

To: Shareholders

The DBS Group Holdings Ltd ("DBSH" or "the Company") Board of Directors report unaudited financial results for the second quarter ended 30 June 2007.

For the second quarter of 2007, the Directors have declared an interim gross dividend of 10 cents (second quarter 2006: 13 cents) for each DBSH non-voting convertible preference share ("CPS") and each DBSH non-voting redeemable CPS, and 20 cents (second quarter 2006: 17 cents) for each DBSH ordinary share.

The second quarter 2007 dividends will be paid less 18% Singapore income tax.

The second quarter ended 2007 dividends will be payable on 23 August 2007. DBS shares will be quoted ex-dividend on 7 August 2007. Notice is hereby given that the Share Transfer Books and Register of Members of the Company will be closed on 13 August 2007. Duly completed transfers received by the Company's Registrar, Tricor Barbinder Share Registration Services of 8 Cross Street #11-00 PWC Building, Singapore 048424 up to 5.00 p.m. on 10 August 2007 will be registered to determine shareholders' entitlement to the second quarter 2007 dividends. In respect of ordinary shares in the securities accounts with The Central Depository (Pte) Limited ("CDP"), the second quarter 2007 dividends will be paid by DBSH to CDP, which will in turn distribute the dividend entitlements to shareholders.

By order of the Board

Heng Lee Cheng (Ms)  
Group Secretary

26 July 2007  
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 Second Quarter ended  
30 June 2007

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

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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 2006, with the exception of the adoption of new or revised FRS and Interpretations to FRS (“INT FRS”).

The Council on Corporate Disclosure and Governance (“CCDG”) issued several new or revised FRS and INT FRS, which are effective 1 January 2007 for the Group.

- Amendment to FRS 1: Presentation of Financial Statements – Capital Disclosures
- FRS 32 (revised): Financial Instruments – Presentation
- FRS 40 (new): Investment Property
- FRS 107 (new): Financial Instruments – Disclosures
- INT FRS 108: Scope of FRS 102 – Share-based Payment
- INT FRS 109: Reassessment of Embedded Derivatives
- INT FRS 110: Interim Financial Reporting and Impairment

	2nd Qtr 2007	2nd Qtr 2006 <sup>1/</sup>	% chg	1st Qtr 2007	1st Half 2007	1st Half 2006 <sup>1/</sup>	% chg
<b>Selected profit and loss items (\$m)</b>							
Net interest income	1,027	897	14	974	2,001	1,747	15
Net fee and commission income	371	296	25	309	680	558	22
Net trading income	97	173	(44)	171	268	336	(20)
Net income from financial instruments designated at fair value	(49)	(59)	17	(46)	(95)	(111)	14
Net income from financial investments	79	12	>100	121	200	50	>100
Other income	26	35	(26)	13	39	44	(11)
Total income	1,551	1,354	15	1,542	3,093	2,624	18
Less: Expenses	660	594	11	658	1,318	1,158	14
Profit before allowances	891	760	17	884	1,775	1,466	21
Less: Allowances for credit and other losses	64	62	3	105	169	93	82
Share of profits of associates	25	20	25	26	51	32	59
Profit before tax	852	718	19	805	1,657	1,405	18
Net profit attributable to shareholders (“Net profit”)	664	549	21	617	1,281	1,067	20
Add: One-time gains/(charge) <sup>2/</sup>	(104)	54	NM	-	(104)	54	NM
Net profit including one-time gains/(charge) and goodwill charges	560	603	(7)	617	1,177	1,121	5
<b>Selected balance sheet items</b>							
Customer loans <sup>3/</sup>	98,957	83,410	19	94,294	98,957	83,410	19
Interbank assets <sup>4/</sup>	30,858	20,411	51	25,619	30,858	20,411	51
Total assets	222,891	189,589	18	209,921	222,891	189,589	18
Customer deposits <sup>5/</sup>	141,272	120,875	17	136,443	141,272	120,875	17
Total liabilities	200,602	169,780	18	188,144	200,602	169,780	18
Shareholders’ funds	19,641	17,408	13	19,430	19,641	17,408	13
<b>Key financial ratio (%) (excluding one-time gains/(charge)) <sup>6/</sup></b>							
Net interest margin	2.21	2.23		2.21	2.21	2.23	
Non-interest/total income	33.8	33.8		36.8	35.3	33.4	
Cost/income ratio	42.6	43.9		42.7	42.6	44.1	
Return on assets	1.23	1.18		1.21	1.22	1.15	
Return on equity <sup>7/</sup>	13.60	12.70		12.99	13.41	12.55	
Loan/deposit ratio	70.0	69.0		69.1	70.0	69.0	
NPL ratio	1.4	1.9		1.5	1.4	1.9	
Specific allowances (loans)/average loans (bp)	19	16		-	10	18	
Tier 1 capital adequacy ratio	9.4	10.1		9.6	9.4	10.1	
Total capital adequacy ratio	14.7	14.4		13.6	14.7	14.4	

# DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

	2nd Qtr 2007	2nd Qtr 2006 <sup>1/</sup>	% chg	1st Qtr 2007	1st Half 2007	1st Half 2006 <sup>1/</sup>	% chg
<b>Per share data (\$)</b>							
Per basic share							
– earnings excluding one-time gains/(charge) and goodwill charges	1.76	1.46		1.63	1.69	1.42	
– earnings	1.69	1.50		1.63	1.63	1.45	
– net book value <sup>7/</sup>	12.66	11.29		12.54	12.66	11.29	
Per diluted share							
– earnings excluding one-time gains/(charge) and goodwill charges	1.69	1.40		1.56	1.63	1.36	
– earnings	1.63	1.44		1.56	1.56	1.40	
– net book value <sup>7/</sup>	12.45	11.08		12.39	12.45	11.08	

**Notes:**

1/ Figures for 2006 have been reclassified to make them consistent with the current year's presentation

2/ One-time gains include gains from sale of buildings in Hong Kong and allowance write-back for a Singapore property; one-time charge includes impairment charge for Thai investment

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

4/ Includes interbank assets classified as financial assets at fair value through profit or loss on the balance sheet

5/ Includes customer deposits 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/ Minority interests are not included as equity in the computation of net asset value and return on equity

Net profit for the second quarter rose 21% from a year ago and 8% from the previous quarter to \$664 million before one-time items. Net interest and fee income reached new highs as DBS has continued to capture higher business volumes across a wide range of activities and customer segments.

An impairment charge of \$159 million was recorded during the quarter for DBS' 16.1% stake in TMB Bank in Thailand to reflect current market valuation for the investment. In addition, there was a \$55 million allowance write-back for a Singapore property as market valuations improved. Including both one-time items, net profit amounted to \$560 million.

Net interest income increased 5% from the previous quarter and 14% from a year ago to \$1.03 billion, the first time quarterly net interest income has crossed \$1 billion. The rise was driven by higher loan volumes, which expanded 5% for the quarter and 19% for the year. Net fee income of \$371 million was 25% higher than a year ago, with both corporate and consumer activities contributing to the increase. Net trading income fell to \$97 million as customer flows and trading gains were not as favourable. Total income rose 15% from a year ago to \$1.55 billion but was little changed from the previous quarter.

Total expenses grew 11% from a year ago to \$660 million. As with recent quarters, the year-on-year increase was led by staff and computerisation costs. Total expenses were stable from the previous quarter, with a decline in staff costs being offset by higher revenue-related expenses. The cost-income ratio of 43% was unchanged from the previous quarter and better than the 44% a year ago.

Asset quality continued to improve as the non-performing loan ratio fell to 1.4% from 1.5% in the previous quarter and 1.9% a year ago. Specific allowances for loans of \$47 million corresponded to a charge of 19 basis points of loans, within the range of recent quarters. Total cumulative allowances amounted to 124% of total non-performing assets.

For the first half, net profit before one-time items rose 20% to \$1.28 billion as an 18% increase in total income surpassed a 14% rise in total expenses from a year ago.

Return on equity for the first half rose from 12.6% in the previous year to 13.4% as return on assets improved from 1.15% to 1.22%.

# DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

## NET INTEREST INCOME

Average balance sheet	2nd Qtr 2007			2nd Qtr 2006			1st Qtr 2007		
	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	94,742	1,322	5.60	80,794	1,134	5.63	90,121	1,248	5.62
Interbank assets	36,341	303	3.35	30,966	249	3.23	34,765	301	3.51
Securities	55,368	627	4.54	49,934	548	4.40	52,923	575	4.40
<b>Total</b>	<b>186,451</b>	<b>2,252</b>	<b>4.85</b>	<b>161,694</b>	<b>1,931</b>	<b>4.79</b>	<b>177,809</b>	<b>2,124</b>	<b>4.84</b>
<b>Interest-bearing liabilities</b>									
Customer deposits	139,705	754	2.17	120,945	665	2.20	134,312	746	2.25
Other borrowings	36,900	471	5.12	32,484	369	4.56	34,236	404	4.79
<b>Total</b>	<b>176,605</b>	<b>1,225</b>	<b>2.78</b>	<b>153,429</b>	<b>1,034</b>	<b>2.70</b>	<b>168,548</b>	<b>1,150</b>	<b>2.77</b>
<b>Net interest income/margin <sup>1/</sup></b>		<b>1,027</b>	<b>2.21</b>		<b>897</b>	<b>2.23</b>		<b>974</b>	<b>2.21</b>

Average balance sheet	1st Half 2007			1st Half 2006		
	Average balance (\$m)	Interest (\$m)	Average rate (%)	Average balance (\$m)	Interest (\$m)	Average rate (%)
<b>Interest-bearing assets</b>						
Customer loans	92,108	2,570	5.63	80,075	2,172	5.47
Interbank assets	35,880	604	3.40	28,992	443	3.09
Securities	54,005	1,202	4.49	49,355	1,051	4.29
<b>Total</b>	<b>181,993</b>	<b>4,376</b>	<b>4.85</b>	<b>158,422</b>	<b>3,666</b>	<b>4.67</b>
<b>Interest-bearing liabilities</b>						
Customer deposits	137,089	1,500	2.21	119,242	1,233	2.08
Other borrowings	35,447	875	4.98	31,502	686	4.39
<b>Total</b>	<b>172,536</b>	<b>2,375</b>	<b>2.78</b>	<b>150,744</b>	<b>1,919</b>	<b>2.57</b>
<b>Net interest income/margin <sup>1/</sup></b>		<b>2,001</b>	<b>2.21</b>		<b>1,747</b>	<b>2.23</b>

Note:

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

Compared to both the previous quarter and a year ago, the increase in net interest income was due to higher asset volumes as customer loans, interbank assets and securities volume grew.

Net interest margin was stable at 2.21%. Compared to the previous quarter, an increase in yields for securities was offset by lower customer loan and interbank asset yields. Customer deposit costs fell as a result of an improved deposit mix. The benefit from

lower cost of deposits was offset by higher costs for other borrowings, which was due to the inclusion of interest costs for US\$2 billion subordinated debts issued in May.

For the first half, net interest income rose 15% from a year ago to \$2.00 billion on higher asset volumes. Net interest margin was little changed at 2.21%.

## DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

Volume and rate analysis (\$m) Increase/(decrease) due to change in	2nd Qtr 2007 versus 2nd Qtr 2006			2nd Qtr 2007 versus 1st Qtr 2007		
	Volume	Rate	Net change	Volume	Rate	Net change
<b>Interest income</b>						
Customer loans	195	(7)	188	64	(5)	59
Interbank assets	44	10	54	14	(15)	(1)
Securities	59	20	79	27	19	46
<b>Total</b>	<b>298</b>	<b>23</b>	<b>321</b>	<b>105</b>	<b>(1)</b>	<b>104</b>
<b>Interest expense</b>						
Customer deposits	103	(14)	89	30	(29)	1
Other borrowings	43	59	102	31	30	61
<b>Total</b>	<b>146</b>	<b>45</b>	<b>191</b>	<b>61</b>	<b>1</b>	<b>62</b>
<b>Net impact on interest income</b>	<b>152</b>	<b>(22)</b>	<b>130</b>	<b>44</b>	<b>(2)</b>	<b>42</b>
Due to change in number of days			-			11
<b>Net Interest Income</b>			<b>130</b>			<b>53</b>

Volume and rate analysis (\$m) Increase/(decrease) due to change in	1st Half 2007 versus 1st Half 2006		
	Volume	Rate	Net change
<b>Interest income</b>			
Customer loans	326	72	398
Interbank assets	106	55	161
Securities	99	52	151
<b>Total</b>	<b>531</b>	<b>179</b>	<b>710</b>
<b>Interest expense</b>			
Customer deposits	184	83	267
Other borrowings	77	112	189
<b>Total</b>	<b>261</b>	<b>195</b>	<b>456</b>
<b>Net impact on interest income</b>	<b>270</b>	<b>(16)</b>	<b>254</b>
Due to change in number of days			-
<b>Net Interest Income</b>			<b>254</b>

# DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

## NET FEE AND COMMISSION INCOME

(\$m)	2nd Qtr 2007	2nd Qtr 2006	% chg	1st Qtr 2007	1st Half 2007	1st Half 2006	% chg
Stockbroking	58	33	76	53	111	70	59
Investment banking	48	44	9	29	77	63	22
Trade and remittances	50	47	6	48	98	91	7
Loan related	55	50	10	58	113	84	35
Guarantees	9	7	29	8	17	15	13
Deposit related	22	21	5	19	41	40	3
Credit card	35	28	25	27	62	52	19
Fund management	13	15	(13)	9	22	37	(41)
Wealth management	68	38	79	47	115	80	44
Others	13	13	-	11	24	26	(8)
<b>Total</b>	<b>371</b>	<b>296</b>	<b>25</b>	<b>309</b>	<b>680</b>	<b>558</b>	<b>22</b>

Net fee and commission income grew 25% from a year ago and 20% from the previous quarter to \$371 million as contributions from most corporate and consumer activities increased with improved economic conditions. The increase this quarter was led by

wealth management, stockbroking, credit cards and investment banking activities.

For the first half, net fee and commission income grew 22% from a year ago to \$680 million.

## OTHER NON-INTEREST INCOME

(\$m)	2nd Qtr 2007	2nd Qtr 2006	% chg	1st Qtr 2007	1st Half 2007	1st Half 2006	% chg
Net trading income	97	173	(44)	171	268	336	(20)
From trading businesses	100	180	(44)	169	269	348	(23)
From other businesses	(3)	(7)	57	2	(1)	(12)	92
Net income from financial instruments designated at fair value	(49)	(59)	17	(46)	(95)	(111)	14
Net income on financial investments	79	12	>100	121	200	50	>100
Net gain on fixed assets <sup>1/</sup>	2	2	-	2	4	2	100
Others (include dividend and rental income)	24	33	(27)	11	35	42	(17)
<b>Total</b>	<b>153</b>	<b>161</b>	<b>(5)</b>	<b>259</b>	<b>412</b>	<b>319</b>	<b>29</b>

Note:

<sup>1/</sup> Excludes one-time gains

Net trading income from trading businesses fell to \$100 million from \$169 million in the previous quarter and \$180 million a year ago. In both comparative periods there had been stronger customer flows for hedging products as well as higher trading gains in foreign exchange, interest rate and equity instruments.

Net income from sales of investment securities amounted to \$79 million from the sale of debt and equity investments as market conditions were

conductive. The gains were higher than the \$12 million a year ago but below the \$121 million in the previous quarter.

For the first half, net trading income from trading businesses fell 23% from a year ago to \$269 million, while net income from sales of investment securities increased from \$50 million to \$200 million.

# DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

## EXPENSES

(\$m)	2nd Qtr 2007	2nd Qtr 2006	% chg	1st Qtr 2007	1st Half 2007	1st Half 2006	% chg
Staff	354	321	10	360	714	621	15
Occupancy	51	45	13	53	104	91	14
Computerisation	111	97	14	112	223	189	18
Revenue-related	35	26	35	25	60	49	22
Others	109	105	4	108	217	208	4
<b>Total</b>	<b>660</b>	<b>594</b>	<b>11</b>	<b>658</b>	<b>1,318</b>	<b>1,158</b>	<b>14</b>
Staff headcount at period-end	13,364	12,453	7	13,177	13,364	12,453	7

Total expenses increased 11% from a year ago to \$660 million, but were stable on quarter.

in technology to support business expansion. They were little changed from the previous quarter.

Staff costs rose 10% from a year ago on a 7% increase in headcount, but they were 2% below the previous quarter as salary pressures were managed.

For the first half, total expenses increased 14% from the previous year to \$1.32 billion.

Computerisation costs rose 14% from a year ago from higher depreciation charges and continued investments

## ALLOWANCES FOR CREDIT AND OTHER LOSSES

(\$m)	2nd Qtr 2007	2nd Qtr 2006	% chg	1st Qtr 2007	1st Half 2007	1st Half 2006	% chg
General allowances ("GP")	24	34	(29)	102	126	48	>100
<b>Specific allowances ("SP") for loans</b>	<b>47</b>	<b>33</b>	<b>42</b>	<b>1</b>	<b>48</b>	<b>73</b>	<b>(34)</b>
Singapore	9	23	(61)	(18)	(9)	36	NM
Hong Kong	18	19	(5)	19	37	37	-
Other countries	20	(9)	NM	-	20	-	NM
Specific allowances ("SP") for securities, properties and other assets <sup>1/</sup>	(7)	(5)	(40)	2	(5)	(28)	82
<b>Total</b>	<b>64</b>	<b>62</b>	<b>3</b>	<b>105</b>	<b>169</b>	<b>93</b>	<b>82</b>

Note:

<sup>1/</sup> Excludes one-time gain/(charge)

Specific allowances for loans rose to \$47 million for corporate and SME loans in Singapore, Hong Kong and the rest of the region. In the previous quarter there had been a net write-back for loans in Singapore, which offset a charge in Hong Kong.

For the first half, total allowances rose 82% to \$169 million as a result of higher general allowances for new loans. Specific allowances for loans declined 34% to \$48 million, corresponding to 10 basis points of loans compared with 18 basis points in first half 2006.

General allowances of \$24 million were taken for new loans and off-balance sheet commitments booked during the quarter.

# DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

## PERFORMANCE BY BUSINESS UNIT

(\$m)	CBG	EB	CIB	GFM	CTU	Central Ops	Total
<b>Selected income items</b>							
<b>2nd Qtr 2007 <sup>1/</sup></b>							
Net interest income	423	201	172	236	94	(99)	1,027
Non-interest income	175	91	188	51	(8)	27	524
Expenses	258	87	102	125	9	79	660
Allowances for credit and other losses	5	45	36	3	-	(25)	64
Profit before tax	335	160	222	163	77	(105)	852
<b>1st Qtr 2007</b>							
Net interest income	450	194	158	180	62	(70)	974
Non-interest income	144	118	192	68	18	28	568
Expenses	266	91	88	128	11	74	658
Allowances for credit and other losses	9	18	43	1	-	34	105
Profit before tax	319	203	219	124	69	(129)	805
<b>2nd Qtr 2006 <sup>1/</sup></b>							
Net interest income	436	176	142	152	81	(90)	897
Non-interest income	130	75	161	95	(28)	24	457
Expenses	244	86	94	111	9	50	594
Allowances for credit and other losses	11	16	44	-	-	(9)	62
Profit before tax	311	149	165	137	44	(88)	718
<b>1st Half 2007 <sup>1/</sup></b>							
Net interest income	873	395	330	416	156	(169)	2,001
Non-interest income	319	209	380	119	10	55	1,092
Expenses	524	178	190	253	20	153	1,318
Allowances for credit and other losses	14	63	79	4	-	9	169
Profit before tax	654	363	441	287	146	(234)	1,657
<b>1st Half 2006 <sup>1/</sup></b>							
Net interest income	857	348	274	297	149	(178)	1,747
Non-interest income	251	159	274	163	(17)	47	877
Expenses	476	167	182	207	18	108	1,158
Allowances for credit and other losses	18	41	32	1	(1)	2	93
Profit before tax	614	299	334	255	115	(212)	1,405
<b>Selected balance sheet and other items</b>							
<b>30 June 2007</b>							
Total assets before goodwill	31,871	22,028	47,354	85,218	27,228	3,452	217,151
Total liabilities	81,168	19,898	22,305	49,193	1,404	26,689	200,657
Capital expenditure for 2nd Qtr 2007	11	1	4	2	-	18	36
Depreciation for 2nd Qtr 2007	7	-	1	2	-	20	30
<b>31 Mar 2007</b>							
Total assets before goodwill	31,018	20,956	45,097	75,205	28,698	3,107	204,081
Total liabilities	77,803	19,697	23,438	42,141	1,384	23,681	188,144
Capital expenditure for 1st Qtr 2007	13	-	2	9	-	6	30
Depreciation for 1st Qtr 2007	6	1	1	3	-	21	32

## DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

(\$m)	CBG	EB	CIB	GFM	CTU	Central Ops	Total
<b>31 Dec 2006</b>							
Total assets before goodwill	30,655	20,067	40,090	69,426	28,119	3,175	191,532
Total liabilities	76,237	18,827	19,733	36,114	998	24,418	176,327
Capital expenditure for 4th Qtr 2006	20	1	32	4	-	56	113
Depreciation for 4th Qtr 2006	10	1	3	2	-	19	35
<b>30 Jun 2006</b>							
Total assets before goodwill	28,985	18,988	38,164	67,242	28,482	1,895	183,756
Total liabilities	71,977	17,660	16,707	42,402	1,240	19,794	169,780
Capital expenditure for 2nd Qtr 2006	12	5	1	5	2	27	52
Depreciation for 2nd Qtr 2006	6	4	1	3	2	14	30

Note:

1/ Income, allowances for credit and other losses and profits exclude one-time gains/(charge)

Consumer Banking's (CBG) net interest income fell from the previous quarter and a year ago as increased loan and deposit volumes as well as higher loan spreads were more than offset by a decline in deposit spreads in Singapore. Non-interest income was higher than both comparative periods from higher unit trust sales, particularly in Singapore. Expenses were lower than the previous quarter as staff costs declined. Total allowances fell during the quarter as higher general allowances were more than offset by a write-back of specific allowances in Singapore.

Enterprise Banking's (EB) net interest income was higher than both comparative periods due to an increase in loan and deposit volumes as well as higher loan spreads. Non-interest income was below the previous quarter, when there were strong sales of foreign exchange products to SME and corporate clients in Hong Kong. Expenses were lower than the previous quarter as bonus accruals declined in line with the lower income. Total allowances rose due to higher specific allowances in Singapore.

Corporate and Investment Banking's (CIB) net interest income was higher than both comparative periods as

loan volumes increased. Non-interest income was higher than a year ago from increased fee-based activities. There was a slight decline in non-interest income from the previous quarter, when capital gains from the sale of equity investments had been higher. Expenses increased due to higher allocations for support costs, while staff costs were little changed from both comparative periods. Total allowances fell due to lower general allowances. There was a charge for specific allowances this quarter, compared with a write-back in both comparative periods.

Global Financial Markets' (GFM) net interest income rose from both comparative periods due to higher contributions from money markets, while non-interest income declined due to lower trading gains.

Central Treasury Unit (CTU) manages the Group's asset and liability interest rate positions as well as investments of the Group's excess liquidity. Central Operations encompasses a range of activities from corporate decisions and income and expenses not attributed to other business segments. Asset management and private banking activities are included in this segment.

# DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

## PERFORMANCE BY GEOGRAPHY

(\$m)	S'pore	Hong Kong	Rest of Greater China	South and South-east Asia	Rest of world	Total
<b>Selected income items</b>						
<b>2nd Qtr 2007 <sup>1/</sup></b>						
Net interest income	672	277	25	35	18	1,027
Non-interest income	317	127	28	34	18	524
Expenses	414	163	29	38	16	660
Allowances for credit and other losses	(8)	21	21	21	9	64
Profit before tax	591	220	3	27	11	852
<b>1st Qtr 2007</b>						
Net interest income	648	271	17	22	16	974
Non-interest income	343	135	28	52	10	568
Expenses	428	170	21	27	12	658
Allowances for credit and other losses	59	22	-	6	18	105
Profit before tax	511	214	24	60	(4)	805
<b>2nd Qtr 2006 <sup>1/</sup></b>						
Net interest income	563	286	10	24	14	897
Non-interest income	299	87	30	26	15	457
Expenses	375	164	20	20	15	594
Allowances for credit and other losses	48	25	(1)	(5)	(5)	62
Profit before tax	444	184	21	50	19	718
<b>1st Half 2007 <sup>1/</sup></b>						
Net interest income	1,320	548	42	57	34	2,001
Non-interest income	660	262	56	86	28	1,092
Expenses	842	333	50	65	28	1,318
Allowances for credit and other losses	51	43	21	27	27	169
Profit before tax	1,102	434	27	87	7	1,657
<b>1st Half 2006 <sup>1/</sup></b>						
Net interest income	1,089	564	19	46	29	1,747
Non-interest income	589	177	49	40	22	877
Expenses	730	326	34	42	26	1,158
Allowances for credit and other losses	45	44	3	(6)	7	93
Profit before tax	905	371	31	80	18	1,405
<b>Total assets before goodwill</b>						
30 Jun 2007	143,341	46,819	9,137	7,265	10,589	217,151
31 Mar 2007	133,324	45,960	7,944	6,142	10,711	204,081
31 Dec 2006	126,499	44,868	7,792	5,131	7,242	191,532
30 Jun 2006	124,078	38,820	7,258	4,487	9,113	183,756

Note

1/ Income, allowances for credit and other losses and profits exclude one-time gains/(charge)

### Singapore

Net interest income was higher than both comparative periods as loans and deposits expanded. Non-interest income increased from a year ago due to higher fee-based activities, but was below the previous quarter as trading income and gains from the sale of investment securities fell.

Expenses fell from the previous quarter as staff costs declined. Compared to a year ago, the increase in expenses was led by computerisation and staff expenses.

Compared to the previous quarter, general allowances declined. There was a charge for specific allowances for loans this quarter compared to a write-back in the previous quarter.

### Hong Kong

The second quarter's results incorporate an appreciation of the Singapore dollar against Hong Kong dollar of 4% from a

year ago. Exchange translation effects from the previous quarter were minimal.

Net interest income rose from the previous quarter due to higher loan volumes. It was lower than a year ago from exchange translation effects.

Non-interest income fell from the previous quarter as a decline in contributions from the sale of foreign exchange hedging products to SME and corporate customers was partially offset by increased unit trusts sales to individual customers. Sales of both products were higher than a year ago.

Expenses fell from the previous quarter due to lower bonus accruals. Compared to a year ago, lower bonus accruals were offset by higher non-staff expenses.

### Other regions

Outside of Singapore and Hong Kong, the largest contributions are from Indonesia and Greater China.

# DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

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

(\$m)	30 Jun 2007	31 Mar 2007	31 Dec 2006	30 Jun 2006
Gross	100,475	95,785	88,080	84,835
Less:				
Specific allowances	544	532	564	574
General allowances	974	959	886	851
<b>Net total</b>	<b>98,957</b>	<b>94,294</b>	<b>86,630</b>	<b>83,410</b>
<b>By business unit</b>				
Consumer Banking	31,082	30,196	29,538	28,509
Enterprise Banking	21,984	20,915	20,101	19,488
Corporate and Investment Banking	40,374	38,757	33,764	30,937
Others	7,035	5,917	4,677	5,901
<b>Total (Gross)</b>	<b>100,475</b>	<b>95,785</b>	<b>88,080</b>	<b>84,835</b>
<b>By geography</b>				
Singapore	54,954	52,585	48,789	47,267
Hong Kong	29,729	28,647	27,216	26,505
Rest of Greater China	4,884	4,770	4,443	4,086
South and South-east Asia	3,784	3,546	2,993	2,662
Rest of the world	7,124	6,237	4,639	4,315
<b>Total (Gross)</b>	<b>100,475</b>	<b>95,785</b>	<b>88,080</b>	<b>84,835</b>
<b>By industry</b>				
Manufacturing	13,321	12,512	10,867	10,506
Building and construction	12,179	10,700	10,883	10,500
Housing loans	26,124	25,776	25,043	23,994
General commerce	9,677	8,852	8,930	8,835
Transportation, storage & communications	9,984	9,249	7,709	7,560
Financial institutions, investment & holding companies	11,979	12,703	9,827	10,112
Professionals & private individuals (except housing loans)	9,269	8,693	8,110	7,502
Others	7,942	7,300	6,711	5,826
<b>Total (Gross)</b>	<b>100,475</b>	<b>95,785</b>	<b>88,080</b>	<b>84,835</b>
<b>By currency</b>				
Singapore dollar	39,328	38,066	35,708	34,694
Hong Kong dollar	27,536	26,592	24,942	24,213
US dollar	19,763	17,542	15,895	15,737
Others	13,848	13,585	11,535	10,191
<b>Total (Gross)</b>	<b>100,475</b>	<b>95,785</b>	<b>88,080</b>	<b>84,835</b>

Note:

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

Net customer loans expanded 19% from a year ago and 5% from the previous quarter to \$99.0 billion. The growth during the quarter was led by corporate and SME loans in Singapore, Hong Kong and other parts of the region.

Consumer loans in Singapore also increased as new disbursements and applications for housing loans remained higher than a year ago.

Loans in Hong Kong rose 4% in local currency terms during the quarter, with SME and corporate loans contributing to the increase.

# DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

## NON-PERFORMING ASSETS AND LOSS ALLOWANCE COVERAGE <sup>1/</sup>

By business unit	NPA (\$m)	SP (\$m)	GP (\$m)	NPL (% of loans)	(GP+SP)/NPA (%)	(GP+SP)/ unsecured NPA (%)
<b>30 Jun 2007</b>						
Consumer Banking	282	76	310	0.9	137	330
Enterprise Banking	729	349	217	3.3	78	150
Corporate and Investment Banking	324	149	413	0.8	173	295
Others	37	28	83	0.6	297	460
Total non-performing loans ("NPL")	1,372	602	1,023	1.4	118	229
Debt securities	37	17	80	-	260	587
Contingent liabilities	85	5	129	-	158	2,137
Total non-performing assets ("NPA")	1,494	624	1,232	-	124	254
<b>31 Mar 2007</b>						
Consumer Banking	318	88	301	1.1	122	284
Enterprise Banking	730	363	206	3.5	78	145
Corporate and Investment Banking	282	124	386	0.7	181	366
Others	70	26	107	1.2	190	538
Total non-performing loans	1,400	601	1,000	1.5	114	231
Debt securities	37	16	76	-	249	565
Contingent liabilities	23	8	126	-	571	1,147
Total non-performing assets	1,460	625	1,202	-	125	254
<b>31 Dec 2006</b>						
Consumer Banking	307	95	294	1.0	127	356
Enterprise Banking	691	324	198	3.4	76	150
Corporate and Investment Banking	396	183	336	1.2	131	224
Others	66	23	100	1.4	185	499
Total non-performing loans	1,460	625	928	1.7	106	217
Debt securities	36	15	66	-	223	531
Contingent liabilities	37	9	114	-	327	1,173
Total non-performing assets	1,533	649	1,108	-	115	237

# DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

## By business unit

	NPA (\$m)	SP (\$m)	GP (\$m)	NPL (% of loans)	(GP+SP)/NPA (%)	(GP+SP)/ unsecured NPA (%)
<b>30 Jun 2006</b>						
Consumer Banking	331	110	284	1.2	119	320
Enterprise Banking	721	300	192	3.7	68	144
Corporate and Investment Banking	438	189	308	1.4	113	228
Others	98	28	108	1.7	141	443
Total non-performing loans ("NPL")	1,588	627	892	1.9	96	213
Debt securities	37	15	75	-	243	611
Contingent liabilities	21	9	107	-	552	1,104
Total non-performing assets ("NPA")	1,646	651	1,074	-	105	234

Note

1/ Allowances for credit and other losses exclude one-time gain/(charge)

# 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 2007</b>						
Singapore	707	321	487	1.4	114	239
Hong Kong	356	159	299	1.2	129	246
Rest of Greater China	72	24	70	1.1	131	395
South and South-east Asia	147	74	88	2.5	111	127
Rest of the World	90	24	79	0.9	114	325
Total non-performing loans	1,372	602	1,023	1.4	118	229
Debt securities	37	17	80	-	260	587
Contingent liabilities	85	5	129	-	158	2,137
Total non-performing assets	1,494	624	1,232	-	124	254
<b>31 Mar 2007</b>						
Singapore	780	332	465	1.7	102	221
Hong Kong	361	161	291	1.3	125	233
Rest of Greater China	67	20	63	1.2	124	389
South and South-east Asia	111	63	79	2.0	127	172
Rest of the World	81	25	102	0.9	157	380
Total non-performing loans	1,400	601	1,000	1.5	114	231
Debt securities	37	16	76	-	249	565
Contingent liabilities	23	8	126	-	571	1,147
Total non-performing assets	1,460	625	1,202	-	125	254
<b>31 Dec 2006</b>						
Singapore	811	359	443	1.8	99	212
Hong Kong	363	150	278	1.3	118	245
Rest of Greater China	68	20	56	1.3	112	358
South and South-east Asia	112	61	72	2.5	119	161
Rest of the World	106	35	79	1.6	109	199
Total non-performing loans	1,460	625	928	1.7	106	217
Debt securities	36	15	66	-	223	531
Contingent liabilities	37	9	114	-	327	1,173
Total non-performing assets	1,533	649	1,108	-	115	237
<b>30 Jun 2006</b>						
Singapore	851	341	442	1.9	92	218
Hong Kong	394	144	281	1.5	108	243
Rest of Greater China	87	36	44	2.1	93	230
South and South-east Asia	125	68	69	2.8	110	183
Rest of the World	131	38	56	2.5	71	135
Total non-performing loans	1,588	627	892	1.9	96	213
Debt securities	37	15	75	-	243	611
Contingent liabilities	21	9	107	-	552	1,104
Total non-performing assets	1,646	651	1,074	-	105	234

# DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

By industry (\$m)	30 Jun 2007		31 Mar 2007		31 Dec 2006		30 Jun 2006	
	NPA	SP	NPA	SP	NPA	SP	NPA	SP
Manufacturing	338	197	278	155	314	170	349	178
Building and construction	91	39	80	39	107	50	119	39
Housing loans	184	43	197	51	224	56	246	68
General commerce	339	150	333	151	336	146	339	133
Transportation, storage & communications	34	11	25	12	25	12	31	14
Financial institutions, investment & holding companies	101	19	170	47	173	47	189	47
Professionals & private individuals (except housing loans)	142	61	173	63	142	65	181	75
Others	143	82	144	83	139	79	134	73
<b>Total non-performing loans</b>	<b>1,372</b>	<b>602</b>	<b>1,400</b>	<b>601</b>	<b>1,460</b>	<b>625</b>	<b>1,588</b>	<b>627</b>
Debt securities	37	17	37	16	36	15	37	15
Contingent liabilities	85	5	23	8	37	9	21	9
<b>Total non-performing assets</b>	<b>1,494</b>	<b>624</b>	<b>1,460</b>	<b>625</b>	<b>1,533</b>	<b>649</b>	<b>1,646</b>	<b>651</b>

By loan classification (\$m)	30 Jun 2007		31 Mar 2007		31 Dec 2006		30 Jun 2006	
	NPA	SP	NPA	SP	NPA	SP	NPA	SP
<b>Non-performing assets</b>								
Substandard	904	73	890	69	939	82	1,053	82
Doubtful	273	232	215	201	243	216	224	200
Loss	317	319	355	355	351	351	369	369
<b>Total</b>	<b>1,494</b>	<b>624</b>	<b>1,460</b>	<b>625</b>	<b>1,533</b>	<b>649</b>	<b>1,646</b>	<b>651</b>
<b>Restructured assets</b>								
Substandard	200	28	200	25	218	29	318	41
Doubtful	47	45	52	49	66	48	48	34
Loss	55	55	43	43	42	42	39	39
<b>Total</b>	<b>302</b>	<b>128</b>	<b>295</b>	<b>117</b>	<b>326</b>	<b>119</b>	<b>405</b>	<b>114</b>

By collateral type (\$m)	30 Jun 2007	31 Mar 2007	31 Dec 2006	30 Jun 2006
	NPA	NPA	NPA	NPA
Unsecured non-performing assets	731	720	740	738
<b>Secured non-performing assets by collateral type</b>				
Properties	454	497	556	666
Shares and debentures	47	53	46	35
Fixed deposits	41	39	38	38
Others	221	151	153	169
<b>Total</b>	<b>1,494</b>	<b>1,460</b>	<b>1,533</b>	<b>1,646</b>

# DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

## By period overdue

(\$m)	30 Jun 2007	31 Mar 2007	31 Dec 2006	30 Jun 2006
	NPA	NPA	NPA	NPA
Not overdue	333	332	413	447
<90 days overdue	388	297	332	381
91-180 days overdue	144	160	128	138
>180 days overdue	629	671	660	680
<b>total</b>	<b>1,494</b>	<b>1,460</b>	<b>1,533</b>	<b>1,646</b>

Non-performing loans (NPLs) fell 14% from a year ago and 2% from the previous quarter to \$1.37 billion. NPL rates for consumer and SME loans improved from the previous quarter. By region, NPL rates for Singapore, Hong Kong and Greater China were better than in March 2007.

Including debt securities and contingent liabilities, the amount of non-performing assets fell 9% from a year ago to \$1.49 billion, but was 2% higher than the previous quarter.

## FUNDING SOURCES

(\$m)	30 Jun 2007	31 Mar 2007	31 Dec 2006	30 Jun 2006
Customer deposits <sup>1/</sup>	141,272	136,443	131,373	120,875
Interbank liabilities <sup>2/</sup>	11,898	12,205	8,537	11,769
Other borrowings and liabilities <sup>2/</sup>	50,080	41,843	38,787	39,537
Shareholders' funds	19,641	19,430	18,675	17,408
<b>Total</b>	<b>222,891</b>	<b>209,921</b>	<b>197,372</b>	<b>189,589</b>

Notes:

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

2/ Includes liabilities classified as financial liabilities at fair value through profit or loss on the balance sheet

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

(\$m)	30 Jun 2007	31 Mar 2007	31 Dec 2006	30 Jun 2006
<b>By currency</b>				
Singapore dollar	79,798	74,591	71,242	66,055
US dollar	25,556	25,918	24,758	22,436
Hong Kong dollar	23,583	23,493	23,059	21,203
Others	12,335	12,441	12,314	11,181
<b>Total</b>	<b>141,272</b>	<b>136,443</b>	<b>131,373</b>	<b>120,875</b>
<b>By product</b>				
Savings accounts	52,607	48,767	47,491	44,991
Current accounts	15,540	14,305	14,109	13,127
Fixed deposits	69,071	69,975	66,718	60,403
Other deposits	4,054	3,396	3,055	2,354
<b>Total</b>	<b>141,272</b>	<b>136,443</b>	<b>131,373</b>	<b>120,875</b>

Note:

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

Customer deposits rose 4% from the previous quarter and 17% from a year ago to \$141.3 billion. Unlike recent quarters, savings accounts led the increase, while fixed deposits declined.

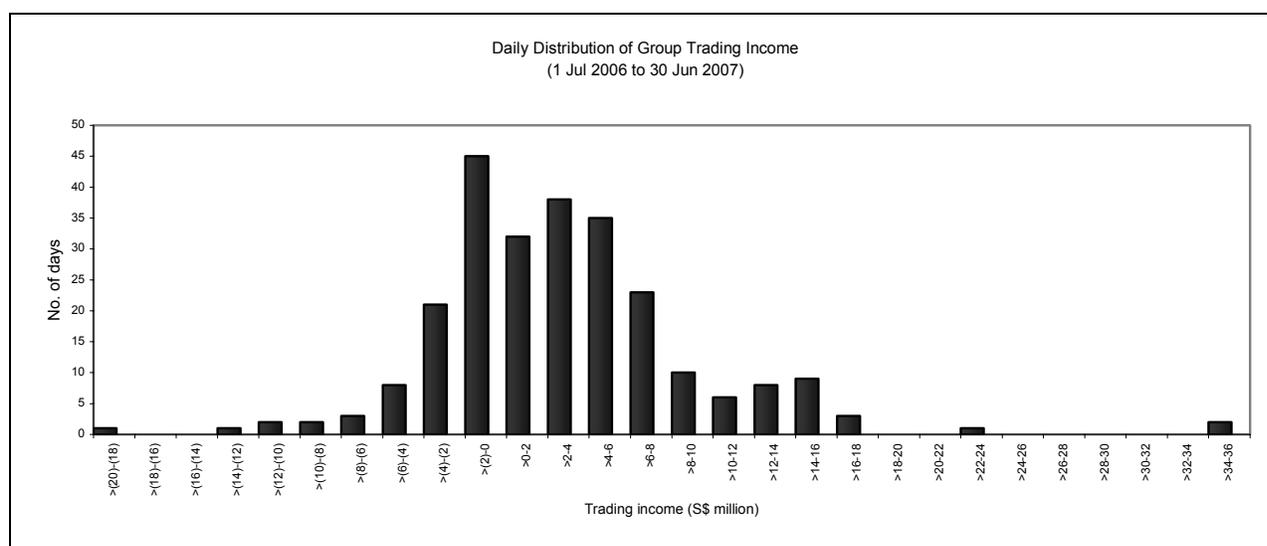
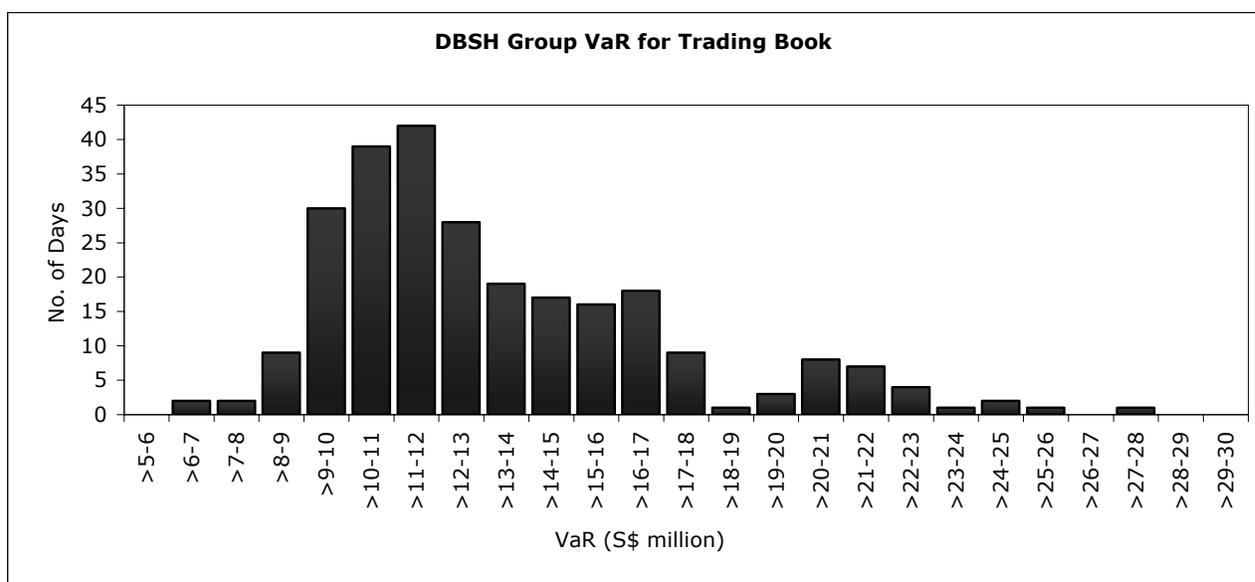
Singapore-dollar deposits rose 7% during the quarter, with savings deposits accounting for more than half of the increase. Hong Kong-dollar deposits fell 1% in local currency terms as fixed deposits declined.

**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. The following table shows the period-end, average, high and low VaR for the trading risk exposure of the DBSH Group for the period from 1 July 2006 to 30 June 2007. DBS changed its trading book VaR methodology from Parametric VaR (PVaR) to Historical Simulation VaR (HSVaR) in September 2006. The histogram below which is based on PVaR for the period from July to August 2006 and HSVaR from September 2006 to June 2007.

(\$m)	As at 30 Jun 2007	1 July 2006 to 30 June 2007		
		Average	High	Low
Total	12	13	28	6

The charts below provide the range of VaR and the daily distribution of trading income in the trading portfolio for the period from 1 July 2006 to 30 June 2007.



# DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

## CAPITAL ADEQUACY

(\$m)	30 Jun 2007	31 Mar 2007	31 Dec 2006	30 Jun 2006
Tier 1				
Share capital	4,127	4,094	4,042	3,942
Disclosed reserves and others	17,479	16,794	16,556	15,710
Less: Goodwill	(5,843)	(5,840)	(5,840)	(5,833)
<b>Total</b>	<b>15,763</b>	<b>15,048</b>	<b>14,758</b>	<b>13,819</b>
Tier 2				
Cumulative general allowances	1,157	1,127	1,033	1,001
Subordinated debts	7,612	4,998	5,038	4,893
Others	119	197	103	19
<b>Total</b>	<b>8,888</b>	<b>6,322</b>	<b>6,174</b>	<b>5,913</b>
<b>Total capital</b>	<b>24,651</b>	<b>21,370</b>	<b>20,932</b>	<b>19,732</b>
<b>Risk-weighted assets</b>	<b>167,830</b>	<b>156,991</b>	<b>144,086</b>	<b>137,375</b>
Capital adequacy ratio (%)				
Tier I ratio	9.4	9.6	10.2	10.1
Tier II ratio	5.3	4.0	4.3	4.3
<b>Total (Tier I &amp; II) ratio</b>	<b>14.7</b>	<b>13.6</b>	<b>14.5</b>	<b>14.4</b>

Based on regulatory guidelines, the Group's tier-1 fell to 9.4% from 9.6% in the previous quarter as the amount of risk weighted assets increased with a higher customer loan base.

## UNREALISED VALUATION SURPLUS

(\$m)	30 Jun 2007	31 Mar 2007	31 Dec 2006	30 Jun 2006
Properties	406	384	371	415
Financial investments	17	25	11	16
<b>Total</b>	<b>423</b>	<b>409</b>	<b>382</b>	<b>431</b>

The amount of unrealised valuation surplus for properties and financial investments increased to \$423 million from \$409 million in the previous quarter as market valuations improved.

# DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

## Unaudited Consolidated Income Statement

In \$ millions	2nd Qtr 2007	2nd Qtr 2006 <sup>1/</sup>	+/(-) %	1st Qtr 2007	1st Half 2007	1st Half 2006 <sup>1/</sup>	+/(-) %
<b>Income</b>							
Interest income	2,252	1,931	17	2,124	4,376	3,666	19
Interest expense	1,225	1,034	18	1,150	2,375	1,919	24
Net interest income	1,027	897	14	974	2,001	1,747	15
Net fee and commission income	371	296	25	309	680	558	22
Net trading income	97	173	(44)	171	268	336	(20)
Net income from financial instruments designated at fair value	(49)	(59)	17	(46)	(95)	(111)	14
Net income from financial investments	79	12	>100	121	200	50	>100
Other income	26	89	(71)	13	39	98	(60)
<b>Total income</b>	<b>1,551</b>	<b>1,408</b>	<b>10</b>	<b>1,542</b>	<b>3,093</b>	<b>2,678</b>	<b>15</b>
<b>Expenses</b>							
Employee benefits	354	321	10	360	714	621	15
Depreciation of properties and other fixed assets	30	30	-	32	62	63	(2)
Other expenses	276	243	14	266	542	474	14
Allowances for credit and other losses	145	62	>100	105	250	93	>100
<b>Total expenses</b>	<b>805</b>	<b>656</b>	<b>23</b>	<b>763</b>	<b>1,568</b>	<b>1,251</b>	<b>25</b>
<b>Profit</b>	<b>746</b>	<b>752</b>	<b>(1)</b>	<b>779</b>	<b>1,525</b>	<b>1,427</b>	<b>7</b>
Share of profits of associates	25	20	25	26	51	32	59
<b>Profit before tax</b>	<b>771</b>	<b>772</b>	<b>-</b>	<b>805</b>	<b>1,576</b>	<b>1,459</b>	<b>8</b>
Income tax expense	151	131	15	152	303	264	15
<b>Net profit</b>	<b>620</b>	<b>641</b>	<b>(3)</b>	<b>653</b>	<b>1,273</b>	<b>1,195</b>	<b>7</b>
<b>Attributable to:</b>							
<b>Shareholders</b>	<b>560</b>	<b>603</b>	<b>(7)</b>	<b>617</b>	<b>1,177</b>	<b>1,121</b>	<b>5</b>
Minority interests	60	38	58	36	96	74	30
	<b>620</b>	<b>641</b>	<b>(3)</b>	<b>653</b>	<b>1,273</b>	<b>1,195</b>	<b>7</b>

Note:

1/ Figures for 2006 have been reclassified to make them consistent with the current year's presentation

# DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

## Unaudited Balance Sheets

In \$ millions	GROUP				COMPANY			
	30 Jun 2007	31 Mar 2007	31 Dec 2006 <sup>2/</sup>	30 Jun 2006 <sup>1/</sup>	30 Jun 2007	31 Mar 2007	31 Dec 2006 <sup>2/</sup>	30 Jun 2006 <sup>1/</sup>
<b>ASSETS</b>								
Cash and balances with central banks	11,848	10,570	11,846	8,103				
Singapore Government securities and treasury bills	14,909	15,333	12,843	14,416				
Due from banks	28,161	22,872	25,273	18,150				
Financial assets at fair value through profit or loss <sup>3/</sup>	21,103	20,042	16,496	19,598				
Positive replacement values	9,627	8,516	8,215	9,955				
Loans and advances to customers	96,909	92,568	85,149	81,245	-	-	-	-
Financial investments	23,026	23,656	22,261	22,258				
Securities pledged	2,517	3,299	2,866	3,125				
Subsidiaries	-	-	-	-	6,744	6,977	6,927	6,822
Investments in associates	643	597	603	551				
Goodwill on consolidation	5,843	5,840	5,840	5,833				
Properties and other fixed assets	1,524	1,446	1,481	1,556				
Deferred tax assets	20	18	20	56				
Other assets	6,761	5,164	4,479	4,743				
<b>TOTAL ASSETS</b>	<b>222,891</b>	<b>209,921</b>	<b>197,372</b>	<b>189,589</b>	<b>6,744</b>	<b>6,977</b>	<b>6,927</b>	<b>6,822</b>
<b>LIABILITIES</b>								
Due to banks	9,956	11,165	7,863	10,971				
Due to non-bank customers	132,294	126,913	122,092	110,085				
Financial liabilities at fair value through profit or loss <sup>4/</sup>	22,903	21,898	19,708	22,503				
Negative replacement values	9,766	8,257	7,873	9,703				
Bills payable	539	497	511	373				
Current tax liabilities	874	830	766	660				
Deferred tax liabilities	140	119	137	51				
Other liabilities	8,873	7,840	6,677	6,109	6	6	8	6
Other debt securities in issue <sup>5/</sup>	5,933	4,332	3,950	2,919				
- due within one year	5,755	4,038	3,682	1,529				
- due after one year	178	294	268	1,390				
Subordinated term debts	9,324	6,293	6,749	6,406				
<b>TOTAL LIABILITIES</b>	<b>200,602</b>	<b>188,144</b>	<b>176,326</b>	<b>169,780</b>	<b>6</b>	<b>6</b>	<b>8</b>	<b>6</b>
<b>NET ASSETS</b>	<b>22,289</b>	<b>21,777</b>	<b>21,046</b>	<b>19,809</b>	<b>6,738</b>	<b>6,971</b>	<b>6,919</b>	<b>6,816</b>
<b>EQUITY</b>								
Share capital	4,127	4,094	4,042	3,942	4,127	4,094	4,042	3,942
Treasury shares	(74)	(111)	(111)	(111)	-	-	-	-
Other reserves	7,449	7,298	7,182	6,705	53	53	53	51
Revenue reserves	8,139	8,149	7,562	6,872	2,558	2,824	2,824	2,823
<b>SHAREHOLDERS' FUNDS</b>	<b>19,641</b>	<b>19,430</b>	<b>18,675</b>	<b>17,408</b>	<b>6,738</b>	<b>6,971</b>	<b>6,919</b>	<b>6,816</b>
Minority interests	2,648	2,347	2,371	2,401	-	-	-	-
<b>TOTAL EQUITY</b>	<b>22,289</b>	<b>21,777</b>	<b>21,046</b>	<b>19,809</b>	<b>6,738</b>	<b>6,971</b>	<b>6,919</b>	<b>6,816</b>
<b>OFF BALANCE SHEET ITEMS</b>								
Contingent liabilities	13,790	12,984	12,187	11,124				
Commitments	93,567	87,880	86,065	77,982				
Financial derivatives	<b>1,818,734</b>	<b>1,636,225</b>	<b>1,378,916</b>	<b>1,403,137</b>				
<b>OTHER INFORMATION</b>								
Net asset value per ordinary share (\$)								
(i) Based on existing ordinary share capital					4.56	4.54	4.49	
(ii) Assuming conversion of outstanding preference shares to ordinary shares					4.45	4.39	4.34	

**Notes:**

1/ Figures for 2006 have been reclassified to make them consistent with the current year's presentation

2/ Audited

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

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

5/ Includes secured amount of \$3,953 million as at 30 June 2007 (31 March 2007: \$3,124 million; 31 December 2006: \$2,743 million; 30 June 2006: \$2,384 million). These are mainly secured by properties and securities

# DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

## Unaudited Consolidated Statement of Changes in Equity

### GROUP

In \$ millions	Ordinary shares	Convertible preference shares	Share premium	Treasury shares	Other reserves	Revenue reserve	Minority interests	Total equity
Balance at 1 January 2007	3,976	66	-	(111)	7,182	7,562	2,371	21,046
Exercise of share options	85							85
Net exchange translation adjustments					18		(1)	17
Share of associates' reserves					18			18
Cost of share-based payments					18			18
Draw-down of reserves upon vesting of performance shares				37	(37)			-
Available-for-sale investments/Cash flow hedge:								
- Net valuation taken to equity					334			334
- Transferred to income statement on sale					(105)			(105)
- Tax on items taken directly to or transferred from equity					(9)			(9)
Net profit for the period						1,177	96	1,273
Appropriation from income statement <sup>1/</sup>					30	(30)		-
Final dividends paid for previous year						(310)		(310)
Interim dividends paid for current year						(260)		(260)
Dividends paid to minority interests							(72)	(72)
Change in minority interests							254	254
<b>Balance at 30 June 2007</b>	<b>4,061</b>	<b>66</b>	<b>-</b>	<b>(74)</b>	<b>7,449</b>	<b>8,139</b>	<b>2,648</b>	<b>22,289</b>
Balance at 1 January 2006	1,498	66	2,269	(117)	6,841	6,167	2,466	19,190
Exercise of share options	74		7					81
Effects of Companies (Amendment) Act 2005	2,304		(2,276)		(28)			-
Net exchange translation adjustments					(24)		(60)	(84)
Share of associates' reserves					(5)			(5)
Cost of share-based payments					15			15
Draw-down of reserves upon vesting of performance shares				6	(6)			-
Available-for-sale investments/Cash flow hedge:								
- Net valuation taken to equity					(66)			(66)
- Transferred to income statement on sale					(25)			(25)
- Tax on items taken directly to or transferred from equity					3			3
Net profit for the period						1,121	74	1,195
Final dividends paid for previous year						(212)		(212)
Interim dividends paid for current year						(204)		(204)
Dividends paid to minority interests							(74)	(74)
Change in minority interests							(5)	(5)
<b>Balance at 30 June 2006</b>	<b>3,876</b>	<b>66</b>	<b>-</b>	<b>(111)</b>	<b>6,705</b>	<b>6,872</b>	<b>2,401</b>	<b>19,809</b>

Note:

1/ Includes appropriation from prior year's net profit

**Unaudited Statement of Changes in Equity**

<b>COMPANY</b>						
<b>In \$ millions</b>	<b>Ordinary shares</b>	<b>Convertible preference shares</b>	<b>Share premium</b>	<b>Other reserves</b>	<b>Revenue reserve</b>	<b>Total equity</b>
Balance at 1 January 2007	3,976	66	-	53	2,824	6,919
Exercise of share options	85					85
Net profit for the period					304	304
Final dividends paid for previous year					(310)	(310)
Interim dividends paid for current year					(260)	(260)
<b>Balance at 30 June 2007</b>	<b>4,061</b>	<b>66</b>	<b>-</b>	<b>53</b>	<b>2,558</b>	<b>6,738</b>
Balance at 1 January 2006	1,498	66	2,269	77	2,874	6,784
Exercise of share options	74		7			81
Effects of Companies (Amendment) Act 2005	2,304		(2,276)	(28)		-
Cost of share-based payments				2		2
Net profit for the period					365	365
Final dividends paid for previous year					(212)	(212)
Interim dividends paid for current year					(204)	(204)
<b>Balance at 30 June 2006</b>	<b>3,876</b>	<b>66</b>	<b>-</b>	<b>51</b>	<b>2,823</b>	<b>6,816</b>

# DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

## Unaudited Consolidated Cash Flow Statement

In \$ millions	1st Half 2007	1st Half 2006 <sup>1/</sup>
<b>Cash flows from operating activities</b>		
Profit before tax	1,576	1,459
<i>Adjustments for non-cash items:</i>		
Allowances for credit and other losses	250	93
Depreciation of properties and other fixed assets	62	63
Share of profits of associates	(51)	(32)
Net gain on disposal of properties and other fixed assets	(2)	(2)
Net gain on disposal of financial investments	(85)	(50)
Profit before changes in operating assets & liabilities	1,750	1,531
<i>Increase/(Decrease) in:</i>		
Due to banks	2,093	2,021
Due to non-bank customers	10,202	3,654
Financial liabilities at fair value through profit or loss	3,195	(320)
Other liabilities including bills payable	3,074	1,463
Debt securities and borrowings	2,580	440
<i>Decrease/(Increase) in:</i>		
Change in restricted balances with central banks	614	28
Singapore Government securities and treasury bills	(1,556)	(4,655)
Due from banks	(2,891)	3,970
Financial assets at fair value through profit or loss	(5,803)	1,311
Loans and advances to customers	(11,894)	(3,694)
Financial investments	(626)	858
Other assets	(3,143)	(2,079)
Tax paid	(177)	(63)
<b>Net cash (used in)/generated from operating activities (1)</b>	(2,582)	4,465
<b>Cash flows from investing activities</b>		
Dividends from associates	35	15
Purchase of properties and other fixed assets	(66)	(91)
Proceeds from disposal of properties and other fixed assets	43	91
Acquisition of interest in associates	(4)	(5)
<b>Net cash generated from investing activities (2)</b>	8	10
<b>Cash flows from financing activities</b>		
Increase in share capital and share premium	85	81
Proceeds from issuance of subordinated term debts	3,044	1,428
Dividends paid to shareholders of the Company	(570)	(416)
Dividends paid to minority interests	(72)	(74)
<b>Net cash generated from financing activities (3)</b>	2,487	1,019
Exchange translation adjustments (4)	17	(27)
<b>Net change in cash and cash equivalents (1)+(2)+(3)+(4)</b>	(70)	5,467
<b>Cash and cash equivalents at 1 January</b>	15,118	9,408
<b>Cash and cash equivalents at 30 June</b>	15,048	14,875

Note:  
1/ Figures for 2006 have been reclassified to make them consistent with the current year's presentation

**Additional Information**

**ISSUANCE OF ORDINARY SHARES**

(a) The movement in the number of issued and fully paid-up ordinary shares for the first half ended 30 June 2007 is as follows:

At 1 January 2007	1,510,835,033
Exercise of share options pursuant to the DBSH Share Option Plan	5,524,420
At 30 June 2007	1,516,359,453

Weighted average number of shares for 1st half 2007	
- ordinary shares	1,513,970,755
- fully diluted	1,586,495,248

The fully diluted shares took into account the effect of a full conversion of non-voting convertible preference shares ("CPS") and non-voting redeemable CPS, 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.

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

(Number)	<u>30 Jun 2007</u>	<u>31 Mar 2007</u>	<u>31 Dec 2006</u>	<u>30 Jun 2006</u>
Conversion of non-voting CPS	120,436	120,436	120,436	120,436
Conversion of non-voting redeemable CPS	66,475,374	66,475,374	66,475,374	66,475,374
Exercise of share options	19,264,587	21,627,177	25,014,807	32,392,048

**ADOPTION OF NEW OR REVISED FRS AND INT FRS**

***Amendment to FRS 1: Presentation of Financial Statements – Capital Disclosures***

The amendment to FRS 1 introduces disclosures about the level of an entity's capital and how the capital is managed. The amendment to FRS 1 creates additional disclosure requirements for the Group's financial statements.

***FRS 40 (new): Investment Property***

There is no material impact on the Group's financial statements arising from FRS 40. The Group's current policy is to carry its investment properties at historical cost less accumulated depreciation and impairment losses.

***FRS 32 (revised): Financial Instruments - Presentation***

***FRS 107(new): Financial Instruments - Disclosures***

FRS 107 introduces new disclosure requirements regarding financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including minimum disclosures about credit risk, liquidity risk and market risk. It replaces the disclosure requirements currently in FRS 32: Financial Instruments: Disclosure and Presentation. The adoption of FRS 107 creates additional disclosure requirements for the Group's financial statements.

***INT FRS 108: Scope of FRS 102 – Share-based Payment***

INT FRS 108 clarifies the scope of FRS 102 to include transactions in which the entity cannot identify specifically some or all of the goods and services received. There is no material impact on the Group's financial statements arising from this new INT FRS.

***INT FRS 109: Reassessment of Embedded Derivatives***

INT FRS 109 establishes that the date to assess the existence of an embedded derivative is the date an entity first becomes a party to the contract, with reassessment only if there is a change to the contract that significantly modifies the cash flows. There is no material impact on the Group's financial statements arising from this new INT FRS.

***INT FRS 110: Interim Financial Reporting and Impairment***

INT FRS 110 prohibits the impairment losses recognised in an interim period on goodwill, investments in equity instruments and investments in financial assets carried at cost to be reversed at a subsequent balance date. There is no material impact on the Group's financial statements arising from this new INT FRS.

**CONFIRMATION BY THE BOARD**

We, Koh Boon Hwee and Jackson Tai, 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 2007 Unaudited Financial Results of the Company and of the Group to be false or misleading.

On behalf of the board of directors



Koh Boon Hwee  
Chairman



Jackson Tai  
Vice Chairman and Chief Executive Officer

26 July 2007  
Singapore