances were higher.

Compared to a year ago, net profit was little changed as an increase in net interest income was offset by lower non-interest income and higher total allowances.

Net profit for Rest of the World was unchanged from the previous quarter at \$45 million as a decline in non-interest income was offset by a net write-back of allowances. Compared to a year ago, total income and expenses were little changed. The allowance write-back resulted in a net profit rise of 61%.

# DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

## CUSTOMER LOANS <sup>1/</sup>

(\$m)	30 Jun 2012	31 Mar 2012	31 Dec 2011	30 Jun 2011
Gross	208,455	200,745	197,827	171,457
Less:				
Specific allowances	1,228	1,176	1,188	1,123
General allowances	2,047	1,979	1,919	1,628
<b>Net total</b>	<b>205,180</b>	<b>197,590</b>	<b>194,720</b>	<b>168,706</b>
<b>By business unit</b>				
Consumer Banking/ Wealth Management	58,692	56,192	54,575	52,982
Institutional Banking	148,306	142,986	141,084	116,714
Others	1,457	1,567	2,168	1,761
<b>Total (Gross)</b>	<b>208,455</b>	<b>200,745</b>	<b>197,827</b>	<b>171,457</b>
<b>By geography <sup>2/</sup></b>				
Singapore	96,075	92,702	89,427	83,466
Hong Kong	39,565	38,531	40,369	36,933
Rest of Greater China	30,848	30,272	30,147	19,121
South and South-east Asia	22,226	19,684	19,290	15,918
Rest of the World	19,741	19,556	18,594	16,019
<b>Total (Gross)</b>	<b>208,455</b>	<b>200,745</b>	<b>197,827</b>	<b>171,457</b>
<b>By industry</b>				
Manufacturing	27,388	25,566	24,872	22,508
Building and construction	30,126	28,865	28,527	24,555
Housing loans	43,086	41,763	41,322	39,368
General commerce	37,098	34,965	34,159	23,545
Transportation, storage & communications	17,952	15,984	16,929	15,938
Financial institutions, investment & holding companies	18,544	19,179	19,743	16,104
Professionals & private individuals (except housing loans)	14,295	13,360	12,800	12,526
Others	19,966	21,063	19,475	16,913
<b>Total (Gross)</b>	<b>208,455</b>	<b>200,745</b>	<b>197,827</b>	<b>171,457</b>
<b>By currency</b>				
Singapore dollar	84,216	81,938	78,756	72,334
Hong Kong dollar	30,349	29,746	31,511	29,376
US dollar	65,652	61,692	61,007	49,309
Others	28,238	27,369	26,553	20,438
<b>Total (Gross)</b>	<b>208,455</b>	<b>200,745</b>	<b>197,827</b>	<b>171,457</b>

Notes:

1/ Includes customer loans classified as financial assets at fair value through profit or loss on the balance sheet

2/ Loans by geography are classified according to where the borrower is incorporated

Gross customer loans rose 4% from the previous quarter to \$208 billion. The growth was led by regional corporate borrowing. Housing loans in Singapore also grew.

Gross loans were 22% higher than a year ago, with the expansion spread across regions and with trade finance accounting for half of the increase.

# DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

## NON-PERFORMING ASSETS AND LOSS ALLOWANCE COVERAGE

By business unit	NPA (\$m)	SP (\$m)	GP (\$m)	NPL (% of loans)	(GP+SP)/NPA (%)	(GP+SP)/ unsecured NPA (%)
<b>30 Jun 2012</b>						
Consumer Banking/ Wealth Management	301	85	586	0.5	223	375
Institutional Banking	2,460	1,197	1,461	1.7	108	134
Total non-performing loans (NPL)	2,761	1,282	2,047	1.3	121	154
Debt securities	13	4	118	-	938	2,440
Contingent liabilities & others	182	65	304	-	203	527
Total non-performing assets (NPA)	2,956	1,351	2,469	-	129	171
<b>31 Mar 2012</b>						
Consumer Banking/ Wealth Management	303	86	561	0.5	214	376
Institutional Banking	2,345	1,134	1,418	1.6	109	138
Total non-performing loans (NPL)	2,648	1,220	1,979	1.3	121	158
Debt securities	10	4	119	-	1,230	2,460
Contingent liabilities & others	250	93	302	-	158	290
Total non-performing assets (NPA)	2,908	1,317	2,400	-	128	172
<b>31 Dec 2011</b>						
Consumer Banking/ Wealth Management	303	86	545	0.6	208	369
Institutional Banking	2,336	1,141	1,374	1.7	108	132
Total non-performing loans (NPL)	2,639	1,227	1,919	1.3	119	152
Debt securities	10	3	119	-	1,220	2,440
Contingent liabilities & others	255	91	301	-	154	288
Total non-performing assets (NPA)	2,904	1,321	2,339	-	126	165
<b>30 Jun 2011</b>						
Consumer Banking/ Wealth Management	302	94	529	0.6	206	356
Institutional Banking	2,295	1,069	1,099	2.0	94	120
Total non-performing loans (NPL)	2,597	1,163	1,628	1.5	107	141
Debt securities	10	3	103	-	1,060	2,120
Contingent liabilities & others	276	109	260	-	134	167
Total non-performing assets (NPA)	2,883	1,275	1,991	-	113	148

## DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

By geography	NPA (\$m)	SP (\$m)	GP (\$m)	NPL (% of loans)	(GP+SP)/NPA (%)	(GP+SP)/ unsecured NPA (%)
<b>30 Jun 2012</b>						
Singapore	594	196	828	0.6	172	378
Hong Kong	303	159	398	0.8	184	277
Rest of Greater China	237	131	333	0.8	196	331
South and South-east Asia	177	115	290	0.8	229	263
Rest of the World	1,450	681	198	7.3	61	63
Total non-performing loans	2,761	1,282	2,047	1.3	121	154
Debt securities	13	4	118	-	938	2,440
Contingent liabilities & others	182	65	304	-	203	527
Total non-performing assets	2,956	1,351	2,469	-	129	171
<b>31 Mar 2012</b>						
Singapore	584	190	812	0.6	172	377
Hong Kong	315	164	388	0.8	175	273
Rest of Greater China	239	131	325	0.8	191	328
South and South-east Asia	169	107	259	0.9	217	275
Rest of the World	1,341	628	195	6.9	61	64
Total non-performing loans	2,648	1,220	1,979	1.3	121	158
Debt securities	10	4	119	-	1,230	2,460
Contingent liabilities & others	250	93	302	-	158	290
Total non-performing assets	2,908	1,317	2,400	-	128	172
<b>31 Dec 2011</b>						
Singapore	528	184	749	0.6	177	344
Hong Kong	334	176	406	0.8	174	270
Rest of Greater China	237	132	323	0.8	192	299
South and South-east Asia	180	111	255	0.9	203	261
Rest of the World	1,360	624	186	7.3	60	63
Total non-performing loans	2,639	1,227	1,919	1.3	119	152
Debt securities	10	3	119	-	1,220	2,440
Contingent liabilities & others	255	91	301	-	154	288
Total non-performing assets	2,904	1,321	2,339	-	126	165
<b>30 Jun 2011</b>						
Singapore	512	189	683	0.6	170	339
Hong Kong	300	169	372	0.8	180	259
Rest of Greater China	233	151	201	1.2	151	219
South and South-east Asia	174	98	212	1.1	178	235
Rest of the World	1,378	556	160	8.6	52	58
Total non-performing loans	2,597	1,163	1,628	1.5	107	141
Debt securities	10	3	103	-	1,060	2,120
Contingent liabilities & others	276	109	260	-	134	167
Total non-performing assets	2,883	1,275	1,991	-	113	148

# DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

By industry (\$m)	30 Jun 2012		31 Mar 2012		31 Dec 2011		30 Jun 2011	
	NPA	SP	NPA	SP	NPA	SP	NPA	SP
Manufacturing	392	241	356	232	383	241	415	280
Building and construction	101	38	102	38	92	38	84	32
Housing loans	104	12	105	11	108	13	107	14
General commerce	291	142	295	142	269	131	252	105
Transportation, storage & communications	653	323	603	286	563	285	575	229
Financial institutions, investment & holding companies	944	417	899	390	930	400	867	366
Professionals & private individuals (except housing loans)	176	60	172	62	175	63	180	69
Others	100	49	116	59	119	56	117	68
<b>Total non-performing loans</b>	<b>2,761</b>	<b>1,282</b>	<b>2,648</b>	<b>1,220</b>	<b>2,639</b>	<b>1,227</b>	<b>2,597</b>	<b>1,163</b>
Debt securities	13	4	10	4	10	3	10	3
Contingent liabilities & others	182	65	250	93	255	91	276	109
<b>Total non-performing assets</b>	<b>2,956</b>	<b>1,351</b>	<b>2,908</b>	<b>1,317</b>	<b>2,904</b>	<b>1,321</b>	<b>2,883</b>	<b>1,275</b>

By loan classification (\$m)	30 Jun 2012		31 Mar 2012		31 Dec 2011		30 Jun 2011	
	NPA	SP	NPA	SP	NPA	SP	NPA	SP
<b>Non-performing assets</b>								
Substandard	1,584	258	1,560	243	1,526	241	1,907	431
Doubtful	990	711	969	695	985	687	596	464
Loss	382	382	379	379	393	393	380	380
<b>Total</b>	<b>2,956</b>	<b>1,351</b>	<b>2,908</b>	<b>1,317</b>	<b>2,904</b>	<b>1,321</b>	<b>2,883</b>	<b>1,275</b>
<b>Restructured assets</b>								
Substandard	847	205	842	196	835	199	951	209
Doubtful	125	109	131	108	120	97	122	105
Loss	22	22	21	21	35	35	28	28
<b>Total</b>	<b>994</b>	<b>336</b>	<b>994</b>	<b>325</b>	<b>990</b>	<b>331</b>	<b>1,101</b>	<b>342</b>

By collateral type (\$m)	30 Jun 2012	31 Mar 2012	31 Dec 2011	30 Jun 2011
	NPA	NPA	NPA	NPA
Unsecured non-performing assets	2,234	2,164	2,217	2,210
<b>Secured non-performing assets by collateral type</b>				
Properties	353	373	355	269
Shares and debentures	74	74	78	106
Fixed deposits	34	40	41	40
Others	261	257	213	258
<b>Total</b>	<b>2,956</b>	<b>2,908</b>	<b>2,904</b>	<b>2,883</b>

## DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

### By period overdue

(\$m)	30 Jun 2012 NPA	31 Mar 2012 NPA	31 Dec 2011 NPA	30 Jun 2011 NPA
Not overdue	970	1,062	1,161	1,592
<90 days overdue	473	324	169	221
91-180 days overdue	187	74	607	134
>180 days overdue	1,326	1,448	967	936
<b>Total</b>	<b>2,956</b>	<b>2,908</b>	<b>2,904</b>	<b>2,883</b>

Non-performing assets were little changed from the previous quarter at \$2.96 billion; the non-performing loan rate was unchanged at 1.3%. Thirty-three percent of non-performing assets was still current in interest and principal repayments, little changed from the previous quarter.

Allowance coverage was at 129% of non-performing assets and 171% if collateral was considered.

# DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

## CUSTOMER DEPOSITS <sup>1/</sup>

(\$m)	30 Jun 2012	31 Mar 2012	31 Dec 2011	30 Jun 2011
<b>By currency and product</b>				
Singapore dollar	124,091	126,767	122,992	119,723
Fixed deposits	17,805	19,670	17,701	20,787
Savings accounts	87,169	87,762	86,065	81,169
Current accounts	18,371	18,568	18,004	17,143
Others	746	767	1,222	624
Hong Kong dollar	21,422	23,408	21,733	20,217
Fixed deposits	11,319	14,009	12,559	10,694
Savings accounts	6,227	5,578	5,693	6,263
Current accounts	3,700	3,451	3,143	2,929
Others	176	370	338	331
US dollar	43,603	43,177	40,336	33,868
Fixed deposits	22,021	23,525	20,590	16,134
Savings accounts	3,345	3,355	3,206	2,925
Current accounts	13,629	12,929	13,494	12,767
Others	4,608	3,368	3,046	2,042
Others	41,450	38,834	40,285	36,728
Fixed deposits	34,513	31,025	32,072	29,801
Savings accounts	2,209	2,127	2,350	2,041
Current accounts	3,463	3,171	3,504	2,917
Others	1,265	2,511	2,359	1,969
<b>Total</b>	<b>230,566</b>	<b>232,186</b>	<b>225,346</b>	<b>210,536</b>
Fixed deposits	85,658	88,229	82,922	77,416
Savings accounts	98,950	98,822	97,314	92,398
Current accounts	39,163	38,119	38,145	35,756
Others	6,795	7,016	6,965	4,966

Notes:

<sup>1/</sup> Includes customer deposits classified as financial liabilities at fair value through profit or loss on the balance sheet

Customer deposits were little changed from the previous quarter at \$231 billion.

Compared to a year ago, customer deposits were 10% higher, with the growth led by US dollar and Singapore dollar deposits.

## DEBTS ISSUED

(\$m)	30 Jun 2012	31 Mar 2012	31 Dec 2011	30 Jun 2011
Subordinated term debts	4,616	7,071	5,304	5,058
Medium term notes	2,982	2,930	1,381	1,249
Commercial papers	9,721	8,001	6,228	-
Certificates of deposit <sup>1/</sup>	2,549	2,680	2,767	1,567
Other debt securities in issue <sup>2/</sup>	3,262	4,230	2,981	3,295
<b>Total</b>	<b>23,130</b>	<b>24,912</b>	<b>18,661</b>	<b>11,169</b>
Due within 1 year	12,966	12,161	9,270	2,802
Due after 1 year	10,164	12,751	9,391	8,367
<b>Total</b>	<b>23,130</b>	<b>24,912</b>	<b>18,661</b>	<b>11,169</b>

Notes:

<sup>1/</sup> Includes certificates of deposit classified as financial liabilities at fair value through profit or loss on the balance sheet

<sup>2/</sup> Includes other debt securities in issue classified as financial liabilities at fair value through profit or loss on the balance sheet

## VALUE AT RISK AND TRADING INCOME

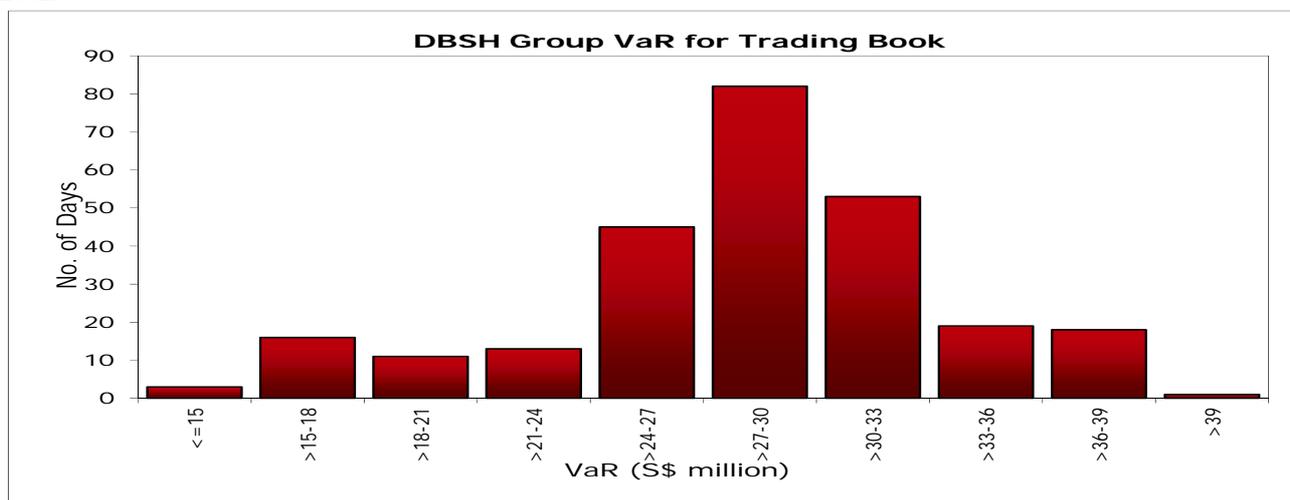
The Group uses a Value at Risk (VaR) measure as one mechanism for monitoring and controlling trading risk. The VaR is calculated using a one-day time horizon and a 99% confidence interval.

Back-testing is a procedure used to verify the predictive power of the value-at-risk calculations involving comparison of actual daily profits and losses adjusted to remove non-modelled items such as fee and commission income with the estimates from the value-at-risk model. In our back-testing for the period from 1 July 2011 to 30 June 2012, there were 5 outliers compared to none for the corresponding prior period. The increased number of backtesting exceptions in current period were mainly clustered in August 2011 triggered by the extremely volatile SGD interest rates movements when the SOR rate went negative in the Group's core market.

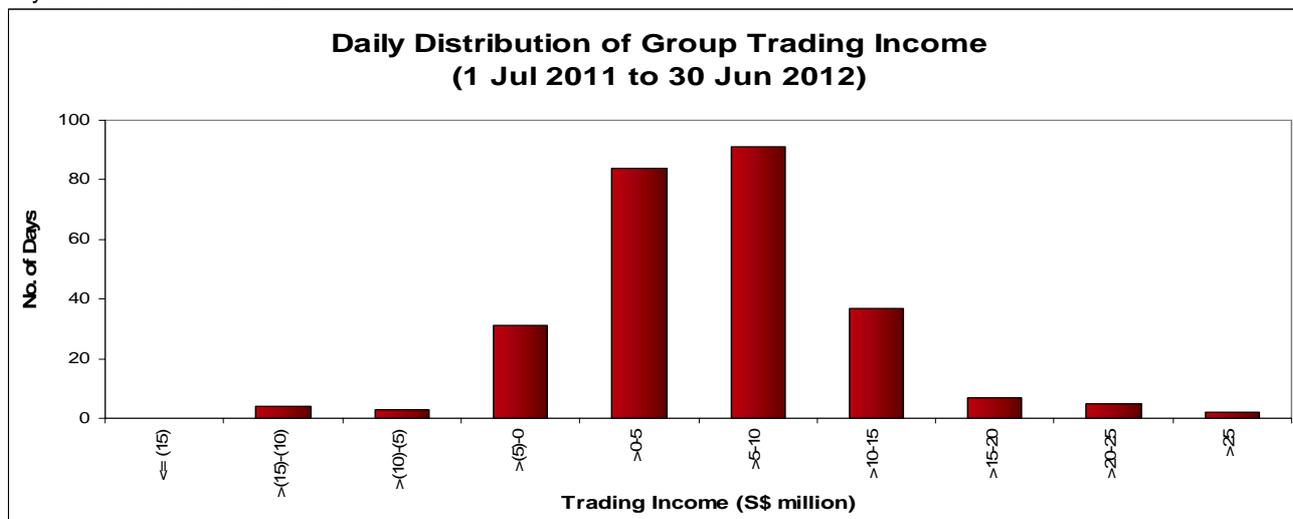
The following table shows the period-end, average, high and low VaR for the trading risk exposure of the Group for the period from 1 July 2011 to 30 June 2012. The Group's trading book VaR methodology is based on Historical Simulation VaR.

(\$m)	As at 30 Jun 2012	1 Jul 2011 to 30 Jun 2012		
		Average	High	Low
Total	27	28	40	14

The chart below shows the histogram of VaR for the Group's trading book for the period from 1 July 2011 to 30 June 2012.



The chart below shows the frequency distribution of daily trading income of Treasury & Markets Group for the period from 1 July 2011 to 30 June 2012.



# DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

## CAPITAL ADEQUACY

(\$m)	30 Jun 2012	31 Mar 2012	31 Dec 2011	30 Jun 2011
<b>Tier 1</b>				
Share capital	9,537	9,370	9,350	9,256
Disclosed reserves and others	24,391	23,625	23,308	22,596
Less: Tier 1 Deductions	(5,112)	(5,125)	(5,123)	(5,025)
Eligible Tier 1 capital	28,816	27,870	27,535	26,827
<b>Tier 2</b>				
Loan allowances admitted as Tier 2	1,315	1,237	1,151	820
Subordinated term debts	4,616	7,071	5,305	5,058
Revaluation surplus from equity securities	48	62	29	79
Less: Tier 2 Deductions	(168)	(189)	(192)	(101)
Eligible total capital	34,627	36,051	33,828	32,683
Risk-weighted assets	225,382	219,702	213,722	198,445
<b>Capital adequacy ratio (%)</b>				
Tier 1 ratio	12.8	12.7	12.9	13.5
Total (Tier 1 & 2) ratio	15.4	16.4	15.8	16.5
<b>Core Tier 1 ratio <sup>1/</sup></b>				
- with phased-in deduction of 0% to end 2013	12.8	12.7	12.9	13.5
- with full deduction	11.0	10.9	11.0	11.5

Note:

<sup>1/</sup> 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. If the 2013 deduction requirements were to be applied to the Group's June 2012 position, and without taking into account any other changes required by Basel III, the equivalent Core Tier 1 ratio would be 12.8%.

The Group's total capital adequacy ratio fell due to the redemption of US\$2 billion of Tier 2 issues in May 2012. The Group's Tier 1 capital adequacy ratio remained stable as Tier 1 capital grew in line with risk-weighted assets.

## UNREALISED VALUATION SURPLUS

(\$m)	30 Jun 2012	31 Mar 2012	31 Dec 2011	30 Jun 2011
Properties <sup>1/</sup>	582	578	580	513
Financial investments classified as loans and receivables <sup>2/</sup>	214	176	107	119
<b>Total</b>	<b>796</b>	<b>754</b>	<b>687</b>	<b>632</b>

Notes:

<sup>1/</sup> Stated at cost less accumulated depreciation and impairment losses in the balance sheet

<sup>2/</sup> Stated at cost less impairment losses in the balance sheet

The amount of unrealised valuation surplus increased from \$754 million in the previous quarter to \$796 million mainly due to improved valuations of financial investments.

# DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

## Unaudited Consolidated Income Statement

In \$ millions	2nd Qtr 2012	2nd Qtr 2011	+/(-) %	1st Qtr 2012	+/(-) %	1st Half 2012	1st Half 2011	+/(-) %
<b>Income</b>								
Interest income	1,912	1,580	21	1,870	2	3,782	3,065	23
Interest expense	588	381	54	534	10	1,122	744	51
Net interest income	1,324	1,199	10	1,336	(1)	2,660	2,321	15
Net fee and commission income	379	387	(2)	406	(7)	785	803	(2)
Net trading income	139	146	(5)	325	(57)	464	415	12
Net loss from financial instruments designated at fair value	(6)	-	NM	(33)	82	(39)	(11)	(>100)
Net income from financial investments	97	82	18	109	(11)	206	166	24
Other income	12	24	(50)	13	(8)	25	53	(53)
<b>Total income</b>	<b>1,945</b>	<b>1,838</b>	<b>6</b>	<b>2,156</b>	<b>(10)</b>	<b>4,101</b>	<b>3,747</b>	<b>9</b>
<b>Expenses</b>								
Employee benefits	466	423	10	485	(4)	951	828	15
Other expenses	406	375	8	413	(2)	819	743	10
Allowances for credit and other losses	104	137	(24)	144	(28)	248	262	(5)
<b>Total expenses</b>	<b>976</b>	<b>935</b>	<b>4</b>	<b>1,042</b>	<b>(6)</b>	<b>2,018</b>	<b>1,833</b>	<b>10</b>
<b>Profit</b>	<b>969</b>	<b>903</b>	<b>7</b>	<b>1,114</b>	<b>(13)</b>	<b>2,083</b>	<b>1,914</b>	<b>9</b>
Share of profits of associates	36	31	16	39	(8)	75	55	36
<b>Profit before tax</b>	<b>1,005</b>	<b>934</b>	<b>8</b>	<b>1,153</b>	<b>(13)</b>	<b>2,158</b>	<b>1,969</b>	<b>10</b>
Income tax expense	143	136	5	170	(16)	313	276	13
<b>Net profit</b>	<b>862</b>	<b>798</b>	<b>8</b>	<b>983</b>	<b>(12)</b>	<b>1,845</b>	<b>1,693</b>	<b>9</b>
Attributable to:								
Shareholders	810	735	10	933	(13)	1,743	1,542	13
Non-controlling interests	52	63	(17)	50	4	102	151	(32)
	862	798	8	983	(12)	1,845	1,693	9

Note:  
NM Not Meaningful

## Unaudited Consolidated Statement of Comprehensive Income

In \$ millions	2nd Qtr 2012	2nd Qtr 2011	+/(-) %	1st Qtr 2012	+/(-) %	1st Half 2012	1st Half 2011	+/(-) %
<b>Net profit</b>	<b>862</b>	<b>798</b>	<b>8</b>	<b>983</b>	<b>(12)</b>	<b>1,845</b>	<b>1,693</b>	<b>9</b>
<b>Other comprehensive income:</b>								
Foreign currency translation differences for foreign operations	(22)	(20)	(10)	(23)	4	(45)	(39)	(15)
Share of other comprehensive income of associates	(10)	7	NM	3	NM	(7)	(11)	36
Available-for-sale financial assets								
<i>Net valuation taken to equity</i>	157	98	60	161	(2)	318	190	67
<i>Transferred to income statement</i>	(67)	(78)	14	(95)	29	(162)	(144)	(13)
<i>Tax on items taken directly to or transferred from equity</i>	(3)	2	NM	(17)	82	(20)	5	NM
<b>Other comprehensive income, net of tax</b>	<b>55</b>	<b>9</b>	<b>&gt;100</b>	<b>29</b>	<b>90</b>	<b>84</b>	<b>1</b>	<b>&gt;100</b>
<b>Total comprehensive income</b>	<b>917</b>	<b>807</b>	<b>14</b>	<b>1,012</b>	<b>(9)</b>	<b>1,929</b>	<b>1,694</b>	<b>14</b>
Attributable to:								
Shareholders	869	748	16	970	(10)	1,839	1,566	17
Non-controlling interests	48	59	(19)	42	14	90	128	(30)
	917	807	14	1,012	(9)	1,929	1,694	14

Note:  
NM Not Meaningful

# DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

## Unaudited Balance Sheets

In \$ millions	GROUP				COMPANY			
	30 Jun 2012	31 Mar 2012	31 Dec 2011 <sup>1/</sup>	30 Jun 2011	30 Jun 2012	31 Mar 2012	31 Dec 2011 <sup>1/</sup>	30 Jun 2011
<b>ASSETS</b>								
Cash and balances with central banks	17,297	22,916	25,304	31,235				
Singapore Government securities and treasury bills	11,861	12,376	12,503	12,894				
Due from banks	34,193	32,547	25,571	23,579				
Financial assets at fair value through profit or loss <sup>2/</sup>	10,411	13,082	11,927	11,551				
Positive fair values for financial derivatives	19,752	17,990	21,164	16,839				
Loans and advances to customers	204,070	196,494	194,275	168,272				
Financial investments	34,380	32,828	30,491	26,980				
Securities pledged	3,212	2,556	2,634	2,159				
Subsidiaries					10,491	10,990	10,957	10,464
Investments in associates	945	948	949	839				
Goodwill on consolidation	4,802	4,802	4,802	4,802				
Properties and other fixed assets	954	950	976	981				
Investment properties	372	373	372	357				
Deferred tax assets	151	141	149	100				
Other assets	10,620	10,277	9,730	8,904	22	16	18	21
<b>TOTAL ASSETS</b>	<b>353,020</b>	<b>348,280</b>	<b>340,847</b>	<b>309,492</b>	<b>10,513</b>	<b>11,006</b>	<b>10,975</b>	<b>10,485</b>
<b>LIABILITIES</b>								
Due to banks	30,855	25,483	27,601	26,629				
Due to non-bank customers	227,229	227,703	218,992	203,466				
Financial liabilities at fair value through profit or loss <sup>3/</sup>	8,845	10,964	11,912	12,047				
Negative fair values for financial derivatives	20,161	18,570	22,207	17,352				
Bills payable	363	228	254	399				
Current tax liabilities	919	935	837	948				
Deferred tax liabilities	29	29	30	36				
Other liabilities	10,233	9,591	10,287	8,481	7	6	6	185
Other debt securities in issue	15,330	13,591	10,354	2,792				
Subordinated term debts	4,616	7,071	5,304	5,058				
<b>TOTAL LIABILITIES</b>	<b>318,580</b>	<b>314,165</b>	<b>307,778</b>	<b>277,208</b>	<b>7</b>	<b>6</b>	<b>6</b>	<b>185</b>
<b>NET ASSETS</b>	<b>34,440</b>	<b>34,115</b>	<b>33,069</b>	<b>32,284</b>	<b>10,506</b>	<b>11,000</b>	<b>10,969</b>	<b>10,300</b>
<b>EQUITY</b>								
Share capital	9,537	9,370	9,350	9,256	9,537	9,370	9,350	9,256
Treasury shares	(106)	(108)	(154)	(42)	(71)	(71)	(115)	-
Other reserves	7,157	7,080	7,075	7,086	72	54	86	57
Revenue reserves	13,589	13,456	12,523	11,714	968	1,647	1,648	987
<b>SHAREHOLDERS' FUNDS</b>	<b>30,177</b>	<b>29,798</b>	<b>28,794</b>	<b>28,014</b>	<b>10,506</b>	<b>11,000</b>	<b>10,969</b>	<b>10,300</b>
Non-controlling interests	4,263	4,317	4,275	4,270				
<b>TOTAL EQUITY</b>	<b>34,440</b>	<b>34,115</b>	<b>33,069</b>	<b>32,284</b>	<b>10,506</b>	<b>11,000</b>	<b>10,969</b>	<b>10,300</b>
<b>OFF BALANCE SHEET ITEMS</b>								
Contingent liabilities	23,482	21,860	20,789	18,571				
Commitments	134,965	125,742	117,325	100,130				
Financial derivatives	1,703,660	1,663,069	1,612,038	1,488,892				
<b>OTHER INFORMATION</b>								
Net book value (\$)								
(i) Basic	12.36	12.28	11.99	11.69	4.26	4.49	4.56	4.29
(ii) Diluted	12.27	12.19	11.75	11.47	4.28	4.51	4.49	4.24

**Notes:**

1/ Audited

2/ Includes customer loans, interbank assets, other government securities and treasury bills, corporate debt securities and equity securities

3/ Includes customer deposits, interbank liabilities, other debt securities in issue and other financial liabilities

# DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

## Unaudited Consolidated Statement of Changes in Equity

In \$ millions	Ordinary shares	Convertible preference shares	Treasury shares	Other reserves	Revenue reserves	Total	Non-controlling interests	Total equity
<b>GROUP</b>								
Balance at 1 January 2012	9,101	249	(154)	7,075	12,523	28,794	4,275	33,069
Conversion of DBSH Non-voting CPS and Non-voting redeemable CPS to ordinary shares	86	(86)				-		-
Issue of shares upon exercise of share options	20					20		20
Reclassification of reserves upon exercise of share options	1			(1)		-		-
Issuance of new shares pursuant to Scrip Dividend Scheme	166					166		166
Cost of share-based payments				35		35		35
Draw-down of reserves upon vesting of performance shares			48	(48)		-		-
Final dividends paid for previous year					(677)	(677)		(677)
Dividends paid to non-controlling interests						-	(102)	(102)
Total comprehensive income				96	1,743	1,839	90	1,929
<b>Balance at 30 June 2012</b>	<b>9,374</b>	<b>163</b>	<b>(106)</b>	<b>7,157</b>	<b>13,589</b>	<b>30,177</b>	<b>4,263</b>	<b>34,440</b>
Balance at 1 January 2011	8,533	247	(84)	7,084	10,819	26,599	6,503	33,102
Issue of shares upon exercise of share options	9					9		9
Reclassification of reserves upon exercise of share options	1			(1)		-		-
Shares distributable pursuant to Scrip Dividend Scheme	466					466		466
Cost of share-based payments				21		21		21
Draw-down of reserves upon vesting of performance shares			42	(42)		-		-
Final dividends payable for previous year					(647)	(647)		(647)
Dividends paid to non-controlling interests						-	(172)	(172)
Redemption of preference shares issued by a subsidiary						-	(2,112)	(2,112)
Change in non-controlling interests						-	(77)	(77)
Total comprehensive income				24	1,542	1,566	128	1,694
<b>Balance at 30 June 2011</b>	<b>9,009</b>	<b>247</b>	<b>(42)</b>	<b>7,086</b>	<b>11,714</b>	<b>28,014</b>	<b>4,270</b>	<b>32,284</b>

# DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

## Unaudited Statement of Changes in Equity

COMPANY						
In \$ millions	Ordinary shares	Convertible preference shares	Treasury shares	Other reserves	Revenue reserves	Total equity
Balance at 1 January 2012	9,101	249	(115)	86	1,648	10,969
Conversion of DBSH Non-voting CPS and Non-voting redeemable CPS to ordinary shares	86	(86)				-
Transfer of Treasury shares			44			44
Draw-down of reserves upon vesting of performance shares				(48)		(48)
Issue of shares upon exercise of share options	20					20
Reclassification of reserves upon exercise of share options	1			(1)		-
Cost of share-based payments				35		35
Issuance of new shares pursuant to Scrip Dividend Scheme	166					166
Final dividends paid for previous year					(677)	(677)
Total comprehensive income					(3)	(3)
<b>Balance at 30 June 2012</b>	<b>9,374</b>	<b>163</b>	<b>(71)</b>	<b>72</b>	<b>968</b>	<b>10,506</b>
Balance at 1 January 2011	8,533	247	-	79	1,637	10,496
Issue of shares upon exercise of share options	9					9
Reclassification of reserves upon exercise of share options	1			(1)		-
Shares distributable pursuant to Scrip Dividend Scheme	466					466
Cost of share-based payments				21		21
Draw-down of reserves upon vesting of performance shares				(42)		(42)
Final dividends payable for previous year					(647)	(647)
Total comprehensive income					(3)	(3)
<b>Balance at 30 June 2011</b>	<b>9,009</b>	<b>247</b>	<b>-</b>	<b>57</b>	<b>987</b>	<b>10,300</b>

# DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

## Unaudited Consolidated Cash Flow Statement

In \$ millions	1st Half 2012	1st Half 2011
<b>Cash flows from operating activities</b>		
Net profit for the period	1,845	1,693
<i>Adjustments for non-cash items:</i>		
Allowances for credit and other losses	248	262
Depreciation of properties and other fixed assets	83	90
Share of profits of associates	(75)	(55)
Net gain on disposal (net of write-off) of properties and other fixed assets	(8)	(15)
Net income from financial investments	(206)	(166)
Income tax expense	313	276
Profit before changes in operating assets & liabilities	2,200	2,085
<i>Increase/(Decrease) in:</i>		
Due to banks	3,254	7,818
Due to non-bank customers	8,237	15,771
Financial liabilities at fair value through profit or loss	(3,063)	1,819
Other liabilities including bills payable	(1,894)	1,457
Debt securities and borrowings	4,846	523
<i>(Increase)/Decrease in:</i>		
Restricted balances with central banks	(143)	1
Singapore Government securities and treasury bills	642	(1,348)
Due from banks	(8,615)	(3,288)
Financial assets at fair value through profit or loss	1,516	(1,372)
Loans and advances to customers	(10,059)	(16,808)
Financial investments	(3,693)	(266)
Other assets	125	(2,759)
Tax paid	(254)	(204)
<b>Net cash (used in)/generated from operating activities (1)</b>	<b>(6,901)</b>	<b>3,429</b>
<b>Cash flows from investing activities</b>		
Disposal/(acquisition) of interest in associates	2	(35)
Dividends from associates	67	24
Purchase of properties and other fixed assets	(91)	(70)
Proceeds from disposal of properties and other fixed assets	30	21
<b>Net cash generated from/(used in) investing activities (2)</b>	<b>8</b>	<b>(60)</b>
<b>Cash flows from financing activities</b>		
Increase in share capital	187	10
Payment upon maturity of subordinated term debts	(2,575)	(1,046)
Issuance of subordinated term debts	1,943	-
Dividends paid to non-controlling interests	(102)	(172)
Dividends paid to shareholders of the Company	(677)	-
Payment upon redemption of preference shares	-	(2,112)
<b>Net cash used in financing activities (3)</b>	<b>(1,224)</b>	<b>(3,320)</b>
Exchange translation adjustments (4)	(33)	(16)
<b>Net change in cash and cash equivalents (1)+(2)+(3)+(4)</b>	<b>(8,150)</b>	<b>33</b>
<b>Cash and cash equivalents at 1 January</b>	<b>18,891</b>	<b>25,112</b>
<b>Cash and cash equivalents at 30 June</b>	<b>10,741</b>	<b>25,145</b>

**Additional Information**
**ISSUANCE OF ORDINARY SHARES**

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

	Number of shares	
	1st Half 2012	1st Half 2011
<b>Ordinary shares</b>		
Balance at beginning of period	2,350,317,632	2,308,790,261
Shares issued pursuant to Scrip Dividend Scheme	12,668,158	-
Shares issued on conversion of Preference shares	70,026,649	-
Shares issued on exercise of share options pursuant to the DBSH Share Option Plan	1,621,301	757,065
<b>Balance at end of period [a]</b>	<b>2,434,633,740</b>	<b>2,309,547,326</b>
<b>Treasury shares held by DBSH</b>		
Balance at beginning of period	8,644,000	-
Shares transferred to trust holding shares pursuant to DBSH Share Plan / DBSH Employee Share Plan	(3,300,000)	-
<b>Balance at end of period [b]</b>	<b>5,344,000</b>	<b>-</b>
<b>Ordinary shares net of treasury shares [a] – [b]</b>	<b>2,429,289,740</b>	<b>2,309,547,326</b>

(b) New ordinary shares that would have been issued on conversion of preference shares and exercise of share options are as follows:

(Number)	30 Jun 2012	30 Jun 2011
Conversion of non-voting CPS	-	180,654
Conversion of non-voting redeemable CPS	30,011,421	99,713,061
Exercise of share options	3,735,681	7,389,504
<b>Weighted average number of shares for first half</b>		
- ordinary shares	2,393,874,479	2,309,148,268
- fully diluted	2,424,538,790	2,444,212,573

The fully diluted shares took into account the effect of a full conversion of non-voting redeemable convertible preference shares and the exercise of all outstanding share options granted to employees when such shares would be issued to a price lower than the average share price during the period.

**INTERESTED PERSON TRANSACTIONS**

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

## DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

### CONFIRMATION BY THE BOARD

We, Peter Seah Lim Huat and Piyush Gupta, being two directors of DBS Group Holdings Ltd (the Company), do hereby confirm on behalf of the directors of the Company that, to the best of their knowledge, nothing has come to the attention of the board of directors of the Company which may render the First Half ended 30 June 2012 Unaudited Financial Results of the Company and of the Group to be false or misleading in any material aspect.

On behalf of the board of directors



Peter Seah Lim Huat  
Chairman



Piyush Gupta  
Chief Executive Officer

2 August 2012  
Singapore