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

To: Shareholders

The DBS Group Holdings Ltd ("DBSH" or "the Company") Board of Directors report audited financial results for the year ended 31 December 2012.

For the financial year ended 31 December 2012, the Directors have recommended a final one-tier tax exempt dividend of 2 cents for each DBSH non-voting redeemable convertible preference share ("CPS"), and a final one-tier tax exempt dividend of 28 cents for each DBSH ordinary share.

All outstanding non-voting CPS have been converted to ordinary shares on 28 February 2012.

Details of the proposed dividends, along with interim ones paid during the course of the financial year, are as follows:

In $ millions	2012	2011
**DBSH Non-voting redeemable CPS ** **		
Interim one-tier tax exempt dividend* of 28.0 cents (2011 : 28.0 cents)	8	28
Final one-tier tax exempt dividend of 2.0 cents (2011: 2.0 cents)	1	1
DBSH Ordinary share		
Interim one-tier tax exempt dividend* of 28.0 cents (2011 : 28.0 cents)	681	658
Final one-tier tax exempt dividend of 28.0 cents (2011 : 28.0 cents)	683	676
	1,364	1,334

* Interim dividends were paid to entitled shareholders during the year
** 69,845,734 non-voting redeemable CPS were converted to ordinary shares on 28 Feb 2012

The 2012 final one-tier tax exempt dividend, to which the DBSH Scrip Dividend Scheme will be applicable, will be subject to shareholders' approval at the Annual General Meeting to be held on 29 April 2013. The DBSH shares will be quoted ex-dividend on 13 May 2013. Notice is hereby given that the Share Transfer Books and Register of Members of the Company will be closed on 16 May 2013. 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 15 May 2013 will be registered to determine shareholders' entitlement to the 2012 final one-tier tax exempt dividend. The issue price for new shares to be allotted to shareholders who have elected to receive the final dividend in scrip shall be the average of the last dealt prices of each DBSH ordinary share on the SGX-ST for each of 13, 14 and 15 May 2013.

The payment date for cash dividends / crediting of shares is expected to be sometime in early July 2013. In respect of ordinary shares in the securities accounts with The Central Depository (Pte) Limited ("CDP"), the 2012 final one-tier tax exempt dividend will be paid by DBSH to CDP, which will in turn distribute the dividend entitlements to shareholders, either in cash or by crediting the securities accounts of shareholders with the relevant shares.

By order of the Board

Goh Peng Fong
Group Secretary

5 February 2013
Singapore

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

Performance Summary

Financial Results for the Fourth Quarter ended
31 December 2012 and For the Year 2012

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

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OVERVIEW

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

	4th Qtr 2012	4th Qtr 2011	% chg	3rd Qtr 2012	% chg	Year 2012	Year 2011	% chg
Selected income statement items ($m)								
Net interest income	1,293	1,290	-	1,332	(3)	5,285	4,825	10
Net fee and commission income	372	342	9	422	(12)	1,579	1,542	2
Other non-interest income	294	284	4	250	18	1,200	1,264	(5)
Total income	1,959	1,916	2	2,004	(2)	8,064	7,631	6
Expenses	943	885	7	901	5	3,614	3,303	9
Profit before allowances	1,016	1,031	(1)	1,103	(8)	4,450	4,328	3
Allowances for credit and other losses	114	229	(50)	55	>100	417	722	(42)
Profit before tax	923	837	10	1,076	(14)	4,157	3,733	11
Net profit	760	731	4	856	(11)	3,359	3,035	11
One-time item 1/	450	-	NM	-	NM	450	-	NM
Net profit including one-time item	1,210	731	66	856	41	3,809	3,035	26
Selected balance sheet items ($m)								
Customer loans 2/	210,519	194,720	8	202,493	4	210,519	194,720	8
Interbank assets 3/	29,407	27,183	8	42,912	(31)	29,407	27,183	8
Total assets	353,033	340,847	4	360,602	(2)	353,033	340,847	4
Customer deposits 4/	242,907	225,346	8	240,178	1	242,907	225,346	8
Interbank liabilities 5/	25,908	28,087	(8)	28,907	(10)	25,908	28,087	(8)
Total liabilities	317,035	307,778	3	325,762	(3)	317,035	307,778	3
Shareholders' funds	31,737	28,794	10	30,529	4	31,737	28,794	10
Key financial ratios (%) (excluding one-time item) 6/								
Net interest margin	1.62	1.73		1.67		1.70	1.77	
Non-interest/total income	34.0	32.7		33.5		34.5	36.8	
Cost/income ratio	48.1	46.2		45.0		44.8	43.3	
Return on assets	0.85	0.85		0.95		0.97	0.97	
Return on equity 7/	9.8	10.2		11.2		11.2	11.0	
Loan/deposit ratio	86.7	86.4		84.3		86.7	86.4	
NPL ratio	1.2	1.3		1.3		1.2	1.3	
Specific allowances (loans)/average loans (bp)	15	19		7		10	11	
Tier 1 capital adequacy ratio	14.0	12.9		13.4		14.0	12.9	
Total capital adequacy ratio	17.1	15.8		16.5		17.1	15.8	

	4th Qtr 2012	4th Qtr 2011	3rd Qtr 2012	Year 2012	Year 2011
Per share data ($)					
Per basic share					
– earnings excluding one-time item	1.24	1.23	1.40	1.39	1.30
– earnings	1.42	1.23	1.40	1.57	1.30
– net book value 7/	12.96	11.99	12.50	12.96	11.99
Per diluted share					
– earnings excluding one-time item	1.22	1.19	1.38	1.37	1.26
– earnings	1.41	1.19	1.38	1.56	1.26
– net book value 7/	12.86	11.75	12.41	12.86	11.75

Notes:
1/ Relates to disposal gain from partial divestment of BPI
2/ Includes customer loans classified as financial assets at fair value through profit or loss on the balance sheet
3/ Includes interbank assets classified as financial assets at fair value through profit or loss on the balance sheet
4/ Includes customer deposits classified as financial liabilities at fair value through profit or loss on the balance sheet
5/ Includes interbank liabilities classified as financial liabilities at fair value through profit or loss on the balance sheet
6/ Return on assets, return on equity, specific allowances (loan)/average loan and per share data for the quarters are computed on an annualised basis
7/ Non-controlling interests are not included as equity in the computation of return on equity and net book value per share
NM Not Meaningful

Full-year net profit before one-time item rose 11% to a record $3.36 billion from higher net interest income and customer-driven non-interest income, as well as from lower allowances. If a one-time gain of $450 million from the partial divestment of a stake in the Bank of the Philippine Islands ("BPI") was included, net profit would be $3.81 billion.

Fourth-quarter profit before tax rose 10% from a year ago to $923 million, driven by higher non-interest income and lower total allowances. Net profit increased by a lower 4% to $760 million due to a halving of the tax rate in fourth quarter 2011 from the finalisation of previous years' tax assessments.

Fourth-quarter net profit before one-time item fell 11% from the previous quarter. Total income declined while expenses and total allowances rose.

Net interest income fell 3% from the previous quarter to $1.29 billion. Loans rose 4% in constant currency terms, led by regional corporate loans. This was more than offset by a five basis point decline in net interest margin to 1.62% due to a decline in corporate loan spreads, yields for investment securities and average loan-deposit ratio. Non-interest income was little changed at $666 million as lower investment banking income was offset by a higher net gain on fixed assets. Total income fell 2% to $1.96 billion.

Expenses increased 5% from the previous quarter to $943 million as non-staff costs increased, partly due to seasonal factors.

The non-performing loan rate fell from 1.3% in the previous quarter to 1.2%. Total allowances more than doubled to $114 million, with general allowances increasing in line with the higher loan growth compared to the previous quarter. Allowance coverage rose to 142% and to 183% if collateral was considered.

DBS remained well capitalised with a Tier 1 capital adequacy ratio of 14.0% and total capital adequacy ratio of 17.1%.

Return on equity was 9.8% for the fourth quarter and 11.2% for the full year.

QUARTERLY BREAKDOWN

($m)	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Full Year
Net interest income					
2011	1,122	1,199	1,214	1,290	4,825
2012	1,336	1,324	1,332	1,293	5,285
% chg	19	10	10	-	10
Non-interest income					
2011	787	639	754	626	2,806
2012	820	621	672	666	2,779
% chg	4	(3)	(11)	6	(1)
Total income					
2011	1,909	1,838	1,968	1,916	7,631
2012	2,156	1,945	2,004	1,959	8,064
% chg	13	6	2	2	6
Expenses					
2011	773	798	847	885	3,303
2012	898	872	901	943	3,614
% chg	16	9	6	7	9
Allowances for credit and other losses					
2011	125	137	231	229	722
2012	144	104	55	114	417
% chg	15	(24)	(76)	(50)	(42)
Profit before tax					
2011	1,035	934	927	837	3,733
2012	1,153	1,005	1,076	923	4,157
% chg	11	8	16	10	11
Net profit					
2011	807	735	762	731	3,035
2012	933	810	856	760	3,359
% chg	16	10	12	4	11
Add: One-time item 1/					
2011	-	-	-	-	-
2012	-	-	-	450	450
% chg	-	-	-	NM	NM
Net profit including one-time item					
2011	807	735	762	731	3,035
2012	933	810	856	1,210	3,809
% chg	16	10	12	66	26

Notes:
1/ Relates to disposal gain from partial divestment of BPI
NM Not Meaningful

Total income for all quarters was higher than the year-ago period, driven by gains in net interest income. Non-interest income was mixed.

Expenses rose at a faster pace than total income due to the full-period of impact of investments and staff increases made in the previous year.

Total allowances were lower for most quarters as general allowances declined in line with the lower loan growth compared to the previous year. Specific allowances for loans were comparable to the previous year.

Compared to a year-ago period, net profit before one-time item was higher for all four quarters. The net profit for first quarter 2012 was a quarterly record.

NET INTEREST INCOME

Average balance sheet	4th Qtr 2012 Average balance ($m)	4th Qtr 2012 Interest ($m)	4th Qtr 2012 Average rate (%)	4th Qtr 2011 Average balance ($m)	4th Qtr 2011 Interest ($m)	4th Qtr 2011 Average rate (%)	3rd Qtr 2012 Average balance ($m)	3rd Qtr 2012 Interest ($m)	3rd Qtr 2012 Average rate (%)
Interest-bearing assets									
Customer loans	204,701	1,425	2.77	189,292	1,298	2.72	204,122	1,434	2.80
Interbank assets	48,659	118	0.96	51,118	140	1.09	53,988	139	1.02
Securities	63,102	357	2.25	54,738	376	2.72	59,517	366	2.45
Total	316,462	1,900	2.39	295,148	1,814	2.44	317,627	1,939	2.43
Interest-bearing liabilities									
Customer deposits	241,554	443	0.73	222,999	381	0.68	236,021	444	0.75
Other borrowings	50,818	164	1.28	49,617	143	1.14	57,924	163	1.12
Total	292,372	607	0.83	272,616	524	0.76	293,945	607	0.82
Net interest income/margin [1/]		1,293	1.62		1,290	1.73		1,332	1.67

Average balance sheet	Year 2012 Average balance ($m)	Year 2012 Interest ($m)	Year 2012 Average rate (%)	Year 2011 Average balance ($m)	Year 2011 Interest ($m)	Year 2011 Average rate (%)
Interest-bearing assets						
Customer loans	200,976	5,644	2.81	169,397	4,571	2.70
Interbank assets	50,140	496	0.99	51,575	532	1.03
Securities	60,129	1,481	2.46	51,962	1,452	2.79
Total	311,245	7,621	2.45	272,934	6,555	2.40
Interest-bearing liabilities						
Customer deposits	233,866	1,684	0.72	209,196	1,267	0.61
Other borrowings	54,038	652	1.21	42,215	463	1.10
Total	287,904	2,336	0.81	251,411	1,730	0.69
Net interest income/margin [1/]		5,285	1.70		4,825	1.77

Note:
1/ Net interest margin is net interest income expressed as a percentage of average interest-earning assets

For the full year, net interest income rose 10% to a record $5.29 billion, driven by higher loan volumes. This more than offset the impact of a seven basis point decline in net interest margin to 1.70% due to market liberalisation in China and asset re-pricing in a soft interest rate environment, partially offset by a higher average loan-deposit ratio.

For the fouth quarter, net interest income fell 3% from the previous quarter to $1.29 billion. Average interest-bearing asset and liability volumes were little changed. Net interest margin fell five basis points from the previous quarter to 1.62% due to a decline in corporate loan spreads, yields for investment securities and the average loan-deposit ratio.

Volume and rate analysis ($m) Increase/(decrease) due to change in	4th Qtr 2012 versus 4th Qtr 2011			4th Qtr 2012 versus 3rd Qtr 2012		
	Volume	**Rate**	**Net change**	**Volume**	**Rate**	**Net change**
Interest income						
Customer loans	106	21	127	4	(13)	(9)
Interbank assets	(7)	(15)	(22)	(14)	(7)	(21)
Securities	57	(76)	(19)	22	(31)	(9)
Total	156	(70)	86	12	(51)	(39)
Interest expense						
Customer deposits	32	30	62	11	(12)	(1)
Other borrowings	3	18	21	(20)	21	1
Total	35	48	83	(9)	9	-
Net impact on interest income	121	(118)	3	21	(60)	(39)
Due to change in number of days			-			-
Net Interest Income			3			(39)

Volume and rate analysis ($m) Increase/(decrease) due to change in	Year 2012 versus Year 2011		
	Volume	**Rate**	**Net change**
Interest income			
Customer loans	853	205	1,058
Interbank assets	(15)	(23)	(38)
Securities	228	(203)	25
Total	1,066	(21)	1,045
Interest expense			
Customer deposits	149	263	412
Other borrowings	156	31	187
Total	305	294	599
Net impact on interest income	761	(315)	446
Due to change in number of days			14
Net Interest Income			460

NET FEE AND COMMISSION INCOME

($m)	4th Qtr 2012	4th Qtr 2011	% chg	3rd Qtr 2012	% chg	Year 2012	Year 2011	% chg
Stockbroking	44	42	5	43	2	179	214	(16)
Investment banking	27	33	(18)	60	(55)	148	190	(22)
Trade and remittances	79	74	7	80	(1)	320	284	13
Loan-related	70	68	3	98	(29)	333	359	(7)
Guarantees	17	17	-	16	6	79	71	11
Deposit-related	19	17	12	20	(5)	74	82	(10)
Cards [1/]	82	80	3	72	14	299	267	12
Wealth management	77	56	38	74	4	300	228	32
Others [2/]	7	12	(42)	10	(30)	43	71	(39)
Fee and commission income	422	399	6	473	(11)	1,775	1,766	1
Less: fee and commission expense	50	57	(12)	51	(2)	196	224	(13)
Net fee and commission income	372	342	9	422	(12)	1,579	1,542	2

Notes:
1/ Net of interchange fees paid
2/ 2011 included fund management fees

For the full year, net fee and commission income rose slightly to $1.58 billion. Contributions from wealth management, cards and trade and remittances rose in line with efforts to grow these businesses, but they were offset by lower stockbroking and investment banking income in line with weaker equity markets.

For the fourth quarter, net fee and commission income declined 12% from the previous quarter to $372 million. Investment banking fees halved from the previous quarter, which had benefited from high debt market issuances. Loan-related fees were also lower. Income from cards rose in line with higher seasonal customer spending.

OTHER NON-INTEREST INCOME

($m)	4th Qtr 2012	4th Qtr 2011	% chg	3rd Qtr 2012	% chg	Year 2012	Year 2011	% chg
Net trading income	136	145	(6)	137	(1)	737	698	6
Net (loss) from financial instruments designated at fair value	(2)	(12)	83	(7)	71	(48)	(18)	(>100)
Net income from financial investments	103	136	(24)	110	(6)	419	454	(8)
Net gain on fixed assets	41	3	>100	-	NM	49	19	>100
Others (includes rental income) [1/]	16	12	33	10	60	43	111	(61)
Total	294	284	4	250	18	1,200	1,264	(5)

Notes:
1/ Excludes one-time item
NM Not Meaningful

For the full year, total other non-interest income fell 5% to $1.20 billion. Net trading income was little changed at $689m. Lower net income from financial investments was partially offset by higher gain on fixed assets. There had also been a $47 million gain from a transaction to combine DBS Asset Management with Nikko Asset Management in 2011.

For the fourth quarter, total other non-interest income rose 18% from the previous quarter to $294 million from higher net gain on fixed assets, which amounted to $41 million during the quarter. Net trading income was little changed.

EXPENSES

($m)	4th Qtr 2012	4th Qtr 2011	% chg	3rd Qtr 2012	% chg	Year 2012	Year 2011	% chg
Staff	455	440	3	482	(6)	1,888	1,712	10
Occupancy	89	74	20	82	9	330	291	13
Computerisation	180	178	1	148	22	622	640	(3)
Revenue-related	60	42	43	46	30	222	170	31
Others	159	151	5	143	11	552	490	13
Total	943	885	7	901	5	3,614	3,303	9
Staff headcount at period-end	18,433	17,652	4	18,216	1	18,433	17,652	4
Included in the above table were:								
Depreciation of properties and other fixed assets	53	50	6	43	23	179	185	(3)
Directors' fees	1	1	-	1	-	3	3	-
Audit fees payable	1	1	-	2	(50)	6	6	-

For the full year, costs rose 9% to $3.61 billion from the full-period impact of investments and headcount increases to support higher business volumes and build capacity for future growth. The cost-income ratio rose from 43% a year ago to 45%.

For the fourth quarter, expenses rose 5% from the previous quarter to $943 million. Higher computerisation and seasonal costs were partially offset by lower staff costs.

ALLOWANCES FOR CREDIT AND OTHER LOSSES

($m)	4th Qtr 2012	4th Qtr 2011	% chg	3rd Qtr 2012	% chg	Year 2012	Year 2011	% chg
General allowances (GP)	47	131	(64)	15	>100	211	478	(56)
Specific allowances (SP) for loans[1/]	79	92	(14)	36	>100	198	194	2
Singapore	7	61	(89)	1	>100	39	40	(3)
Hong Kong	7	10	(30)	6	17	20	34	(41)
Rest of Greater China	13	1	>100	1	>100	11	(12)	NM
South and South-east Asia	17	19	(11)	9	89	44	37	19
Rest of the World	35	1	>100	19	84	84	95	(12)
Specific allowances (SP) for securities, properties and other assets	(12)	6	NM	4	NM	8	50	(84)
Total	114	229	(50)	55	>100	417	722	(42)

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

For the full year, total allowances fell 42% to $417 million. General allowances declined 56% to $211 million in tandem with lower loan growth. Specific allowances for loans were stable at $198 million as asset quality remained healthy.

For the fourth quarter, total allowances doubled from the previous quarter to $114 million. General allowances rose to $47 million in line with higher loan growth. Specific allowances for loans amounted to $79 million or 15 basis points of loans.

PERFORMANCE BY BUSINESS SEGMENTS

($m)	Consumer Banking/ Wealth Management	Institutional Banking	Treasury	Others	Total
Selected income items					
4th Qtr 2012 [1/]					
Net interest income	348	673	151	121	1,293
Non-interest income	214	311	140	1	666
Total income	562	984	291	122	1,959
Expenses	445	399	130	(31)	943
Allowances for credit and other losses	18	84	-	12	114
Share of profits of associates	-	1	-	20	21
Profit before tax	99	502	161	161	923
3rd Qtr 2012					
Net interest income	356	702	160	114	1,332
Non-interest income	213	414	64	(19)	672
Total income	569	1,116	224	95	2,004
Expenses	407	355	112	27	901
Allowances for credit and other losses	28	(18)	(1)	46	55
Share of profits of associates	-	2	-	26	28
Profit before tax	134	781	113	48	1,076
4th Qtr 2011					
Net interest income	379	657	240	14	1,290
Non-interest income	204	321	69	32	626
Total income	583	978	309	46	1,916
Expenses	429	376	117	(37)	885
Allowances for credit and other losses	15	185	-	29	229
Share of profits of associates	-	1	-	34	35
Profit before tax	139	418	192	88	837
Year 2012 [1/]					
Net interest income	1,427	2,767	692	399	5,285
Non-interest income	873	1,545	427	(66)	2,779
Total income	2,300	4,312	1,119	333	8,064
Expenses	1,602	1,416	462	134	3,614
Allowances for credit and other losses	93	212	(3)	115	417
Share of profits of associates	-	6	-	118	124
Profit before tax	605	2,690	660	202	4,157

($m)	Consumer Banking/ Wealth Management	Institutional Banking	Treasury	Others	Total
Year 2011					
Net interest income	1,446	2,317	951	111	4,825
Non-interest income	758	1,693	201	154	2,806
Total income	2,204	4,010	1,152	265	7,631
Expenses	1,561	1,319	420	3	3,303
Allowances for credit and other losses	71	453	2	196	722
Share of profits of associates	-	21	-	106	127
Profit before tax	572	2,259	730	172	3,733
Selected balance sheet and other items [2/]					
31 Dec 2012					
Total assets before goodwill	63,232	177,073	75,434	32,492	348,231
Goodwill on consolidation					4,802
Total assets					353,033
Total liabilities	136,639	103,450	75,697	1,249	317,035
Capital expenditure for 4th Qtr 2012	29	12	13	100	154
Depreciation for 4th Qtr 2012	9	5	2	37	53
30 Sept 2012					
Total assets before goodwill	61,705	171,728	82,656	39,711	355,800
Goodwill on consolidation					4,802
Total assets					360,602
Total liabilities	134,727	101,222	82,449	7,364	325,762
Capital expenditure for 3rd Qtr 2012	20	13	-	60	93
Depreciation for 3rd Qtr 2012	7	4	2	30	43
31 Dec 2011					
Total assets before goodwill	56,167	165,930	103,900	10,048	336,045
Goodwill on consolidation					4,802
Total assets					340,847
Total liabilities	127,475	103,977	71,166	5,160	307,778
Capital expenditure for 4th Qtr 2011	10	9	8	41	68
Depreciation for 4th Qtr 2011	7	9	6	28	50

Notes:
1/ Non-interest income and profit before tax exclude one-time item
2/ Refer to sections on Customer Loans and Non-Performing Assets and Loss Allowance Coverage for more information on business segments

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

The various business segments are described below:

Consumer Banking/ Wealth Management

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

Full-year profit before tax rose 6% from a year ago to $605 million as total income grew 4% to $2.30 billion. Net interest income was little changed as higher customer loan and deposit volumes were offset by lower net interest margin. Non-interest income rose 15% to $873 million, driven by continued customer growth momentum in the Wealth Management segment and higher fee income from credit cards and unsecured loans.

Expenses grew 3% to $1.60 billion from higher staff, advertising and promotions, and computerisation costs. Total allowances rose 31% to $93 million from higher general allowances as gross customer loans grew 13% to $62 billion. Specific allowances were slightly higher with the credit environment remaining benign.

Fourth-quarter profit before tax declined 26% from the previous quarter to $99 million as net interest income was affected by lower spreads on customer loans and deposits. While pricing on new mortgage loans in Singapore improved as acquisition subsidies were removed and rates were raised, net interest margin was affected by the rollover of older loans. The continued low interest rate environment also affected interest income earned on deposits. Non-interest income was stable.

Expenses rose 9% to $445 million from higher year-end advertising and marketing activities as well as computerisation expenses. Total allowances fell 36% to $18 million as general allowances declined.

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 customer relationships. Products and services comprise the full range of credit facilities 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. In addition, Institutional Banking includes DBS Vickers Securities, which provides equities and derivatives brokerage services, and Islamic Bank of Asia.

For the full year, net profit before tax rose 19% to $2.69 billion from income growth, paced expense growth and the benefit of a benign credit environment. Income grew 8% to $4.31 billion from broad-based growth led by trade and cash management as well as treasury products; the SME customer segment as a result of customer acquisition; and investments in the growth markets of China, Taiwan, India and Indonesia. However, the growth in these income streams was partially offset by slower capital market activities, which resulted in lower investment banking fees and stockbroking commissions.

Expenses were kept in line with income growth and the cost-income ratio was unchanged at 33% for both years. Expenses grew 7% to $1.42 billion as headcount was added and investments were made to improve processes and systems to expand the regional network and capabilities. Allowances halved to $212 million as general allowances declined and credit conditions remained benign.

Assets rose 7% to $177 billion, with the growth funded by higher deposits.

For the fourth quarter, net profit before tax declined 36% to $502 million from the previous quarter. This was due to lower total income, higher expenses and higher allowances.

Total income fell as net interest income declined 4% to $673 million and non-interest income declined 25% to $311 million. Asset growth during the quarter of $5.4 billion was 48% of the full-year's asset growth. Some of the quarter's growth was in shorter-term trade financing with lower interest margins. The decline in non-interest income was partly due to seasonally lower sales of banking and treasury products.

Expenses rose 12% to $399 million from higher computerisation costs due to the completion of new systems implementation as well as higher marketing costs for the launch of the corporate internet banking platform, DBS IDEAL™ 3.0 and SME business initiatives. Higher allowances were due mainly to general allowances set aside for asset growth.

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. Treasury is also responsible for managing surplus deposits relative to approved benchmarks.

Total Treasury income refers to trading and market-making income. Income from treasury financial products and services offered to Consumer Banking/Wealth Management and Institutional Banking customers is reflected in the respective customer segments. Full-year 2012 treasury income from customer flows of $868 million rose 6% from 2011 in line with efforts to enhance cross-selling.

Treasury's full-year performance was challenging as market sentiment was dampened by the Euro crisis and general economic uncertainty. Compared to the previous year, profit before tax declined 10% to $660 million as total income fell 3% to $1.12 billion and total expenses rose 10% to $462 million.

The lower income was due to lower trading gains on interest rate and foreign exchange due to increased carrying costs of foreign exchange positions and unfavorable rate movements, offset by improved performance in credit as debt securities prices improved with declining yields during the year. Expenses rose 10% to $462 million due to higher staff costs from higher headcount to support business growth as well as higher business related costs.

Fourth-quarter income rose 30% from the previous quarter to $291 million. Expenses rose 16% to $130 million and profit before tax increased by 42% to $161 million. Fourth-quarter customer sales income (reflected in the Consumer Banking/Wealth Management and Institutional Banking segments) fell 32% to $149 million from the previous quarter in line with a seasonal slowdown in customer flows during the fourth quarter.

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.

PERFORMANCE BY GEOGRAPHY [1/]

($m)	S'pore	Hong Kong	Rest of Greater China	South and South-east Asia	Rest of the World	Total
Selected income items						
4th Qtr 2012[2/]						
Net interest income	805	221	99	114	54	1,293
Non-interest income	393	174	38	33	28	666
Total income	1,198	395	137	147	82	1,959
Expenses	502	187	149	83	22	943
Allowances for credit and other losses	50	25	19	(6)	26	114
Share of profits of associates	1	-	2	18	-	21
Profit before tax	647	183	(29)	88	34	923
Income tax expense	59	21	(6)	20	16	110
Net profit	535	162	(23)	68	18	760
3rd Qtr 2012						
Net interest income	813	228	110	118	63	1,332
Non-interest income	463	145	32	22	10	672
Total income	1,276	373	142	140	73	2,004
Expenses	527	168	124	66	16	901
Allowances for credit and other losses	69	(20)	8	8	(10)	55
Share of profits of associates	5	-	1	22	-	28
Profit before tax	685	225	11	88	67	1,076
Income tax expense	95	38	-	18	14	165
Net profit	535	187	11	70	53	856
4th Qtr 2011						
Net interest income	766	211	164	98	51	1,290
Non-interest income	404	151	(3)	43	31	626
Total income	1,170	362	161	141	82	1,916
Expenses	490	184	118	75	18	885
Allowances for credit and other losses	179	24	10	8	8	229
Share of profits of associates	5	-	9	21	-	35
Profit before tax	506	154	42	79	56	837
Income tax expense	(15)	24	6	18	21	54
Net profit	470	130	36	60	35	731
Year 2012 [2/]						
Net interest income	3,209	886	510	451	229	5,285
Non-interest income	1,757	646	153	140	83	2,779
Total income	4,966	1,532	663	591	312	8,064
Expenses	2,088	678	498	275	75	3,614
Allowances for credit and other losses	318	11	34	38	16	417
Share of profits of associates	19	-	6	99	-	124
Profit before tax	2,579	843	137	377	221	4,157
Income tax expense	290	127	27	84	60	588
Net profit	2,079	716	110	293	161	3,359

($m)	S'pore	Hong Kong	Rest of Greater China	South and South-east Asia	Rest of the World	Total
Year 2011						
Net interest income	2,906	789	550	361	219	4,825
Non-interest income	1,813	664	62	196	71	2,806
Total income	4,719	1,453	612	557	290	7,631
Expenses	1,948	646	397	247	65	3,303
Allowances for credit and other losses	492	130	19	39	42	722
Share of profits of associates	20	-	22	85	-	127
Profit before tax	2,299	677	218	356	183	3,733
Income tax expense	168	106	40	70	59	443
Net profit	1,877	571	178	285	124	3,035
Selected balance sheet items						
31 Dec 2012						
Total assets before goodwill	225,678	56,577	35,317	16,860	13,799	348,231
Goodwill on consolidation	4,802	-	-	-	-	4,802
Total assets	230,480	56,577	35,317	16,860	13,799	353,033
Non-current assets [3/]	2,189	355	111	21	2	2,678
Gross customer loans	137,318	41,124	18,278	9,251	7,857	213,828
30 Sept 2012						
Total assets before goodwill	236,463	56,899	32,567	17,327	12,544	355,800
Goodwill on consolidation	4,802	-	-	-	-	4,802
Total assets	241,265	56,899	32,567	17,327	12,544	360,602
Non-current assets [3/]	1,843	357	110	20	1	2,331
Gross customer loans	131,646	39,611	17,398	10,171	6,909	205,735
31 Dec 2011						
Total assets before goodwill	212,002	63,869	31,281	16,224	12,669	336,045
Goodwill on consolidation	4,802	-	-	-	-	4,802
Total assets	216,804	63,869	31,281	16,224	12,669	340,847
Non-current assets [3/]	1,759	376	133	27	2	2,297
Gross customer loans	117,160	46,848	16,341	10,570	6,908	197,827

Notes:
1/ The geographical segment analysis is based on the location where transactions and assets are booked
2/ Non-interest income and profit exclude one-time item
3/ 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

For the full year, net profit rose 11% to $2.08 billion.

Total income rose 5% to $4.97 billion. Net interest income rose 10% to $3.21 billion from loan and deposit volume growth. Non-interest income fell 3% to $1.76 billion as there had been a $47 million gain from the transaction involving DBS Asset Management in 2011. Excluding the gain, non-interest income was little changed as an increase in customer-driven non-interest income was offset by lower market-related contributions.

Expenses rose 7% to $2.09 billion and profit before allowances increased by 4% to $2.88 billion. Allowances fell 35% to $318 million as both general and specific allowances were lower.

For the fourth quarter, net profit of $535 million was unchanged from the previous quarter. Net interest income was little changed at $805 million in tandem with average loans. Non-interest income fell 15% to $393 million as loan-related and investment banking fees fell.

Total income fell 6% to $1.20 billion and expenses fell 5% to $502 million, resulting in a 7% decline in profit before allowances to $696 million. Allowances fell 28% to $50 million as specific allowances declined.

Hong Kong

For the full year, net profit rose 25% to $716 million. Currency effects were minimal for the full year.

Total income rose 5% to $1.53 billion as net interest income increased due to better margins and higher average loan volumes. Non-interest income was slightly lower as a fall in stockbroking, investment banking and trading income was offset by higher wealth management fees and by gains from the disposal of fixed assets.

Expenses increased 5% to $678 million and profit before allowances rose to $854 million. Total allowances fell 92% to $11 million due to a write-back of general allowances. Specific allowances were also lower.

Net profit, profit before allowances and income were at records in local currency terms. In Singapore-dollar terms, net profit was a record.

The fourth quarter's results incorporate an appreciation of the Singapore dollar against the Hong Kong dollar of 2% from the previous quarter and 4% from a year ago. Net profit fell 13% from the previous quarter to $162 million as there had been a net allowance write-back in third quarter 2012. Profit before allowance was stable.

Net interest income fell 3% from the previous quarter to $221 million. In constant currency terms, loans rose 4% due to growth in trade finance while deposits grew 11%, bringing the loan-deposit ratio to 97%. Net interest margin was stable at 1.55%. While loan yields rose and fixed deposit costs were lower, the impact was offset by a lower loan-deposit ratio and lower yields for securities that were rolled over.

Non-interest income rose 20% from the previous quarter to $174 million as gains from the disposal of fixed assets more than offset a decline in trading income that was partially due to seasonal factors. Fee income was stable.

Expenses rose 11% from the previous quarter to $187 million from higher staff and non-staff costs. Total allowances amounted to $25 million. This compared to a net write-back of $20 million in the previous quarter due to a write-back of general allowances. Specific allowances were stable from the previous quarter.

Other regions

Rest of Greater China's full-year net profit fell 38% to $110 million. Net interest income fell 7% to $510 million as loan and deposit growth was more than offset by lower margin in China. Non-interest income rose to $153 million as fee income and trading income improved. Total income increased 8% to $663 million while expenses rose 25% to $498 million, led by higher staff costs. Allowances rose to $34 million from $19 million as specific allowances increased.

For the fourth quarter, there was a net loss of $23 million compared to the previous quarter's net profit of $11 million. Net interest income fell 10% to $99 million due to lower margin in China, while non-interest income rose 19% to $38 million from improved trading income. Total income fell 4% to $137 million while expenses rose 20% to $149 million as non-staff costs increased. An increase in specific allowances resulted in a rise in total allowances to $19 million from $8 million.

South and South-east Asia's full-year net profit rose 3% to $293 million. Net interest income grew 25% to $451 million, led by India and Indonesia as asset and deposit volumes rose. Non-interest income fell 29% to $140 million, due partly to lower trade fees. Expenses rose 11% to $275 million, led by higher staff costs. Total provisions were stable at $38 million.

For the fourth quarter, net profit was little changed from the previous quarter at $68 million as higher expenses were offset by a net allowance write-back. Expenses rose 26% to $83 million from higher non-staff costs. There was a general allowance write-back while specific allowances fell, resulting in a net total allowance write-back of $6 million compared to an $8 million charge in the previous quarter. Total income rose slightly to $147 million.

Full-year net profit for Rest of the World rose 30% to $161 million. Profit before allowances were 5% higher at $237 million as loan and deposit growth resulted in net interest income growth. Allowances of $16 million were one-third the previous year's as specific allowances declined.

For the fourth quarter, profit before allowances of $60 million was little changed from the previous quarter. However, net profit fell to $18 million from $53 million as there had been a net write-back of general and specific allowances in the previous quarter. Total allowances taken in the fourth quarter were largely for general allowances.

CUSTOMER LOANS [1/]

($m)	31 Dec 2012	30 Sept 2012	31 Dec 2011
Gross	213,828	205,735	197,827
Less:			
Specific allowances	1,217	1,189	1,188
General allowances	2,092	2,053	1,919
Net total	210,519	202,493	194,720
By business unit			
Consumer Banking/ Wealth Management	61,720	60,122	54,575
Institutional Banking	149,331	143,699	141,084
Others	2,777	1,914	2,168
Total (Gross)	213,828	205,735	197,827
By geography [2/]			
Singapore	101,485	98,624	89,427
Hong Kong	38,119	37,538	40,369
Rest of Greater China	30,678	27,538	30,147
South and South-east Asia	23,045	22,751	19,290
Rest of the World	20,501	19,284	18,594
Total (Gross)	213,828	205,735	197,827
By industry			
Manufacturing	26,625	26,042	24,872
Building and construction	32,073	30,637	28,527
Housing loans	45,570	44,147	41,322
General commerce	38,077	35,537	34,159
Transportation, storage & communications	17,177	16,553	16,929
Financial institutions, investment & holding companies	16,914	17,059	19,743
Professionals & private individuals (excluding housing loans)	14,969	14,950	12,800
Others	22,423	20,810	19,475
Total (Gross)	213,828	205,735	197,827
By currency			
Singapore dollar	90,503	87,617	78,756
Hong Kong dollar	29,443	29,162	31,511
US dollar	67,156	62,254	61,007
Others	26,726	26,702	26,553
Total (Gross)	213,828	205,735	197,827

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 of $213.8 billion rose 12% in constant currency terms from than a year ago. The growth was broad-based across Insitutitional Banking and Consumer Banking / Wealth Management customers.

Gross customer loans rose 4% in constant currency terms from the previous quarter. The growth was led by corporate loans to borrowers incorporated in Singapore and Rest of Greater China.

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 (%)
31 Dec 2012						
Consumer Banking/ Wealth Management	288	70	617	0.5	239	421
Institutional Banking	2,339	1,232	1,475	1.6	116	142
Total non-performing loans (NPL)	2,627	1,302	2,092	1.2	129	165
Debt securities	13	4	117	-	931	2,420
Contingent liabilities & others	86	49	302	-	408	747
Total non-performing assets (NPA)	2,726	1,355	2,511	-	142	183
30 Sept 2012						
Consumer Banking/ Wealth Management	302	81	600	0.5	225	394
Institutional Banking	2,347	1,183	1,453	1.6	112	138
Total non-performing loans (NPL)	2,649	1,264	2,053	1.3	125	159
Debt securities	13	4	115	-	915	2,380
Contingent liabilities & others	173	65	294	-	208	506
Total non-performing assets (NPA)	2,835	1,333	2,462	-	134	176
31 Dec 2011						
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

By geography

	NPA ($m)	SP ($m)	GP ($m)	NPL (% of loans)	(GP+SP)/NPA (%)	(GP+SP)/ unsecured NPA (%)
31 Dec 2012						
Singapore	410	130	864	0.4	242	520
Hong Kong	244	126	392	0.6	212	314
Rest of Greater China	232	129	320	0.8	194	335
South and South-east Asia	207	130	302	0.9	209	234
Rest of the World	1,534	787	214	7.5	65	72
Total non-performing loans	2,627	1,302	2,092	1.2	129	165
Debt securities	13	4	117	-	931	2,420
Contingent liabilities & others	86	49	302	-	408	747
Total non-performing assets	2,726	1,355	2,511	-	142	183
30 Sept 2012						
Singapore	561	185	886	0.6	191	425
Hong Kong	270	145	387	0.7	197	289
Rest of Greater China	216	115	288	0.8	187	333
South and South-east Asia	194	129	291	0.9	216	238
Rest of the World	1,408	690	201	7.3	63	66
Total non-performing loans	2,649	1,264	2,053	1.3	125	159
Debt securities	13	4	115	-	915	2,380
Contingent liabilities & others	173	65	294	-	208	506
Total non-performing assets	2,835	1,333	2,462	-	134	176
31 Dec 2011						
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

By industry **($m)**	**31 Dec 2012**		**30 Sept 2012**		**31 Dec 2011**	
	NPA	**SP**	**NPA**	**SP**	**NPA**	**SP**
Manufacturing	352	240	363	234	383	241
Building and construction	83	38	84	37	92	38
Housing loans	106	12	103	12	108	13
General commerce	277	155	268	140	269	131
Transportation, storage & communications	692	378	660	334	563	285
Financial institutions, investment & holding companies	913	407	919	407	930	400
Professionals & private individuals (excluding housing loans)	162	46	174	56	175	63
Others	42	26	78	44	119	56
Total non-performing loans	2,627	1,302	2,649	1,264	2,639	1,227
Debt securities	13	4	13	4	10	3
Contingent liabilities & others	86	49	173	65	255	91
Total non-performing assets	2,726	1,355	2,835	1,333	2,904	1,321

By loan classification **($m)**	**31 Dec 2012**		**30 Sept 2012**		**31 Dec 2011**	
	NPA	**SP**	**NPA**	**SP**	**NPA**	**SP**
Non-performing assets						
Substandard	1,405	268	1,519	284	1,526	241
Doubtful	752	518	947	680	985	687
Loss	569	569	369	369	393	393
Total	2,726	1,355	2,835	1,333	2,904	1,321
Restructured assets						
Substandard	888	200	805	203	835	199
Doubtful	223	114	111	96	120	97
Loss	276	276	38	38	35	35
Total	1,387	590	954	337	990	331

By collateral type **($m)**	**31 Dec 2012**	**30 Sept 2012**	**31 Dec 2011**
	NPA	**NPA**	**NPA**
Unsecured non-performing assets	2,115	2,162	2,217
Secured non-performing assets by collateral type			
Properties	269	330	355
Shares and debentures	58	62	78
Fixed deposits	32	34	41
Others	252	247	213
Total	2,726	2,835	2,904

By period overdue

($m)	31 Dec 2012 NPA	30 Sept 2012 NPA	31 Dec 2011 NPA
Not overdue	1,245	877	1,161
<90 days overdue	297	360	169
91-180 days overdue	193	239	607
>180 days overdue	991	1,359	967
Total	2,726	2,835	2,904

Asset quality remained healthy as non-performing assets declined 6% from a year ago and 4% from the previous quarter to $2.73 billion. The NPL rate fell slightly to 1.2% from the previous quarter. Forty-six percent of classified non-performing assets was still current in interest and principal.

Allowance coverage amounted to 142% of non-performing assets, a historical high, and to 183% if collateral was considered.

There was a reclassification of a NPL between geographical regions during the quarter following the successful debt restructuring of a Singapore incorporated borrower. The loan is now held by a related entity of the borrower, which is incorporated in Rest of the World.

CUSTOMER DEPOSITS [1/]

($m)	31 Dec 2012	30 Sept 2012	31 Dec 2011
By currency and product			
Singapore dollar	131,000	129,199	122,992
Fixed deposits	19,501	20,310	17,701
Savings accounts	90,561	88,839	86,065
Current accounts	20,024	19,308	18,004
Others	914	742	1,222
Hong Kong dollar	25,730	22,729	21,733
Fixed deposits	15,690	12,694	12,559
Savings accounts	6,283	5,858	5,693
Current accounts	3,516	3,869	3,143
Others	241	308	338
US dollar	45,981	48,353	40,336
Fixed deposits	24,124	24,119	20,590
Savings accounts	4,256	4,422	3,206
Current accounts	15,332	15,620	13,494
Others	2,269	4,192	3,046
Others	40,196	39,897	40,285
Fixed deposits	32,644	32,589	32,072
Savings accounts	2,412	2,022	2,350
Current accounts	3,969	3,486	3,504
Others	1,171	1,800	2,359
Total	242,907	240,178	225,346
Fixed deposits	91,959	89,712	82,922
Savings accounts	103,512	101,141	97,314
Current accounts	42,841	42,283	38,145
Others	4,595	7,042	6,965

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

Customer deposits grew 10% in constant currency terms from a year ago to $242.9 billion, with US dollar, Singapore dollar and Hong Kong dollar deposits accounting for most of the growth.

Customer deposits were 1% higher from the previous quarter, led by Hong Kong dollar fixed deposits and Singapore dollar deposits.

DEBTS ISSUED

($m)	31 Dec 2012	30 Sept 2012	31 Dec 2011
Subordinated term debts	5,505	5,507	5,304
Medium term notes	3,168	3,184	1,381
Commercial papers	5,820	9,013	6,228
Certificates of deposit [1/]	1,149	1,425	2,767
Other debt securities in issue [2/]	3,617	3,432	2,981
Total	19,259	22,561	18,661
Due within 1 year	8,498	11,836	9,270
Due after 1 year	10,761	10,725	9,391
Total	19,259	22,561	18,661

Notes:
1/ Includes certificates of deposit classified as financial liabilities at fair value through profit or loss on the balance sheet
2/ Includes other debt securities in issue classified as financial liabilities at fair value through profit or loss on the balance sheet

VALUE AT RISK

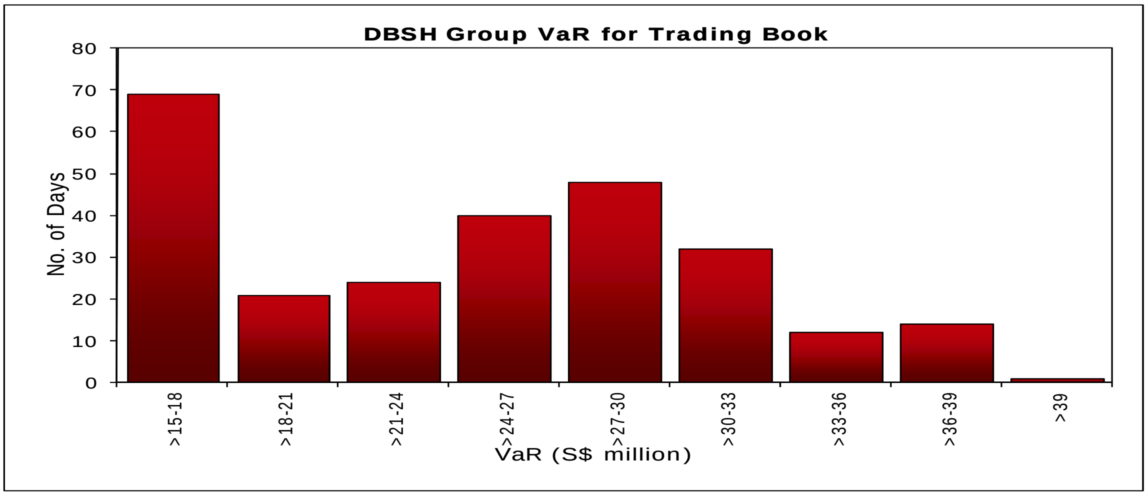
The Group uses a Value at Risk ("VaR") measure as one mechanism for monitoring and controlling trading risk. The VaR is calculated using a one-day time horizon and a 99% confidence interval.

Back-testing is a procedure used to verify the predictive power of the VaR model involving comparison of daily profits and losses adjusted with the estimates from the VaR model. In the back-testing for the period from 1 January 2012 to 31 December 2012, there were no backtesting exceptions.

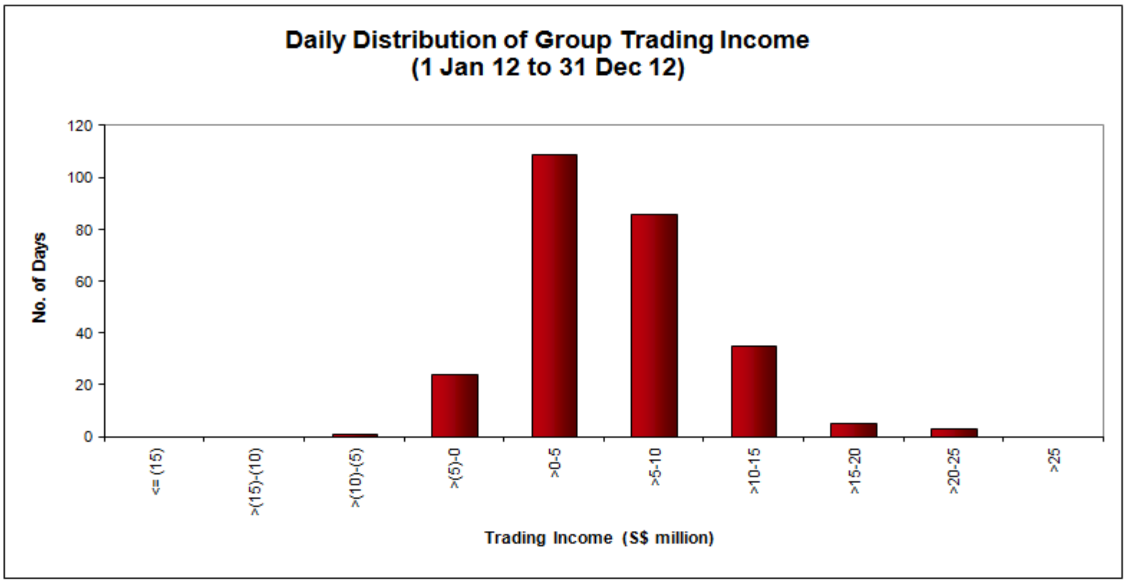
The following table shows the period-end, average, high and low VaR for the trading risk exposure of the Group for the period from 1 January 2012 to 31 December 2012. The Group's trading book VaR methodology is based on Historical Simulation VaR.

		1 January 2012 to 31 December 2012		
($m)	As at 31 December 2012	Average	High	Low
Total	17	25	40	15

The chart below provides the range of VaR for the trading portfolio for the period from 1 January 2012 to 31 December 2012.



The chart below shows the frequency distribution of daily trading income of Treasury & Markets Group for the period from 1 January 2012 to 31 December 2012.



CAPITAL ADEQUACY

($m)	31 Dec 2012	30 Sep 2012	31 Dec 2011
Tier 1			
Share capital	9,645	9,642	9,350
Disclosed reserves and others	25,724	24,581	23,308
Less: Tier 1 Deductions	(5,173)	(5,097)	(5,123)
Eligible Tier 1 Capital	30,196	29,126	27,535
Tier 2			
Loan allowances admitted as Tier 2 Capital	1,283	1,280	1,151
Subordinated term debts	5,505	5,507	5,305
Eligible revaluation surplus from available-for-sale equity securities	95	79	29
Less: Tier 2 Deductions	(248)	(155)	(192)
Eligible Total Capital	36,831	35,837	33,828
Risk-weighted assets	215,591	216,896	213,722
Capital adequacy ratio (%)			
Tier 1	14.0	13.4	12.9
Total (Tier 1 & Tier 2)	17.1	16.5	15.8
Pro-forma Basel III Core Equity Tier 1 [#]			
- under transitional arrangements as at 1 Jan 2013	13.5		
- under final rules effective 1 Jan 2018	11.8		

[#] Under Basel III rules, the proportion of adjustments previously applied to Tier 1 and/or Tier 2 under Basel II to be applied to Core Equity Tier 1 will be 20% from 1 Jan 2014, 40% from 1 Jan 2015, 60% from 1 Jan 2016, 80% from 1 Jan 2017 and 100% from 1 Jan 2018.

The Group's capital adequacy ratios ("CAR") increased from the previous quarter due mainly to an increase in retained earnings and a decline in risk-weighted assets ("RWA"). The partial divestment of the Group's stake in BPI during the quarter reduced credit RWA by $0.6 billion. Improved credit quality also contributed to the decline in RWA. Compared to a year ago, the capital base increased due to the issuance of new shares under the scrip dividend scheme, retained earnings, and the issuance of subordinated debt qualifying as Tier 2 capital exceeding the amount redeemed. RWA increased in line with asset growth, moderated by the BPI divestment and ongoing efforts at data and process improvements in the computation of risk-weighted assets.

Basel III minimum capital requirements came into effect in Singapore on 1 January 2013. On a pro-forma basis, the Group's Core Equity Tier 1 ("CET1") CAR as at 31 December 2012 was 13.5% based on transitional rules effective on 1 January 2013 and 11.8% on a "look-through" basis, i.e., after all adjustments that will eventually be taken against CET1 by 1 January 2018. These levels exceed the minimum CET1 CAR requirements under MAS Notice 637 of 4.5% effective on 1 January 2013 and 9.0% effective on 1 January 2019 and take into account higher risk-weights for exposures to financial institutions and new capital charges for over-the-counter derivatives under Basel III.

The Group's existing preference shares and subordinated term debts are ineligible as capital instruments under Basel III rules as they lack provisions for conversion to ordinary shares or write-down on point of non-viability, but are accorded partial recognition under the Basel III transitional arrangements.

UNREALISED VALUATION SURPLUS/(LOSSES)

($m)	31 Dec 2012	30 Sept 2012	31 Dec 2011
Properties[1/]	604	577	580
Financial investments classified as loans and receivables[2/]	281	251	107
Total	885	828	687

Notes:
1/ Stated at cost less accumulated depreciation and impairment losses on the balance sheet
2/ Stated at cost less impairment losses on the balance sheet

The amount of unrealised valuation surplus increased $57 million to $885 million in fourth quarter due to higher valuation for property and financial investments classified as loans and receivables.

Audited Consolidated Income Statement

In $ millions	4th Qtr 2012[1/]	4th Qtr 2011[1/]	+/(-) %	3rd Qtr 2012[1/]	+/(-) %	Year 2012	Year 2011	+/(-) %
Income								
Interest income	1,900	1,814	5	1,939	(2)	7,621	6,555	16
Interest expense	607	524	16	607	-	2,336	1,730	35
Net interest income	1,293	1,290	-	1,332	(3)	5,285	4,825	10
Net fee and commission income	372	342	9	422	(12)	1,579	1,542	2
Net trading income	136	145	(6)	137	(1)	737	698	6
Net (loss) from financial instruments designated at fair value	(2)	(12)	83	(7)	71	(48)	(18)	(>100)
Net income from financial investments	103	136	(24)	110	(6)	419	454	(8)
Other income	507	15	>100	10	>100	542	130	>100
Total income	2,409	1,916	26	2,004	20	8,514	7,631	12
Expenses								
Employee benefits	455	440	3	482	(6)	1,888	1,712	10
Other expenses	488	445	10	419	16	1,726	1,591	8
Allowances for credit and other losses	114	229	(50)	55	>100	417	722	(42)
Total expenses	1,057	1,114	(5)	956	11	4,031	4,025	-
Profit	1,352	802	69	1,048	29	4,483	3,606	24
Share of profits of associates	21	35	(40)	28	(25)	124	127	(2)
Profit before tax	1,373	837	64	1,076	28	4,607	3,733	23
Income tax expense	110	54	>100	165	(33)	588	443	33
Net profit	1,263	783	61	911	39	4,019	3,290	22
Attributable to:								
Shareholders	1,210	731	66	856	41	3,809	3,035	26
Non-controlling interests	53	52	2	55	(4)	210	255	(18)
	1,263	783	61	911	39	4,019	3,290	22

Note:
1/ Unaudited

Audited Consolidated Statement of Comprehensive Income

In $ millions	4th Qtr 2012[1/]	4th Qtr 2011[1/]	+/(-) %	3rd Qtr 2012[1/]	+/(-) %	Year 2012	Year 2011	+/(-) %
Net profit	1,263	783	61	911	39	4,019	3,290	22
Other comprehensive income:								
Foreign currency translation differences for foreign operations	(26)	(13)	(100)	(39)	33	(110)	(38)	(>100)
Share of other comprehensive income of associates	5	4	25	(1)	NM	(3)	(1)	(>100)
Available-for-sale financial assets and others								
Net valuation taken to equity	101	(76)	NM	203	(50)	622	398	56
Transferred to income statement	(90)	(123)	27	(85)	(6)	(337)	(425)	21
Tax on items taken directly to or transferred from equity	(7)	5	NM	(17)	59	(44)	31	NM
Other comprehensive income, net of tax	(17)	(203)	92	61	NM	128	(35)	NM
Total comprehensive income	1,246	580	>100	972	28	4,147	3,255	27
Attributable to:								
Shareholders	1,192	527	>100	917	30	3,948	3,019	31
Non-controlling interests	54	53	2	55	(2)	199	236	(16)
	1,246	580	>100	972	28	4,147	3,255	27

Notes:
1/ Unaudited
NM Not Meaningful

Audited Balance Sheets

In $ millions	GROUP 31 Dec 2012	GROUP 30 Sept 2012[1/]	GROUP 31 Dec 2011	COMPANY 31 Dec 2012	COMPANY 30 Sept 2012[1/]	COMPANY 31 Dec 2011
ASSETS						
Cash and balances with central banks	17,772	18,943	25,304			
Singapore Government securities and treasury bills	12,092	11,504	12,503			
Due from banks	28,808	41,364	25,571			
Financial assets at fair value through profit or loss [2/]	11,540	12,731	11,927			
Positive fair values for financial derivatives	17,280	17,814	21,164			
Loans and advances to customers	209,395	201,412	194,275			
Financial investments	35,567	33,231	30,491			
Securities pledged and transferred	4,397	4,039	2,634			
Subsidiaries				11,159	9,924	10,957
Investments in associates	1,236	970	949			
Goodwill on consolidation	4,802	4,802	4,802			
Properties and other fixed assets	945	992	976			
Investment properties	497	369	372			
Deferred tax assets	91	123	149			
Other assets	8,611	12,308	9,730	-	22	18
TOTAL ASSETS	353,033	360,602	340,847	11,159	9,946	10,975
LIABILITIES						
Due to banks	25,162	28,118	27,601			
Due to non-bank customers	241,165	236,483	218,992			
Financial liabilities at fair value through profit or loss [3/]	7,849	11,041	11,912			
Negative fair values for financial derivatives	17,532	17,721	22,207			
Bills payable	316	342	254			
Current tax liabilities	824	967	837			
Deferred tax liabilities	30	29	30			
Other liabilities	8,416	11,862	10,287	8	7	6
Other debt securities in issue	10,236	13,692	10,354			
Subordinated term debts	5,505	5,507	5,304			
TOTAL LIABILITIES	317,035	325,762	307,778	8	7	6
NET ASSETS	35,998	34,840	33,069	11,151	9,939	10,969
EQUITY						
Share capital	9,645	9,642	9,350	9,645	9,642	9,350
Treasury shares	(103)	(106)	(154)	(71)	(71)	(115)
Other reserves	7,229	7,235	7,075	101	89	86
Revenue reserves	14,966	13,758	12,523	1,476	279	1,648
SHAREHOLDERS' FUNDS	31,737	30,529	28,794	11,151	9,939	10,969
Non-controlling interests	4,261	4,311	4,275			
TOTAL EQUITY	35,998	34,840	33,069	11,151	9,939	10,969
OFF BALANCE SHEET ITEMS						
Contingent liabilities	21,059	19,979	20,789			
Commitments [4/]	136,698	133,401	117,325			
Financial derivatives	1,426,209	1,529,509	1,612,038			
OTHER INFORMATION						
Net book value per share ($)						
(i) Basic	12.96	12.50	11.99	4.51	4.02	4.56
(ii) Diluted	12.86	12.41	11.75	4.53	4.05	4.49

Notes:
1/ Unaudited
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
4/ Includes commitments that are unconditionally cancellable at any time of $103,666 million as at Dec 12 (Sep 12: $99,598 million; Dec 11: $90,458 million)

Audited Consolidated Statement of Changes in Equity

GROUP

In $ millions	Ordinary shares	Convertible preference shares	Treasury shares	Other reserves	Revenue reserves	Total	Non-controlling interests	Total equity
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	25					25		25
Reclassification of reserves upon exercise of share options	2			(2)		-		-
Issue of shares pursuant to Scrip Dividend Scheme	268					268		268
Cost of share-based payments				68		68		68
Draw-down of reserves upon vesting of performance shares			51	(51)		-		-
Final dividends paid for previous year					(677)	(677)		(677)
Interim dividends paid for current year					(689)	(689)		(689)
Dividends paid to non-controlling interests						-	(213)	(213)
Total comprehensive income				139	3,809	3,948	199	4,147
Balance at 31 December 2012	9,482	163	(103)	7,229	14,966	31,737	4,261	35,998
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	19					19		19
Reclassification of reserves upon exercise of share options	2			(2)		-		-
Issue of shares pursuant to Scrip Dividend Scheme	547	2				549		549
Cost of share-based payments				54		54		54
Draw-down of reserves upon vesting of performance shares			45	(45)		-		-
Purchase of Treasury shares			(115)			(115)		(115)
Final dividends paid for previous year					(645)	(645)		(645)
Interim dividends paid for current year					(686)	(686)		(686)
Dividends paid to non-controlling interests						-	(275)	(275)
Redemption of preference shares issued by a subsidiary						-	(2,112)	(2,112)
Change in non-controlling interests						-	(77)	(77)
Total comprehensive income				(16)	3,035	3,019	236	3,255
Balance at 31 December 2011	9,101	249	(154)	7,075	12,523	28,794	4,275	33,069

Audited 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
Issue of shares upon exercise of share options	25					25
Reclassification of reserves upon exercise of share options	2			(2)		-
Issue of shares pursuant to Scrip Dividend Scheme	268					268
Cost of share-based payments				68		68
Draw-down of reserves upon vesting of performance shares				(51)		(51)
Final dividends paid for previous year					(677)	(677)
Interim dividends paid for current year					(689)	(689)
Total comprehensive income					1,194	1,194
Balance at 31 December 2012	9,482	163	(71)	101	1,476	11,151
Balance at 1 January 2011	8,533	247	-	79	1,637	10,496
Issue of shares upon exercise of share options	19					19
Reclassification of reserves upon exercise of share options	2			(2)		-
Issue of shares pursuant to Scrip Dividend Scheme	547	2				549
Cost of share-based payments				54		54
Draw-down of reserves upon vesting of performance shares				(45)		(45)
Purchase of Treasury shares			(115)			(115)
Final dividends paid for previous year					(647)	(647)
Interim dividends paid for current year					(686)	(686)
Total comprehensive income					1,344	1,344
Balance at 31 December 2011	9, 101	249	(115)	86	1,648	10,969

Audited Consolidated Cash Flow Statement

In $ millions	Year 2012	Year 2011
Cash flows from operating activities		
Net profit for the year	**4,019**	3,290
Adjustments for non-cash items:		
Allowances for credit and other losses	**417**	722
Depreciation of properties and other fixed assets	**179**	185
Share of profits of associates	**(124)**	(127)
Net gain on disposal (net of write-off) of properties and other fixed assets	**(42)**	(6)
Net income from financial investments	**(419)**	(454)
Net gain on disposal of subsidiary	**-**	(47)
Net gain on disposal of associate	**(450)**	-
Income tax expense	**588**	443
Profit before changes in operating assets & liabilities	**4,168**	4,006
Increase/(Decrease) in:		
Due to banks	**(2,439)**	8,790
Due to non-bank customers	**22,173**	31,297
Financial liabilities at fair value through profit or loss	**(4,063)**	1,684
Other liabilities including bills payable	**(6,389)**	8,522
Debt securities and borrowings	**(355)**	7,949
(Increase)/Decrease in:		
Restricted balances with central banks	**(366)**	(322)
Singapore Government securities and treasury bills	**411**	(957)
Due from banks	**(3,250)**	(5,297)
Financial assets at fair value through profit or loss	**387**	(1,748)
Loans and advances to customers	**(15,529)**	(43,215)
Financial investments	**(4,674)**	(3,509)
Other assets	**3,605**	(8,366)
Tax paid	**(587)**	(511)
Net cash used in operating activities (1)	**(6,908)**	(1,677)
Cash flows from investing activities		
Disposal of interest in associates	**757**	-
Acquisition of interest in associates	**(566)**	(55)
Dividends from associates	**82**	46
Purchase of properties and other fixed assets	**(338)**	(177)
Proceeds from disposal of properties and other fixed assets	**90**	47
Net cash generated from/(used in) investing activities (2)	**25**	(139)
Cash flows from financing activities		
Increase in share capital	**295**	570
Payment upon maturity of subordinated term debts	**(2,575)**	(1,046)
Issue of subordinated term debts	**2,943**	-
Purchase of treasury shares	**-**	(115)
Dividends paid to shareholders of the Company	**(1,366)**	(1,331)
Dividends paid to non-controlling interests	**(213)**	(275)
Payment upon redemption of preference shares	**-**	(2,112)
Change in non-controlling interests	**-**	(77)
Net cash used in financing activities (3)	**(916)**	(4,386)
Exchange translation adjustments (4)	**(99)**	(19)
Net change in cash and cash equivalents (1)+(2)+(3)+(4)	**(7,898)**	(6,221)
Cash and cash equivalents at 1 January	**18,891**	25,112
Cash and cash equivalents at 31 December	**10,993**	18,891

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	
Ordinary shares	**2012**	**2011**
Balance at 1 January	2,350,317,632	2,308,790,261
Shares issued pursuant to Scrip Dividend Scheme	19,579,969	39,859,969
Shares issued on conversion of Preference shares	70,026,649	-
Shares issued on exercise of share options pursuant to the DBSH Share Option Plan	2,104,176	1,667,402
Balance at 31 December [a]	2,442,028,426	2,350,317,632
Treasury shares held by DBSH		
Balance at 1 January	8,644,000	-
Purchase of Treasury Shares	-	8,644,000
Shares transferred to trust holding shares pursuant to DBSH Share Plan / DBSH Employee Share Plan	(3,300,000)	-
Balance at 31 December [b]	5,344,000	8,644,000
Ordinary shares net of treasury shares [a] – [b]	2,436,684,426	2,341,673,632

Changes to share capital
In the current quarter ended 31 December 2012, DBSH issued 215,141 ordinary shares pursuant to the DBSH Share Option Plan. DBSH also issued 6,911,811 ordinary shares to eligible shareholders who elected to participate in the scrip dividend scheme.

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

(Number)	31 Dec 2012	31 Dec 2011
Conversion of non-voting CPS	-	180,915
Conversion of non-voting redeemable CPS	30,011,421	99,857,155
Exercise of share options	3,245,412	5,728,520
Weighted average number of shares for 12M12[1/]		
- ordinary shares	2,413,546,892	2,319,181,549
- fully diluted	2,444,177,472	2,428,734,777

[1/] net of treasury shares held by DBSH

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 at 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.

REPORT OF PERSONS OCCUPYING MANAGERIAL POSITIONS WHO ARE RELATED TO A DIRECTOR, CEO OR SUBSTANTIAL SHAREHOLDER

Pursuant to Rule 704(13) of the SGX Listing Manual, DBSH wishes to advise that there are no persons occupying a managerial position in DBSH, DBS Bank Ltd or any of the principal subsidiaries of DBSH who are relatives of a director or chief executive officer or substantial shareholder of DBSH.

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 Fourth Quarter ended 31 December 2012 Unaudited Financial Results of the Company and of the Group and of the Year 2012 Audited Financial Results of the Company and of the Group to be false or misleading in any material aspect.

On behalf of the board of directors

Peter Seah Lim Huat
Chairman

Piyush Gupta
Chief Executive Officer

5 February 2013
Singapore

The extract of the audit report dated 5 February 2013, on the financial statements of DBS Group Holdings Ltd and its subsidiaries for the year ended 31 December 2012 which have been prepared in accordance with Singapore Financial Reporting Standards, is as follows:

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DBS GROUP HOLDINGS LTD (INCORPORATED IN SINGAPORE)

Report on the Financial Statements

We have audited the accompanying financial statements of DBS Group Holdings Ltd (the "Company") and its subsidiaries (the "Group") set out on pages 1 to 71, which comprise the consolidated balance sheet of the Group and balance sheet of the Company as at 31 December 2012, the consolidated income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards, including the modification of the requirements of FRS 39 Financial Instruments: Recognition and Measurement in respect of loan loss provisioning by Notice to Banks No. 612 "Credit Files, Grading and Provisioning" issued by Monetary Authority of Singapore, so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2012, and the results, changes in equity and cash flows of the Group for the financial year ended on that date.

Report on other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors, have been properly kept in accordance with the provisions of the Act.

PricewaterhouseCoopers LLP
Public Accountants and Certified Public Accountants

Singapore, 5 February 2013