DBS BANK LTD
(Incorporated in Singapore. Registration Number: 196800306E)
AND ITS SUBSIDIARIES

ANNUAL REPORT
For the financial year ended 31 December 2009

Financial Statements
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DBS BANK LTD AND ITS SUBSIDIARIES
INCOME STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009

		Bank Group		Bank	
In $ millions	**Note**	**2009**	2008	**2009**	2008
Income					
Interest income		**6,114**	8,122	**4,530**	6,077
Interest expense		**1,659**	3,821	**1,419**	3,078
Net interest income	5	**4,455**	4,301	**3,111**	2,999
Net fee and commission income	6	**1,394**	1,274	**952**	837
Net trading income/(loss)	7	**700**	(187)	**287**	112
Net (loss)/income from financial instruments designated at fair value	8	**(267)**	210	**114**	(133)
Net income from financial investments	9	**254**	367	**364**	431
Other income	10	**67**	88	**9**	10
Total income		**6,603**	6,053	**4,837**	4,256
Expenses					
Employee benefits	11	**1,292**	1,301	**808**	782
Depreciation of properties and other fixed assets	28	**195**	149	**119**	82
Other expenses	12	**1,115**	1,205	**743**	760
Allowances for credit and other losses	13	**1,552**	888	**1,199**	338
Total expenses		**4,154**	3,543	**2,869**	1,962
Share of profits of associates		**66**	75	**-**	-
Profit before tax		**2,515**	2,585	**1,968**	2,294
Income tax expense	14	**285**	446	**199**	356
Net profit for the year		**2,230**	2,139	**1,769**	1,938
Attributable to:					
Shareholders		**2,109**	1,997	**1,769**	1,938
Minority interests		**121**	142	**-**	-
		2,230	2,139	**1,769**	1,938

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2009

In $ millions	**2009**	2008	**2009**	2008
Net profit for the year	**2,230**	2,139	**1,769**	1,938
Other comprehensive income:				
Foreign currency translation differences for foreign operations	**37**	(63)	**-**	-
Share of other comprehensive income of associates	**18**	(40)	**-**	-
Available-for-sale financial assets				
Net valuation taken to equity	**932**	(1,217)	**774**	(1,130)
Transferred to income statement due to impairment	**-**	21	**-**	16
Transferred to income statement on sale	**(312)**	(349)	**(323)**	(312)
Tax on items taken directly to or transferred from equity	**(100)**	256	**(71)**	242
Other comprehensive income for the year, net of tax	**575**	(1,392)	**380**	(1,184)
Total comprehensive income	**2,805**	747	**2,149**	754
Attributable to:				
Shareholders	**2,684**	617	**2,149**	754
Minority interests	**121**	130	**-**	-
	2,805	747	**2,149**	754

(see notes on pages 6 to 83, which form part of these financial statements)

DBS BANK LTD AND ITS SUBSIDIARIES
BALANCE SHEETS AT 31 DECEMBER 2009

		Bank Group		Bank	
In $ millions	**Note**	**2009**	2008	**2009**	2008
Assets					
Cash and balances with central banks	16	**22,515**	15,790	**21,415**	14,684
Singapore Government securities and treasury bills	17	**15,960**	14,797	**15,960**	14,797
Due from banks		**22,203**	20,467	**19,086**	17,512
Financial assets at fair value through profit or loss	18	**11,257**	9,401	**9,976**	8,714
Positive fair values for financial derivatives	41	**16,015**	32,328	**16,212**	33,049
Loans and advances to customers	19	**129,973**	125,841	**97,074**	92,536
Financial investments	20	**25,731**	22,782	**18,774**	16,538
Securities pledged	21	**784**	997	**279**	448
Subsidiaries	22	**-**	-	**11,920**	12,685
Due from special purpose entities	23	**-**	-	**67**	-
Investments in joint ventures	24	**-**	-	**93**	91
Investments in associates	25	**672**	604	**884**	877
Goodwill on consolidation	26	**5,847**	5,847	-	-
Properties and other fixed assets	28	**1,134**	1,311	**473**	534
Investment properties	28	**398**	293	**31**	-
Deferred tax assets	29	**144**	171	**77**	128
Other assets	30	**6,032**	6,089	**3,758**	4,832
Total assets		**258,665**	256,718	**216,079**	217,425
Liabilities					
Due to banks		**9,108**	9,021	**8,297**	8,013
Due to non-bank customers	31	**178,448**	163,359	**138,004**	123,885
Financial liabilities at fair value through profit or loss	32	**9,217**	11,282	**7,502**	9,569
Negative fair values for financial derivatives	41	**16,406**	31,918	**16,550**	32,746
Bills payable		**501**	714	**468**	681
Current tax liabilities		**807**	779	**672**	712
Deferred tax liabilities	29	**54**	45	**-**	-
Other liabilities	33	**6,487**	5,874	**3,514**	3,685
Other debt securities in issue	34	**413**	638	**-**	28
Due to holding company		**2,970**	17	**2,970**	17
Due to subsidiaries	35	**-**	-	**8,293**	9,009
Due to special purpose entities		**-**	-	**224**	195
Subordinated term debts	36	**7,702**	9,085	**7,702**	9,085
Total liabilities		**232,113**	232,732	**194,196**	197,625
Net assets		**26,552**	23,986	**21,883**	19,800
Equity					
Share capital	37	**12,096**	12,096	**12,096**	12,096
Other reserves	38	**2,537**	1,962	**2,485**	2,105
Revenue reserves	38	**8,900**	6,857	**7,302**	5,599
Shareholders' funds		**23,533**	20,915	**21,883**	19,800
Minority interests	39	**3,019**	3,071	-	-
Total equity		**26,552**	23,986	**21,883**	19,800
Off-balance sheet items					
Contingent liabilities and commitments	40	**98,207**	92,656	**76,595**	71,260
Financial derivatives	41	**1,396,855**	1,704,717	**1,388,961**	1,716,365
Client trust accounts					
Amounts held with the Bank Group		**556**	568		
Bank balances with third parties		**1,233**	745		
		1,789	1,313		
Bank balances with third parties		**1,233**	745		
Less: Amounts held in trust		**(1,233)**	(745)		
		-	-		

(see notes on pages 6 to 83, which form part of these financial statements)

DBS BANK LTD AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2009

Bank Group **In $ millions**	**Ordinary shares**	**6% Non-cumulative non-convertible preference shares**	**Other reserves**	**Revenue reserves**	**Total**	**Minority interests**	**Total equity**
2009							
Balance at 1 January 2009	**10,996**	**1,100**	**1,962**	**6,857**	**20,915**	**3,071**	**23,986**
Dividends paid on preference shares				**(66)**	**(66)**		**(66)**
Dividends paid to minority interests					**-**	**(173)**	**(173)**
Total comprehensive income			**575**	**2,109**	**2,684**	**121**	**2,805**
Balance at 31 December 2009	**10,996**	**1,100**	**2,537**	**8,900**	**23,533**	**3,019**	**26,552**
2008							
Balance at 1 January 2008	10,996	1,100	3,372	6,179	21,647	1,571	23,218
Transfer of share plan reserves to holding company			(30)		(30)		(30)
Dividends paid on preference shares				(66)	(66)		(66)
Final dividends paid for previous year				(302)	(302)		(302)
Interim dividends paid for current year				(951)	(951)		(951)
Dividends paid to minority interests						(131)	(131)
Change in minority interests [(a)]						1,501	1,501
Total comprehensive income			(1,380)	1,997	617	130	747
Balance at 31 December 2008	10,996	1,100	1,962	6,857	20,915	3,071	23,986

(a) Includes issuance of performance shares to third parties by DBS Capital Funding II Corporation (Refer to Note 39.2).

(see notes on pages 6 to 83, which form part of these financial statements)

DBS BANK LTD AND ITS SUBSIDIARIES
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2009

Bank **In $ millions**	**Ordinary shares**	**6% Non-cumulative non-convertible preference shares**	**Other reserves**	**Revenue reserves**	**Total equity**
2009					
Balance at 1 January 2009	**10,996**	**1,100**	**2,105**	**5,599**	**19,800**
Dividends paid on preference shares				**(66)**	**(66)**
Final dividends paid for previous year				**-**	**-**
Interim dividends paid for current year				**-**	**-**
Total comprehensive income			**380**	**1,769**	**2,149**
Balance at 31 December 2009	**10,996**	**1,100**	**2,485**	**7,302**	**21,883**
2008					
Balance at 1 January 2008	10,996	1,100	3,314	4,984	20,394
Transfer of share plan reserves to holding company			(25)		(25)
Dividends paid on preference shares				(66)	(66)
Final dividends paid for previous year				(304)	(304)
Interim dividends paid for current year				(953)	(953)
Total comprehensive income			(1,184)	1,938	754
Balance at 31 December 2008	10,996	1,100	2,105	5,599	19,800

(see notes on pages 6 to 83, which form part of these financial statements)

DBS BANK LTD AND ITS SUBSIDIARIES
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2009

In $ millions	2009	2008
Cash flows from operating activities		
Net profit for the year	**2,230**	2,139
Adjustments for non-cash items:		
Allowances for credit and other losses	**1,552**	888
Depreciation of properties and other fixed assets	**195**	149
Share of profits of associates	**(66)**	(75)
Net gain on disposal of properties and other fixed assets	**(13)**	(27)
Net gain on disposal of financial investments	**(254)**	(367)
Income tax expense	**285**	446
Profit before changes in operating assets and liabilities	**3,929**	3,153
Increase/(Decrease) in:		
Due to banks	**87**	(7,855)
Due to non-bank customers	**15,089**	15,480
Financial liabilities at fair value through profit or loss	**(2,065)**	(6,960)
Other liabilities including bills payable	**(15,962)**	16,768
Debt securities and borrowings	**307**	(530)
Due to holding and related companies	**2,953**	(4)
(Increase)/Decrease in:		
Change in restricted balances with central banks	**(122)**	(501)
Singapore Government securities and treasury bills	**(1,163)**	636
Due from banks	**(1,749)**	2,600
Financial assets at fair value through profit or loss	**(1,856)**	10,147
Loans and advances to customers	**(5,579)**	(17,980)
Financial investments	**(2,746)**	(3,349)
Other assets	**17,183**	(16,488)
Tax paid	**(321)**	(565)
Net cash generated from/ (used in) operating activities (1)	**7,985**	(5,448)
Cash flows from investing activities		
Dividends from associates	**41**	53
Purchase of properties and other fixed assets	**(179)**	(178)
Proceeds from disposal of properties and other fixed assets	**57**	128
Net proceeds from acquisition of new business	**-**	2,171
Net cash (used in)/ generated from investing activities (2)	**(81)**	2,174
Cash flows from financing activities		
Proceeds from issuance of subordinated term debts	**-**	1,500
Payment upon maturity of subordinated term debts	**(1,099)**	-
Dividends paid to shareholders of the Bank	**(66)**	(1,319)
Dividends paid to minority interests	**(173)**	(131)
Net cash (used in)/ generated from financing activities (3)	**(1,338)**	50
Exchange translation adjustments (4)	**37**	(51)
Net change in cash and cash equivalents (1)+(2)+(3)+(4)	**6,603**	(3,275)
Cash and cash equivalents at 1 January	**12,678**	15,953
Cash and cash equivalents at 31 December (Note 42)	**19,281**	12,678

(see notes on pages 6 to 83, which form part of these financial statements)

These Notes are integral to the financial statements.

The consolidated financial statements for the year ended 31 December 2009 were authorised for issue by the directors on 3 February 2010.

1 Domicile and Activities

DBS Bank Ltd (the Bank) is incorporated and domiciled in the Republic of Singapore and has its registered office at 6 Shenton Way, DBS Building Tower One, Singapore 068809. It is a wholly-owned subsidiary of DBS Group Holdings Ltd (DBSH).

The Bank is principally engaged in the provision of retail, small and medium-sized enterprise, corporate and investment banking services, including the operations of an Asian Currency Unit under terms and conditions specified by the Monetary Authority of Singapore. The principal activities of the subsidiaries of the Bank are disclosed in Note 53.

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

2 Summary of Significant Accounting Policies

2.1 Basis of preparation

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

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

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

On 1 January 2009, the Bank Group adopted the new or revised FRS and Interpretations to FRS (INT FRS) that are applicable in the current financial year. The financial statements have been prepared in accordance with the relevant transitional provisions in the respective FRS and INT FRS. The following are the FRS and INT FRS that are relevant to the Bank Group:

FRS 1 (revised)	Presentation of Financial Statements
FRS 27 (revised)	Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
FRS 102 (revised)	Share-based Payment – Vesting Conditions and Cancellations
FRS 107 (revised)	Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments
FRS 108	Operating Segments
General Amendments	Improvements to FRSs (where applicable)
INT FRS 113	Customer Loyalty Programmes
INT FRS 116	Hedges of a Net Investment in a Foreign Operation

FRS 1: Presentation of Financial Statements
The amended FRS 1 separates owner and non-owner changes in equity and introduces the statement of comprehensive income. The statement of comprehensive income presents all items of income and expense recognised in profit and loss, together with all other items of unrecognised income and expense, such as available-for-sale revaluation reserves, capital reserves, etc. The adoption of the revised FRS 1 creates additional disclosure requirements for the Bank Group's financial statements.

FRS 27: Consolidated and Separate Financial Statements - Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
The standard removes the requirement to differentiate dividends from pre-acquisition and post-acquisition profits. Dividends received will be treated as revenue. The changes introduced are to be applied prospectively and will affect how dividends received in future are accounted for.

FRS 102: Share-based Payment – Vesting Conditions and Cancellations
The amendments to FRS 102 clarify that vesting conditions are solely service and performance conditions. Other conditions are considered non-vesting conditions. All non-vesting conditions are taken into account in the estimate of the fair value of the equity instruments granted. In addition, the standard describes the posting type if the vesting conditions and non-vesting conditions are not fulfilled.

FRS 107: Financial Instruments: Disclosures-Improving Disclosures about Financial Instruments
The amendments to FRS 107 are intended to enhance disclosures on fair value measurement and liquidity risk. The adoption of the revised FRS 107 creates additional disclosure requirements for the Bank Group's financial statements.

FRS 108: Operating Segments
FRS 108 replaces a current accounting standard, FRS 14 - Segment Reporting. FRS 108 introduces the management approach to segment reporting and a single set of operating segments will replace primary and secondary segments. Information reviewed by the chief operating decision maker will determine the segments, the measure of segment performance and disclosures. The adoption of FRS 108 creates additional disclosure requirements for the Bank Group's financial statements.

General Amendments: Improvements to FRSs
The General Amendments contain amendments to a variety of FRSs which resulted in accounting changes for presentation, recognition, or measurement purposes, as well as terminology or editorial amendments related to a variety of FRSs. These amendments did not result in significant changes to the Bank Group's accounting policies.

INT FRS 113: Customer Loyalty Programmes
INT FRS 113 clarifies the accounting treatment of award credits granted under customer loyalty programmes and addresses how the consideration receivable from customers should be allocated to the award credits and when revenue should be recognised.

INT FRS 116: Hedges of a Net Investment in a Foreign Operation
INT FRS 116 clarifies the accounting treatment for hedges of net investments in foreign operations, including the fact that net investment hedging relates to functional currency (not presentation currency) and hedging instruments may be held anywhere in the Bank Group.

The adoption of the above FRS and INT FRS did not result in substantial changes to the Bank Group's accounting policies, which are consistent with those used in the previous financial year.

2.2 Group accounting

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

The purchase method is used to account for the acquisition of subsidiaries. Subsidiaries are consolidated from the date control is transferred to the Bank Group to the date control ceases. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus cost directly attributable to the acquisition. Identifiable assets acquired, and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value on the date of acquisition, irrespective of the extent of any minority interest. Refer to Note 2.10 for the Bank Group's accounting policy on "Goodwill on consolidation".

The direct method is used by the Bank Group to account for minority interests and they are disclosed as separate items in the consolidated financial statements.

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

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

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

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

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

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

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

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

Alignment of accounting policies
Where necessary, adjustments are made to the financial statements of subsidiaries, associates and joint ventures to bring the accounting policies used in line with those used by the Bank Group.

2.3 Foreign currency translation

Functional and presentation currency
Items in the financial statements of the Bank and each of the Bank Group's subsidiaries are translated into their functional currency, being the currency of the primary economic environment in which the entity operates. The financial statements are presented in Singapore dollars, which is the functional currency and presentation currency of the Bank and the Bank Group.

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

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

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

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

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

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

2.4 Segment reporting

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

The Bank Group's financial businesses are organised into Consumer Banking, Institutional Banking, Global Financial Markets, Central Treasury Unit and Central Operations. In total, the Bank Group reports five reportable segments.

2.5 Revenue recognition

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

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

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

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

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

2.6 Cash and cash equivalents

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

2.7 Financial assets

Financial assets are classified according to the purpose for which the assets were acquired. Management determines the classification at initial recognition and re-evaluates the designation at every reporting date.

The classification of financial assets is as follows:

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

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

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

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

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

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

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

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

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

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

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

Initial measurement
Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair

value through profit or loss, for which transaction costs are expensed off immediately. The fair value of a financial asset on initial recognition is usually the transaction price.

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

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

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

2.8 Impairment of financial assets

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

(a) Financial assets classified as loans and receivables
The Bank Group carries out regular and systematic reviews of all credit facilities extended to customers.

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

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

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

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

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

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

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

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

General allowances for credit losses
Apart from specific allowances, the Bank Group also carries general allowances for credit losses. The Bank Group maintains a level of allowances that is deemed sufficient to absorb the estimated credit losses inherent in its loan portfolio (including off-balance sheet credit exposures). In determining the level of general allowances, the Bank Group considers country and portfolio risks, as well as industry practices. The Bank Group maintains general allowances of at least 1% of credit exposures on and off the balance sheet (against which specific allowances have not been made) adjusted for collaterals held. This is in accordance with

the transitional arrangements under Notice to Banks No. 612 "Credit Files, Grading and Provisioning" issued by the Monetary Authority of Singapore.

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

2.9 Repurchase agreements

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

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

Amounts paid and received on the repos and reverse repos are amortised as interest expense and interest income respectively on an effective interest basis.

2.10 Goodwill on consolidation

Goodwill in a business acquisition represents the excess of acquisition cost over the fair values of the identifiable assets acquired, liabilities and contingent liabilities assumed at the date of exchange. Goodwill is stated at cost less impairment losses and it is tested at least annually for impairment.

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

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

2.11 Properties and other fixed assets

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

The basis of depreciation is as follows:

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

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

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

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

The residual values of fixed assets are reviewed on each balance sheet date.

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

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

2.12 Impairment of non-financial assets

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

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

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

2.13 Financial liabilities

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

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

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

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

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

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

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

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

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

2.14 Provisions and other liabilities

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

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

2.15 Derivative financial instruments and hedge accounting

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

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

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

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

Fair value hedge
For a qualifying fair value hedge, the changes in the fair value of the derivative are recorded in the income

statement, together with any changes in the fair value of the hedged item attributable to the hedged risk. Gain or loss arising from hedge ineffectiveness is recognised in the income statement.

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

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

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

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

2.16 Employee benefits

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

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

2.17 Share-based compensation

Employee benefits also include share-based compensation, namely, the DBSH Share Ownership Scheme, the DBSH Share Option Plan, the DBSH Share Plan and the DBSH Employee Share Plan. The details of the Scheme and Plans are described in Note 43.

Equity instruments granted and ultimately vested under the Plans are recognised in the income statement based on the fair value of the equity instrument at the date of grant by DBSH. The expense is amortised over the vesting period of each award. Monthly contributions to the Scheme are expensed off when incurred.

2.18 Current and deferred taxes

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

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

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

Deferred tax related to fair value re-measurement of available-for-sale investments, which are recognised in available-for-sale revaluation reserves, is also recognised in the available-for-sale revaluation reserves and subsequently in the income statement together with the deferred gain or loss.

2.19 Financial guarantees

A financial guarantee is initially recognised in the financial statements at fair value on the date the guarantee was given. Subsequent to initial recognition, the Bank Group's liability under each guarantee is measured at the higher of the initial measurement less amortisation calculated to recognise the initial measurement in the income statement over the period of the financial guarantee and the best estimate of the expenditure required to settle any financial obligation arising at the balance sheet date. Examples include letter of credit, shipping guarantee, airway guarantee, letter of guarantee etc.

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

2.20 Share capital

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

2.21 Dividend payments

Dividends are recorded during the financial year in which they are approved by the Board of Directors and declared payable.

2.22 Offsetting financial instruments

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

2.23 Operating leases

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

2.24 Fiduciary activities

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

3 Effects on Financial Statements on Adoption of New or Revised FRS

The Bank Group has not applied the following FRS and INT FRS that have been issued but are not yet effective.

FRS 27: Consolidated and Separate Financial Statements
Amendments to FRS 27 become effective for financial years beginning on or after 1 January 2010. The standard requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control. Such transactions will have no impact on goodwill, nor will it give rise to a gain or loss.

The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss.

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

FRS 103: Business Combinations
The revised FRS 103 becomes effective for financial years beginning on or after 1 January 2010. It introduces a number of changes in the accounting for business combinations. For example, there is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed.

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

Other new or revised accounting standards
The following new/revised accounting standards take effect for the Bank Group for the financial year beginning 1 January 2010 or later periods. There is no expected material impact on the Bank Group's financial statements from the adoption of these new/revised accounting changes:

- Amendments to FRS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items
- Amendments to FRS 39 Financial Instruments: Recognition and Measurement and INT FRS 109 Reassessment of Embedded Derivatives – Embedded Derivatives
- INT FRS 117: Distributions of Non-cash Assets to Owners
- Improvements to FRSs

4 Critical Accounting Estimates

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

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

4.1 Impairment allowances on claims

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

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

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

4.2 Fair value of financial instruments

Fair value is defined as the value at which positions can be closed or sold in a transaction with a willing and knowledgeable counterparty. The majority of the Bank Group's financial instruments reported at fair value are based on quoted and observable market prices or on internally developed models that are based on independently sourced market parameters, including interest rate yield curves, option volatilities and currency rates. Valuation reserves or pricing adjustments where applicable will be used to converge to fair value.

The determination of fair value is subject to the Valuation Framework approved by the DBSH Board Risk Management Committee and the oversight of senior management committees. The Valuation Framework is implemented in the Bank Group through policies and procedures approved by the committees. These policies and procedures facilitate the exercise of judgement in determining the risk characteristics of various financial instruments, discount rates, estimates of future cash flows, future expected loss experience and other factors used in the valuation process. Judgement may also be applied in estimating prices for less readily observable external parameters. Other factors such as model assumptions, market dislocations and unexpected correlations can also materially affect these estimates and the resulting fair value estimates.

4.3 Impairment review of goodwill on consolidation

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

4.4 Income taxes

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

4.5 Provisions for customer compensation

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

5 Net Interest Income

	Bank Group		Bank	
In $ millions	**2009**	**2008**	**2009**	**2008**
Cash and balances with central banks and Due from banks	**378**	926	**356**	882
Loans and advances to customers	**4,075**	5,051	**2,840**	3,483
Debt securities	**1,661**	2,145	**1,334**	1,712
Total interest income	**6,114**	8,122	**4,530**	6,077
Due to banks	**109**	728	**171**	730
Due to non-bank customers	**1,131**	2,395	**700**	1,591
Others	**419**	698	**548**	757
Total interest expense	**1,659**	3,821	**1,419**	3,078
Net interest income	**4,455**	4,301	**3,111**	2,999
Comprising:				
Interest income for financial assets at fair value through profit or loss	**413**	808	**418**	785
Interest income for financial assets not at fair value through profit or loss	**5,701**	7,314	**4,112**	5,292
Interest expense for financial liabilities at fair value through profit or loss	**(196)**	(299)	**(190)**	(278)
Interest expense for financial liabilities not at fair value through profit or loss	**(1,463)**	(3,522)	**(1,229)**	(2,800)
Total	**4,455**	4,301	**3,111**	2,999

6 Net Fee and Commission Income

	Bank Group		Bank	
In $ millions	**2009**	**2008**	**2009**	**2008**
Fee and commission income	**1,688**	1,542	**1,068**	955
Fee and commission expense	**294**	268	**116**	118
Net fee and commission income	**1,394**	1,274	**952**	837
Comprising:				
Loan-related	**375**	299	**316**	251
Trade and remittances	**244**	225	**157**	133
Stock broking	**170**	152	**-**	-
Investment banking	**146**	90	**126**	78
Credit card	**143**	143	**108**	106
Wealth management	**101**	137	**68**	79
Deposit-related	**84**	81	**72**	74
Guarantees	**57**	49	**55**	46
Others	**54**	66	**50**	70
Fund management	**20**	32	**-**	-
Net fee and commission income[(a)]	**1,394**	1,274	**952**	837

(a) Bank Group - Includes net fee and commission income of $44 million (2008: $62 million), which is derived from the provision of trust and other fiduciary services during the year. Net fee and commission income earned from financial assets or liabilities not at fair value through profit or loss is $612 million (2008: $521 million) during the year.
Bank - Includes net fee and commission income of $15 million (2008: $21 million), which is derived from the provision of trust and other fiduciary services during the year. Net fee and commission income earned from financial assets or liabilities not at fair value through profit or loss is $505 million (2008: $426 million) during the year.

7 Net Trading Income/(Loss)

	Bank Group		Bank	
In $ millions	**2009**	**2008**	**2009**	**2008**
From trading businesses				
- Foreign exchange	**774**	660	**644**	477
- Interest rates, credit and equities[(a)]	**(21)**	(892)	**(404)**	(401)
Other businesses	**(53)**	45	**47**	36
Total	**700**	(187)	**287**	112

(a) Includes dividend income of $7 million (2008: $19 million) for the Bank Group; and $7 million (2008: $19 million) for the Bank.

8 Net (Loss)/Income from Financial Instruments Designated at Fair Value

	Bank Group		Bank	
In $ millions	**2009**	**2008**	**2009**	**2008**
Financial assets designated at fair value	**365**	(148)	**151**	(148)
Financial liabilities designated at fair value	**(632)**	358	**(37)**	15
Total	**(267)**	210	**114**	(133)

Gains or losses from changes in fair value of financial liabilities designated at fair value, not attributable to changes in market conditions, are not material. Refer to Note 32.

9 Net Income from Financial Investments

	Bank Group		Bank	
In $ millions	**2009**	**2008**	**2009**	**2008**
Debt securities				
- Available-for-sale	**9**	66	**(4)**	65
- Loans and receivables	**2**	1	**3**	1
Equity securities[(a) (b)]	**243**	300	**365**	365
Total	**254**	367	**364**	431
Comprising net gains transferred from:				
Available-for-sale revaluation reserves	**312**	349	**323**	312

(a) There was no sale of unquoted securities in 2009. 2008 included $7 million gain on sale of unquoted equity securities which were stated at cost. Their carrying amounts were $48 million at the time of sale.
(b) Includes dividend income of $20 million (2008: $29 million) for the Bank Group; and $123 million (2008: $152 million) for the Bank.

10 Other Income

	Bank Group		Bank	
In $ millions	**2009**	**2008**	**2009**	**2008**
Rental income	**17**	14	**3**	2
Net gain on properties and other fixed assets	**13**	27	**(1)**	1
Others	**37**	47	**7**	7
Total	**67**	88	**9**	10

11 Employee Benefits

	Bank Group		Bank	
In $ millions	**2009**	**2008**	**2009**	**2008**
Salary and bonus	**1,124**	1,118	**698**	622
Contributions to defined contribution plans	**67**	59	**35**	40
Share-based expenses	**44**	28	**38**	28
Others[(a) (b)]	**57**	96	**37**	92
Total	**1,292**	1,301	**808**	782

(a) For Bank Group, $22 million of cash grants (Job Credit Scheme) was received from the government in 2009. The amount received was deducted against the staff expenses.
For Bank $20 million of cash grants (Job Credit Scheme) was received from the government in 2009. The amount received was deducted against the staff expenses.
(b) 2008 included $45 million one-time restructuring costs.

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

	Bank Group		Bank	
In $ millions	**2009**	**2008**	**2009**	**2008**
Compensation paid to Bank directors	**11**	13	**11**	13
Compensation paid to subsidiaries' directors	**19**	18	**-**	-
Total	**30**	31	**11**	13

12 Other Expenses

	Bank Group		Bank	
In $ millions	**2009**	**2008**	**2009**	**2008**
Computerisation expenses[(a)]	**367**	385	**256**	277
Occupancy expenses[(b)]	**236**	219	**130**	130
Revenue-related expenses	**132**	147	**103**	124
Others[(c)]	**380**	454	**254**	229
Total	**1,115**	1,205	**743**	760

(a) Includes hire and maintenance of computer hardware and software.
(b) Includes rental expenses of office and branch premises of $125 million (2008: $120 million) for the Bank Group, and $71 million (2008: $73 million) for the Bank; as well as amounts incurred in the maintenance and service of buildings owned by the Bank Group's subsidiary companies.
(c) Includes office administration expenses (e.g. printing and stationary, telecommunications,etc), legal and professional fees.

Included in the above table are:

	Bank Group		Bank	
In $ millions	**2009**	**2008**	**2009**	**2008**
Hire and maintenance of fixed assets, including building-related expenses	**242**	229	**150**	146
Audit fees payable to external auditors[(a)]				
- Singapore	**3**	3	**3**	3
- Outside Singapore	**2**	2	**1**	1
Non audit fees payable to external auditors[(a)]				
- Singapore	**2**	1	**1**	#
- Outside Singapore	**#**	#	**#**	#
Directors' fees payable to:				
- Bank directors	**#**	#	**#**	#
- Subsidiaries' directors	**1**	1	**-**	-

\# Amount under $500,000
(a) PricewaterhouseCoopers network firms

13 Allowances for Credit and Other Losses

	Bank Group		Bank	
In $ millions	**2009**	**2008**	**2009**	**2008**
Loans and advances to customers (Note 19)	**1,414**	524	**1,023**	312
Financial investments				
- Available-for-sale [(a)]	**31**	125	**34**	122
- Loans and receivables (Note 20)	**20**	185	**18**	185
Investment in subsidiaries (Note 22)	**-**	-	**38**	-
Due from special purpose entities (Note 23)	**-**	-	**-**	6
Investment in joint venture	**-**	-	**-**	10
Investment in associates	**-**	-	**-**	(370)
Properties and other fixed assets (Note 28)	**2**	1	**2**	1
Off-balance sheet credit exposures (Note 33)	**4**	46	**4**	45
Others (bank loans and sundry debtors)	**81**	7	**80**	27
Total	**1,552**	888	**1,199**	338

(a) Includes one-time impairment charges for a Thailand investment of $23 million (2008: $104 million) for Bank Group and Bank.

14 Income Tax Expense

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

	Bank Group		Bank	
In $ millions	**2009**	**2008**	**2009**	**2008**
Current tax expense				
- Current year	**473**	472	**339**	360
- Prior years' provision	**(124)**	(9)	**(120)**	-
Deferred tax expense				
- Effect of change in tax rate	**1**	-	**1**	-
- Origination of temporary differences	**(65)**	(17)	**(21)**	(4)
Total	**285**	446	**199**	356

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

	Bank Group		Bank	
In $ millions	**2009**	**2008**	**2009**	**2008**
Accelerated tax depreciation	**(17)**	6	**(7)**	10
Allowances for loan losses	**(75)**	(11)	**(62)**	-
Other temporary differences	**28**	(12)	**49**	(14)
Deferred tax credit to income statement	**(64)**	(17)	**(20)**	(4)

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

	Bank Group		Bank	
In $ millions	**2009**	**2008**	**2009**	**2008**
Profit	**2,449**	2,510	**1,968**	2,294
Prima facie tax calculated at a tax rate of 17% (2008: 18%)	**416**	452	**335**	413
Effect of different tax rates in other countries	**25**	63	**21**	64
Effect of change in tax rate	**1**	-	**1**	-
Income not subject to tax	**(47)**	(61)	**(17)**	(69)
Income taxed at concessionary rate	**(97)**	(42)	**(104)**	(37)
Non-tax deductible provisions	**3**	31	**10**	(45)
Others	**(16)**	3	**(47)**	30
Income tax expense charged to income statement	**285**	446	**199**	356

Refer to Note 29 for further information on deferred tax assets/liabilities.

15 Measurement Basis of Financial Instruments

	Bank Group 2009					
In $ millions	**Held for trading**	**Designated at fair value through profit or loss**	**Loans and receivables /amortised cost**	**Available-for-sale**	**Hedging derivatives**	**Total**
ASSETS						
Cash and balances with central banks	-	-	22,515	-	-	22,515
Singapore Government securities and treasury bills	2,715	-	-	13,245	-	15,960
Due from banks	-	-	22,203	-	-	22,203
Financial assets at fair value through profit or loss	10,043	1,214	-	-	-	11,257
Positive fair values for financial derivatives	15,757	-	-	-	258	16,015
Loans and advances to customers	-	-	129,973	-	-	129,973
Financial investments	-	-	5,055	20,676	-	25,731
Securities pledged	534	-	-	250	-	784
Other assets	-	-	6,032	-	-	6,032
Total financial assets	29,049	1,214	185,778	34,171	258	250,470
Other asset items outside the scope of FRS 39 [(a)]						8,195
Total assets						258,665
LIABILITIES						
Due to banks	-	-	9,108	-	-	9,108
Due to non-bank customers	-	-	178,448	-	-	178,448
Financial liabilities at fair value through profit or loss	7,469	1,748	-	-	-	9,217
Negative fair values for financial derivatives	16,142	-	-	-	264	16,406
Bills payable	-	-	501	-	-	501
Other liabilities	-	-	6,288	-	-	6,288
Other debt securities in issue	-	-	413	-	-	413
Due to holding company	-	-	2,970	-	-	2,970
Subordinated term debts	-	-	7,702	-	-	7,702
Total financial liabilities	23,611	1,748	205,430	-	264	231,053
Other liability items outside the scope of FRS 39 [(b)]						1,060
Total liabilities						232,113

(a) Includes investments in associates, goodwill on consolidation, properties and other fixed assets, investment properties and deferred tax assets.
(b) Includes current tax liabilities, deferred tax liabilities and loss allowances for off-balance sheet credit exposures.

	Bank Group 2008					
In $ millions	**Held for trading**	**Designated at fair value through profit or loss**	**Loans and receivables /amortised cost**	**Available-for-sale**	**Hedging derivatives**	**Total**
ASSETS						
Cash and balances with central banks	-	-	15,790	-	-	15,790
Singapore Government securities and treasury bills	3,063	-	-	11,734	-	14,797
Due from banks	-	-	20,467	-	-	20,467
Financial assets at fair value through profit or loss	7,944	1,457	-	-	-	9,401
Positive fair values for financial derivatives	31,876	-	-	-	452	32,328
Loans and advances to customers	-	-	125,841	-	-	125,841
Financial investments	-	-	5,103	17,679	-	22,782
Securities pledged	787	-	-	210	-	997
Other assets	-	-	6,089	-	-	6,089
Total financial assets	43,670	1,457	173,290	29,623	452	248,492
Other asset items outside the scope of FRS 39 [(a)]						8,226
Total assets						256,718
LIABILITIES						
Due to banks	-	-	9,021	-	-	9,021
Due to non-bank customers	-	-	163,359	-	-	163,359
Financial liabilities at fair value through profit or loss	9,369	1,913	-	-	-	11,282
Negative fair values for financial derivatives	31,494	-	-	-	424	31,918
Bills payable	-	-	714	-	-	714
Other liabilities	-	-	5,697	-	-	5,697
Other debt securities in issue	-	-	638	-	-	638
Due to holding company	-	-	17	-	-	17
Subordinated term debts	-	-	9,085	-	-	9,085
Total financial liabilities	40,863	1,913	188,531	-	424	231,731
Other liability items outside the scope of FRS 39 [(b)]						1,001
Total liabilities						232,732

(a) Includes investments in associates, goodwill on consolidation, properties and other fixed assets, investment properties and deferred tax assets.
(b) Includes current tax liabilities, deferred tax liabilities and loss allowances for off-balance sheet credit exposures.

In $ millions	Held for trading	Designated at fair value through profit or loss	Loans and receivables /amortised cost	Available-for-sale	Hedging derivatives	Total
			Bank			
			2009			
ASSETS						
Cash and balances with central banks	-	-	21,415	-	-	21,415
Singapore Government securities and treasury bills	2,715	-	-	13,245	-	15,960
Due from banks	-	-	19,086	-	-	19,086
Financial assets at fair value through profit or loss	8,921	1,055	-	-	-	9,976
Positive fair values for financial derivatives	15,965	-	-	-	247	16,212
Loans and advances to customers	-	-	97,074	-	-	97,074
Financial investments	-	-	4,030	14,744	-	18,774
Securities pledged	116	-	-	163	-	279
Due from subsidiaries	-	-	1,916	-	-	1,916
Due from special purpose entities	-	-	67	-	-	67
Other assets	-	-	3,758	-	-	3,758
Total financial assets	27,717	1,055	147,346	28,152	247	204,517
Other asset items outside the scope of FRS 39 [(a)]						11,562
Total assets						216,079
LIABILITIES						
Due to banks	-	-	8,297	-	-	8,297
Due to non-bank customers	-	-	138,004	-	-	138,004
Financial liabilities at fair value through profit or loss	6,776	726	-	-	-	7,502
Negative fair values for financial derivatives	16,340	-	-	-	210	16,550
Bills payable	-	-	468	-	-	468
Other liabilities	-	-	3,322	-	-	3,322
Other debt securities in issue	-	-	-	-	-	-
Due to holding company	-	-	2,970	-	-	2,970
Due to subsidiaries	-	-	8,293	-	-	8,293
Due to special purpose entities	-	-	224	-	-	224
Subordinated term debts	-	-	7,702	-	-	7,702
Total financial liabilities	23,116	726	169,280	-	210	193,332
Other liability items outside the scope of FRS 39 [(b)]						864
Total liabilities						194,196

(a) Includes investments in subsidiaries, joint ventures and associates, properties and other fixed assets and deferred tax assets.
(b) Includes current tax liabilities, deferred tax liabilities and loss allowances for off-balance sheet credit exposures.

In $ millions	Held for trading	Designated at fair value through profit or loss	Loans and receivables /amortised cost	Available-for-sale	Hedging derivatives	Total
			Bank 2008			
ASSETS						
Cash and balances with central banks	-	-	14,684	-	-	14,684
Singapore Government securities and treasury bills	3,063	-	-	11,734	-	14,797
Due from banks	-	-	17,512	-	-	17,512
Financial assets at fair value through profit or loss	7,421	1,293	-	-	-	8,714
Positive fair values for financial derivatives	32,627	-	-	-	422	33,049
Loans and advances to customers	-	-	92,536	-	-	92,536
Financial investments	-	-	4,030	12,508	-	16,538
Securities pledged	257	-	-	191	-	448
Subsidiaries	-	-	2,965	-	-	2,965
Due from special purpose entities	-	-	-	-	-	-
Other assets	-	-	4,832	-	-	4,832
Total financial assets	43,368	1,293	136,559	24,433	422	206,075
Other asset items outside the scope of FRS 39 (a)						11,350
Total assets						217,425
LIABILITIES						
Due to banks	-	-	8,013	-	-	8,013
Due to non-bank customers	-	-	123,885	-	-	123,885
Financial liabilities at fair value through profit or loss	8,798	771	-	-	-	9,569
Negative fair values for financial derivatives	32,397	-	-	-	349	32,746
Bills payable	-	-	681	-	-	681
Other liabilities	-	-	3,511	-	-	3,511
Other debt securities in issue	-	-	28	-	-	28
Due to holding company	-	-	17	-	-	17
Due to subsidiaries	-	-	9,009	-	-	9,009
Due to special purpose entities	-	-	195	-	-	195
Subordinated term debts	-	-	9,085	-	-	9,085
Total financial liabilities	41,195	771	154,424	-	349	196,739
Other liability items outside the scope of FRS 39 (b)						886
Total liabilities						197,625

(a) Includes investments in subsidiaries, joint ventures and associates, properties and other fixed assets and deferred tax assets.
(b) Includes current tax liabilities, deferred tax liabilities and loss allowances for off-balance sheet credit exposures.

In 2009, the Bank Group and Bank reclassified certain financial assets out of the held for trading category into the loans and receivables category as there was no active market and no intention to trade. The Bank Group and Bank has the intention and ability to hold these reclassified assets for the foreseeable future or until maturity at the date of reclassification. In the current year before reclassification, the Bank Group and Bank has recognised a net loss of $1 million (2008: net gain of $4 million) in the income statement. As at the date of reclassification of the financial assets, the effective interest rate on the reclassified assets was 3.86%. The estimated amounts of undiscounted cash flows expected to be recovered from these reclassified financial assets is $102 million.

In the previous financial year, the Bank Group and Bank reclassified certain financial assets which were no longer held for selling in the near term, out of the held for trading category into the available-for-sale category. If the Bank Group and Bank had not reclassified the financial assets, fair value gains recognised for the year in respect of reclassified financial assets outstanding at year end would have amounted to $105 million (2008: losses of $340 million) in the income statement.

During 2008, the Bank Group and Bank also reclassified certain financial assets out of the available-for-sale category into the loans and receivables category. The Bank Group and Bank has the intention and ability to hold these reclassified assets for the foreseeable future or until maturity. If the Bank Group and Bank had not reclassified the financial assets, fair value gains recognised for the year in respect of reclassified financial assets outstanding at year end would have amounted to $132 million (2008: losses of $214 million) and $98 million (2008: losses of $177 million) in the revaluation reserves of the Bank Group and Bank respectively.

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

Bank Group

In $ millions Reclassified from	Reclassified to	Fair values and carrying amounts on date of reclassification	Fair values as at 31 December 2009	Carrying amounts as at 31 December 2009
Reclassified in 2009				
Held for trading	Loans and receivables	**99**	**83**	**83**
Reclassified in 2008				
Held for trading	Available-for-sale	**2,389**	**1,720**	**1,720**
Available-for-sale	Loans and receivables	**1,789**	**1,598**	**1,544**
Total		**4,277**	**3,401**	**3,347**

Bank

In $ millions Reclassified from	Reclassified to	Fair values and carrying amounts on date of reclassification	Fair values as at 31 December 2009	Carrying amounts as at 31 December 2009
Reclassified in 2009				
Held for trading	Loans and receivables	**99**	**83**	**83**
Reclassified in 2008				
Held for trading	Available-for-sale	**2,389**	**1,720**	**1,720**
Available-for-sale	Loans and receivables	**586**	**677**	**628**
Total		**3,074**	**2,480**	**2,431**

For the Bank Group, in 2009, $182 million of net income (2008: $97 million) was recognised in the income statement and a fair value gain of $105 million (2008: loss of $246 million) was recognised in the revaluation reserves for the reclassified financial assets.

For the Bank, in 2009, $135 million of net income (2008: $97 million) was recognised in the income statement and a fair value gain of $105 million (2008: loss of $246 million) was recognised in the revaluation reserves for the reclassified financial assets.

16 Cash and Balances with Central Banks

In $ millions	Bank Group 2009	Bank Group 2008	Bank 2009	Bank 2008
Cash on hand	**1,388**	1,040	**1,195**	903
Balances with central banks				
- Restricted balances	**3,234**	3,112	**2,606**	2,607
- Non-restricted balances	**17,893**	11,638	**17,614**	11,174
Total	**22,515**	15,790	**21,415**	14,684

17 Singapore Government Securities and Treasury Bills

In $ millions	Bank Group 2009	Bank Group 2008	Bank 2009	Bank 2008
Held for trading	**2,715**	3,063	**2,715**	3,063
Available-for-sale	**13,245**	11,734	**13,245**	11,734
Total	**15,960**	14,797	**15,960**	14,797
Market value	**15,960**	14,797	**15,960**	14,797

18 Financial Assets at Fair Value through Profit or Loss

In $ millions	Bank Group 2009	Bank Group 2008	Bank 2009	Bank 2008
Trading				
Other government securities and treasury bills	**3,893**	2,102	**2,778**	1,610
Corporate debt securities	**3,874**	3,805	**3,869**	3,774
Equity securities	**284**	295	**282**	295
Loans and advances to customers	**6**	50	**6**	50
Other financial assets (due from banks)	**1,986**	1,692	**1,986**	1,692
Sub-total	**10,043**	7,944	**8,921**	7,421
Fair value designated				
Other government securities and treasury bills	**25**	24	**25**	24
Corporate debt securities	**585**	842	**469**	717
Loans and advances to customers	**604**	591	**561**	552
Sub-total	**1,214**	1,457	**1,055**	1,293
Total	**11,257**	9,401	**9,976**	8,714
Analysed by industry				
Manufacturing	**578**	1,133	**536**	1,094
Building and construction	**243**	205	**243**	205
General commerce	**85**	45	**85**	45
Transportation, storage and communications	**378**	347	**378**	343
Financial institutions, investment and holding companies	**4,857**	4,598	**4,722**	4,446
Government	**3,918**	2,126	**2,803**	1,634
Others	**1,198**	947	**1,209**	947
Total	**11,257**	9,401	**9,976**	8,714

Fair value designated loans and advances and related credit derivatives/enhancements				
Maximum credit exposure	**604**	591	**561**	552
Credit derivatives/enhancements – protection bought	**(604)**	(591)	**(561)**	(552)
Cumulative change in fair value arising from changes in credit risk	**(16)**	(55)	**(15)**	(49)
Cumulative change in fair value of related credit derivatives/enhancements	**16**	55	**14**	50

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

Bank Group:
During the year, the amount of change in the fair value of the loans and advances attributable to credit risk was $39 million (2008: $15 million). During the year, the amount of change in the fair value of the related credit derivatives/enhancements was $39 million (2008: $15 million).

Bank:
During the year, the amount of change in the fair value of the loans and advances attributable to credit risk was $34 million (2008: $34 million). During the year, the amount of change in the fair value of the related credit derivatives/enhancements was $36 million (2008: $35 million).

19 Loans and Advances to Customers

	Bank Group		Bank	
In $ millions	**2009**	**2008**	**2009**	**2008**
Gross	**132,810**	127,725	**99,109**	93,815
Less: Specific allowances	**1,512**	868	**960**	483
General allowances	**1,325**	1,016	**1,075**	796
Net total	**129,973**	125,841	**97,074**	92,536
Comprising:				
Bills receivable	**5,023**	4,648	**4,646**	4,175
Loans	**124,950**	121,193	**92,428**	88,361
Net total	**129,973**	125,841	**97,074**	92,536
Analysed by industry				
Manufacturing	**16,120**	15,356	**10,942**	9,976
Building and construction	**18,426**	17,931	**13,148**	11,849
Housing loans	**33,120**	29,375	**24,171**	21,442
General commerce	**13,304**	13,075	**8,247**	7,175
Transportation, storage and communications	**12,277**	12,457	**9,832**	10,046
Financial institutions, investment and holding companies	**16,674**	14,490	**15,926**	13,959
Professionals and private individuals (except housing loans)	**10,873**	10,478	**7,345**	7,370
Others	**12,016**	14,563	**9,498**	11,998
Gross total	**132,810**	127,725	**99,109**	93,815
Analysed by products				
Long-term loans	**65,622**	61,964	**49,101**	44,787
Short-term facilities	**25,659**	28,369	**18,849**	21,367
Overdrafts	**3,410**	3,410	**2,267**	1,974
Housing loans	**33,120**	29,381	**24,171**	21,448
Trade financing	**4,999**	4,601	**4,721**	4,239
Gross total	**132,810**	127,725	**99,109**	93,815
Analysed by currency and fixed/variable pricing				
Fixed rate[(a)]				
Singapore dollar	**22,489**	15,788	**22,489**	15,788
Hong Kong dollar	**621**	664	**2**	-
US dollar	**2,500**	1,736	**1,362**	582
Other	**2,940**	2,695	**1,514**	979
Sub-total	**28,550**	20,883	**25,367**	17,349
Floating or adjustable rates[(b)]				
Singapore dollar	**34,214**	37,732	**34,130**	37,718
Hong Kong dollar	**29,653**	28,683	**7,605**	6,334
US dollar	**26,438**	25,835	**22,740**	21,968
Others	**13,955**	14,592	**9,267**	10,446
Sub-total	**104,260**	106,842	**73,742**	76,466
Gross total	**132,810**	127,725	**99,109**	93,815

(a) Fixed rate loans refer to long-term loans where the interest rates are fixed for the initial few years for certain mortgage loans, and over the entire loan period for other loans.
(b) Floating or adjustable rate loans refer to loans that are pegged to prime, short-term cost of funds or inter-bank rates.

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

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

In $ millions	Bank Group 2008					
	Balance at 1 January	Charge/(Write back) to income statement	Net write-off during the year	Acquisition of new business [(a)]	Exchange and other movements	Balance at 31 December
Specific allowances						
Manufacturing	154	218	(86)	54	-	340
Building and construction	19	(11)	(4)	25	-	29
Housing loans	33	(32)	7	33	-	41
General commerce	127	(6)	(8)	61	-	174
Transportation, storage and communications	4	(1)	(3)	5	-	5
Financial institutions, investment and holding companies	9	57	-	-	-	66
Professionals and private individuals (except housing loans)	37	140	(118)	50	-	109
Others	53	43	(26)	35	(1)	104
Total specific allowances	436	408	(238)	263	(1)	868
General allowances						
Manufacturing	139	14	-	-	(3)	150
Building and construction	129	53	-	-	(3)	179
Housing loans	134	(85)	-	-	(1)	48
General commerce	99	32	-	-	(2)	129
Transportation, storage and communications	112	15	-	-	(2)	125
Financial institutions, investment and holding companies	124	23	-	-	(3)	144
Professionals and private individuals (except housing loans)	97	9	-	-	(2)	104
Others	71	55	-	14	(3)	137
Total general allowances	905	116	-	14	(19)	1,016
Total allowances	1,341	524	(238)	277	(20)	1,884

(a) Relates to allowances arising form the acquisition of Bowa Commercial Bank in 2008 (refer to Note 27).

In $ millions	Bank 2009 Balance at 1 January	Charge/(Write-back) to income statement	Net write-off during the year	Exchange and other movements	Balance at 31 December
Specific allowances					
Manufacturing	181	100	(132)	(1)	148
Building and construction	15	-	(2)	-	13
Housing loans	40	(5)	(8)	-	27
General commerce	101	91	(58)	(1)	133
Transportation, storage and communications	2	91	(1)	(1)	91
Financial institutions, investment and holding companies	64	410	1	(3)	472
Professionals and private individuals (except housing loans)	41	40	(37)	-	44
Others	39	(2)	(4)	(1)	32
Total specific allowances	483	725	(241)	(7)	960
General allowances					
Manufacturing	98	48	-	(2)	144
Building and construction	118	61	-	(3)	176
Housing loans	74	(33)	-	(1)	40
General commerce	71	40	-	(2)	109
Transportation, storage and communications	100	32	-	(2)	130
Financial institutions, investment and holding companies	139	71	-	(3)	207
Professionals and private individuals (except housing loans)	73	27	-	(2)	98
Others	123	52	-	(4)	171
Total general allowances	796	298	-	(19)	1,075
Total allowances	1,279	1,023	(241)	(26)	2,035

	Bank 2008					
In $ millions	**Balance at 1 January**	**Charge/(Write-back) to income statement**	**Net write-off during the year**	**Acquisition of new business [(a)]**	**Exchange and other movements**	**Balance at 31 December**
Specific allowances						
Manufacturing	79	130	(82)	54	-	181
Building and construction	4	(13)	(1)	25	-	15
Housing loans	30	(27)	4	33	-	40
General commerce	80	(41)	1	61	-	101
Transportation, storage and communications	2	(4)	(1)	5	-	2
Financial institutions, investment and holding companies	9	55	-	-	-	64
Professionals and private individuals (except housing loans)	20	58	(87)	50	-	41
Others	22	6	(23)	35	(1)	39
Total specific allowances	246	164	(189)	263	(1)	483
General allowances						
Manufacturing	84	16	-	-	(2)	98
Building and construction	88	33	-	-	(3)	118
Housing loans	57	19	-	-	(2)	74
General commerce	47	26	-	-	(2)	71
Transportation, storage and communications	90	12	-	-	(2)	100
Financial institutions, investment and holding companies	117	25	-	-	(3)	139
Professionals and private individuals (except housing loans)	64	11	-	-	(2)	73
Others	105	6	-	14	(2)	123
Total general allowances	652	148	-	14	(18)	796
Total allowances	898	312	(189)	277	(19)	1,279

(a) Relates to allowances arising from the acquisition of Bowa Commercial Bank in 2008 (refer to Note 27).

20 Financial Investments

	Bank Group		Bank	
In $ millions	**2009**	**2008**	**2009**	**2008**
Available-for-sale				
Quoted other government securities and treasury bills	**7,539**	4,549	**6,526**	3,731
Quoted corporate debt securities	**12,121**	11,986	**7,224**	7,667
Quoted equity securities	**691**	793	**681**	786
Unquoted equity securities	**325**	351	**313**	324
Available-for-sale financial investments	**20,676**	17,679	**14,744**	12,508
Loans and receivables				
Other government securities and treasury bills	**146**	-	**-**	-
Corporate debt securities	**5,079**	5,586	**4,198**	4,513
Less: Impairment allowances for Corporate debt securities	**170**	483	**168**	483
Loans and receivables financial investments	**5,055**	5,103	**4,030**	4,030
Total	**25,731**	22,782	**18,774**	16,538
Market value of debt securities and quoted equity securities	**25,578**	22,255	**18,626**	16,025
Analysed by industry				
Manufacturing	**656**	629	**643**	618
Building and construction	**887**	816	**760**	714
General commerce	**582**	542	**237**	228
Transportation, storage and communications	**1,260**	906	**1,174**	831
Financial institutions, investment and holding companies	**10,513**	10,720	**5,542**	5,901
Government	**7,685**	4,549	**6,526**	3,731
Others	**4,148**	4,620	**3,892**	4,515
Total carrying value	**25,731**	22,782	**18,774**	16,538

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

In $ millions	Balance at 1 January	Charge to income statement	Net write-off during the year	Exchange and other movements	Balance at 31 December
			Bank Group		
2009					
Loans and receivables					
Corporate debt securities	**483**	**20**	**(331)**	**(2)**	**170**
2008					
Loans and receivables					
Corporate debt securities	293	185	3	2	483

In $ millions	Balance at 1 January	Charge to income statement	Net write-off during the year	Exchange and other movements	Balance at 31 December
			Bank		
2009					
Loans and receivables					
Corporate debt securities	**483**	**18**	**(331)**	**(2)**	**168**
2008					
Loans and receivables					
Corporate debt securities	293	185	3	2	483

21 Securities Pledged

In $ millions	Bank Group 2009	Bank Group 2008	Bank 2009	Bank 2008
Securities pledged				
Singapore Government securities and treasury bills	**55**	186	**55**	186
Other government securities and treasury bills	**702**	806	**197**	257
Corporate debt securities	**27**	5	**27**	5
Total securities pledged[(a)]	**784**	997	**279**	448
Related liabilities	**776**	991	**276**	448

(a) Includes financial assets at fair value through profit or loss of $534 million (2008: $787 million) for the Bank Group; and $116 million (2008: $257 million) for the Bank.

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

22 Subsidiaries

In $ millions	Bank 2009	Bank 2008
Unquoted equity shares [(a)]	**10,810**	10,488
Less: Impairment allowances	**806**	768
Sub-total	**10,004**	9,720
Due from subsidiaries	**1,916**	2,965
Total	**11,920**	12,685

(a) The carrying amounts of certain investments which are designated as hedged items in a fair value hedge are adjusted for fair value changes attributable to the hedged risks

Movements in impairment allowances during the year are as follows:

In $ millions	Bank 2009	Bank 2008
Balance at 1 January	**768**	768
Charge to income statement	**38**	-
Balance at 31 December	**806**	768

Refer to Note 53 for details of significant subsidiaries.

23 Due from Special Purpose Entities

In $ millions	Bank 2009	2008
Due from special purpose entities[a]	**67**	-
Less: Impairment allowances	**-**	-
Total	**67**	-

Movements in impairment allowances during the year are as follows:

In $ millions	Bank 2009	2008
Balance at 1 January	**-**	276
Charge to income statement[a]	**-**	6
Write-off	**-**	(282)
Balance at 31 December	**-**	-

(a) 2008 include impairment allowances on a loan to Red Orchid Secured Assets Limited.

Refer to Note 53 for details of significant special purpose entities.

24 Investments in Joint Ventures

In $ millions	Bank 2009	2008
Quoted investments in joint ventures [a]	**102**	100
Unquoted investments in joint ventures at cost	**1**	1
Less: Impairment allowances	**10**	10
Net book value	**93**	91
Market value of quoted joint ventures	**52**	32

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

In $ millions	Bank Group 2009	2008
Income statement		
Share of income	**72**	89
Share of expenses	**(95)**	(87)
Balance sheet		
Share of total assets	**896**	865
Share of total liabilities	**772**	752

(a) The carrying amounts of certain investments which are designated as hedged items in a fair value hedge are adjusted for fair value changes attributable to the hedged risks.

Refer to Note 53 for details of significant joint ventures.

25 Investments in Associates

In $ millions	Bank Group 2009	2008
Unquoted		
Cost	**52**	92
Share of post acquisition reserves	**107**	81
Less: Impairment allowances	**-**	42
Sub-total	**159**	131
Quoted		
Cost	**1,231**	1,231
Net exchange translation adjustments	**(31)**	(10)
Share of post acquisition reserves	**150**	89
Less: Impairment allowances	**837**	837
Sub-total	**513**	473
Total	**672**	604
Market value of quoted associates	**1,015**	794

In $ millions	Bank 2009	Bank 2008
Quoted investments in associates [(a)]	**1,155**	1,154
Unquoted investments in associates at cost	**9**	45
Less: Impairment allowances	**280**	322
Net book value	**884**	877
Market value of quoted associates	**966**	762

(a) The carrying amounts of certain investments which are designated as hedged items in a fair value hedge are adjusted for fair value changes attributable to the hedged risks.

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

In $ millions	Bank Group 2009	Bank Group 2008
Income statement		
Share of income	**411**	400
Share of expenses	**(319)**	(323)
Balance sheet		
Share of total assets	**5,220**	4,645
Share of total liabilities	**4,548**	4,021
Off-balance sheet		
Share of contingent liabilities and commitments	**48**	56

Refer to Note 53 for details of significant associates.

26 Goodwill on Consolidation

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

In $ millions	Bank Group 2009	Bank Group 2008
Balance at 1 January	**5,847**	5,842
Additional interest in a subsidiary	**-**	11
Exchange differences	**-**	(6)
Balance at 31 December	**5,847**	5,847

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

In $ millions	2009	2008
DBS Bank (Hong Kong) Limited	**5,649**	5,649
DBS Vickers Securities Holdings Pte Ltd	**154**	154
Cholamandalam DBS Finance Limited	**27**	27
Primefield Company Pte Ltd	**17**	17
Total	**5,847**	5,847

Key assumptions used for value-in-use calculations:

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

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

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

If the estimated long term growth rates for DBS Bank (Hong Kong) Limited and DBS Vickers Securities Holdings Pte Ltd are reduced by 25 basis points or the estimated discount rates increased by 25 basis points, the recoverable amounts for these entities would still be higher than the carrying amounts. On this basis, the Bank Group concluded that goodwill remains recoverable at 31 December 2009. However, if conditions in Hong Kong and the banking industry deteriorate and turn out to be significantly worse than anticipated in the Bank Group's performance forecasts, goodwill may need to be impaired in future periods.

27 Acquisition

On 1 February 2008, the Bank Group successfully bid for selected assets and liabilities of Bowa Commercial Bank (Bowa), a bank in Taiwan. Bowa was a distressed bank taken over by the Central Deposit Insurance Corporation (CDIC) of Taiwan. Under the terms of the transaction, the Bank Group acquired Bowa's business including "good bank assets" of approximately $2.8 billion of identifiable assets, $4.7 billion of deposits and other liabilities, 39 branches, 3 business units and over 750,000 depositors, with a payment of approximately $2 billion received from the Financial Restructuring Fund of the Executive Yuan and CDIC. The effective date of acquisition was 24 May 2008.

The fair values of the identifiable assets and liabilities arising from the acquisition of Bowa Commercial Bank were as follows:

In $ millions	Recognised on acquisition by the Bank Group	Acquiree's carrying amount
Cash and balances with central banks	215	215
Due from banks	139	139
Financial assets at fair value through profit or loss	5	6
Loans and advances to non-bank customers	2,053	2,139
Financial investments	169	173
Properties and other fixed assets	121	123
All other assets	55	38
Total identifiable assets	**2,757**	**2,833**
Due to banks	1,412	1,412
Due to non-bank customers	3,139	3,139
Other debt securities in issue	88	88
All other liabilities	74	69
Total identifiable liabilities	**4,713**	**4,708**
Identifiable net assets acquired	**1,956**	**Not applicable**
Cash consideration received	1,956	Not applicable
Add: Cash and cash equivalents from business acquired	215	Not applicable
Net proceeds from acquisition	**2,171**	**Not applicable**

28 Properties and Other Fixed Assets

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

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

	Bank Group	
In $ millions	**2009**	**2008**
Minimum lease receivable		
Not later than 1 year	**15**	14
Later than 1 year but not later than 5 years	**18**	23
	33	37

		Bank Group			
		Non-investment property			
In $ millions	Investment property	Owner-occupied property	Other fixed assets[a]	Subtotal of non-investment property	Total
	(1)	(2)	(3)	(4)=(2+3)	(5)=(1+4)
2009					
Cost					
Balance at 1 January	**350**	**1,122**	**848**	**1,970**	**2,320**
Additions	**-**	**4**	**175**	**179**	**179**
Disposals	**(6)**	**(12)**	**(105)**	**(117)**	**(123)**
Transfer	**158**	**(158)**	**-**	**(158)**	**-**
Exchange differences	**-**	**(12)**	**1**	**(11)**	**(11)**
Balance at 31 December	**502**	**944**	**919**	**1,863**	**2,365**
Less: Accumulated depreciation					
Balance at 1 January	**57**	**188**	**399**	**587**	**644**
Depreciation charge	**6**	**24**	**165**	**189**	**195**
Disposals	**-**	**(5)**	**(74)**	**(79)**	**(79)**
Transfer	**41**	**(41)**	**-**	**(41)**	**-**
Exchange differences	**-**	**(2)**	**1**	**(1)**	**(1)**
Balance at 31 December	**104**	**164**	**491**	**655**	**759**
Less: Allowances for impairment	**-**	**74**	**-**	**74**	**74**
Net book value at 31 December	**398**	**706**	**428**	**1,134**	**1,532**
Market value at 31 December	**509**	**1,106**	**-**	**-**	**-**
2008					
Cost					
Balance at 1 January[b]	350	981	827	1,808	2,158
Acquisition of new business	-	173	42	215	215
Additions	-	6	172	178	178
Disposals	-	(62)	(190)	(252)	(252)
Exchange differences	-	24	(3)	21	21
Balance at 31 December	350	1,122	848	1,970	2,320
Less: Accumulated depreciation					
Balance at 1 January[b]	51	179	369	548	599
Acquisition of new business	-	18	30	48	48
Depreciation charge	6	27	116	143	149
Disposals	-	(36)	(115)	(151)	(151)
Exchange differences	-	-	(1)	(1)	(1)
Balance at 31 December	57	188	399	587	644
Less: Allowances for impairment					
- Acquisition of new business	-	46	-	46	46
- Others	-	26	-	26	26
Net book value at 31 December	293	862	449	1,311	1,604
Market value at 31 December	415	1,267	-	-	-

(a) Refers to computer hardware, software, office equipment, furniture and fittings and other fixed assets.
(b) Cost and accumulated depreciation balance at 1 January 2008 have been restated to be consistent with the current year's presentation.

	Bank				
		Non-investment property			
In $ millions	Investment property	Owner-occupied property	Other fixed assets[a]	Subtotal of non-investment property	Total
	(1)	(2)	(3)	(4)=(2+3)	(5)=(1+4)
2009					
Cost					
Balance at 1 January	**-**	**403**	**527**	**930**	**930**
Additions	**-**	**-**	**108**	**108**	**108**
Disposals	**-**	**(3)**	**(82)**	**(85)**	**(85)**
Transfer	**46**	**(46)**	**-**	**(46)**	**-**
Exchange differences	**-**	**-**	**-**	**-**	**-**
Balance at 31 December	**46**	**354**	**553**	**907**	**953**
Less: Accumulated depreciation					
Balance at 1 January	**-**	**79**	**264**	**343**	**343**
Depreciation charge	**-**	**10**	**109**	**119**	**119**
Disposals	**-**	**(1)**	**(66)**	**(67)**	**(67)**
Transfer	**15**	**(15)**	**-**	**(15)**	**-**
Exchange differences	**-**	**-**	**(1)**	**(1)**	**(1)**
Balance at 31 December	**15**	**73**	**306**	**379**	**394**
Less: Allowances for impairment	**-**	**55**	**-**	**55**	**55**
Net book value at 31 December	**31**	**226**	**247**	**473**	**504**
Market value at 31 December	**49**	**296**	**-**	**-**	**-**
2008					
Cost					
Balance at 1 January	-	228	489	717	717
Acquisition of new business	-	173	42	215	215
Additions	-	6	77	83	83
Disposals	-	(4)	(81)	(85)	(85)
Exchange differences	-	-	-	-	-
Balance at 31 December	-	403	527	930	930
Less: Accumulated depreciation					
Balance at 1 January	-	56	194	250	250
Acquisition of new business	-	18	30	48	48
Depreciation charge	-	8	74	82	82
Disposals	-	(3)	(34)	(37)	(37)
Exchange differences	-	-	-	-	-
Balance at 31 December	-	79	264	343	343
Less: Allowances for impairment					
- Acquisition of new business	-	46	-	46	46
- Others	-	7	-	7	7
Net book value at 31 December	-	271	263	534	534
Market value at 31 December	-	323	-	-	-

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

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

	Bank Group		Bank	
In $ millions	**2009**	**2008**	**2009**	**2008**
Balance at 1 January	**72**	25	**53**	6
Acquisition of new business	**-**	46	**-**	46
Charge to income statement	**2**	1	**2**	1
Balance at 31 December	**74**	72	**55**	53

28.1 The net book value of PWC Building, being property held both for the purpose of generating rental income and for owner occupancy, was $423 million as at 31 December 2008 (2008: $452 million). Its fair value was independently appraised at $542 million (2008: $628 million).

29 Deferred Tax Assets/Liabilities

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

	Bank Group		Bank	
In $ millions	**2009**	**2008**	**2009**	**2008**
Deferred tax assets	**144**	171	**77**	128
Deferred tax liabilities	**(54)**	(45)	**-**	-
Total	**90**	126	**77**	128

The movement in deferred income tax assets and liabilities (prior to offsetting of balances with the same tax jurisdiction) is as follows:

In $ millions			**Bank Group 2009**	
Deferred income tax assets		**Allowances for losses**	**Other temporary differences**	**Total**
Balance at 1 January		**98**	**62**	**160**
Credit/(Charge) to income statement		**75**	**(18)**	**57**
Balance at 31 December		**173**	**44**	**217**
Deferred income tax liabilities	**Accelerated tax depreciation**	**Available-for-sale investments**	**Other temporary differences**	**Total**
Balance at 1 January	**(124)**	**91**	**(1)**	**(34)**
Credit/(Charge) to income statement	**17**	**-**	**(10)**	**7**
Charge to equity	**-**	**(100)**	**-**	**(100)**
Balance at 31 December	**(107)**	**(9)**	**(11)**	**(127)**

In $ millions			**Bank Group 2008**	
Deferred income tax assets		**Allowances for losses**	**Other temporary differences**	**Total**
Balance at 1 January		87	51	138
Credit to income statement		11	11	22
Balance at 31 December		98	62	160
Deferred income tax liabilities	**Accelerated tax depreciation**	**Available-for-sale investments**	**Other temporary differences**	**Total**
Balance at 1 January	(118)	(165)	(2)	(285)
(Charge)/Credit to income statement	(6)	-	1	(5)
Credit to equity	-	256	-	256
Balance at 31 December	(124)	91	(1)	(34)

In $ millions		**Bank 2009**	
Deferred income tax assets	**Allowances for losses**	**Other temporary differences**	**Total**
Balance at 1 January	**43**	**52**	**95**
Credit/(Charge) to income statement	**62**	**(36)**	**26**
Balance at 31 December	**105**	**16**	**121**

Deferred income tax liabilities	Accelerated tax depreciation	Available-for-sale investments	Other temporary differences	Total
Balance at 1 January	**(36)**	**69**	**-**	**33**
Credit/(Charge) to income statement	**7**	**-**	**(13)**	**(6)**
Charge to equity	**-**	**(71)**	**-**	**(71)**
Balance at 31 December	**(29)**	**(2)**	**(13)**	**(44)**

In $ millions		Bank 2008		
Deferred income tax assets		**Allowances for losses**	**Other temporary differences**	**Total**
Balance at 1 January		43	39	82
Credit to income statement		-	13	13
Balance at 31 December		43	52	95
Deferred income tax liabilities	**Accelerated tax depreciation**	**Available-for-sale investments**	**Other temporary differences**	**Total**
Balance at 1 January	(26)	(173)	-	(199)
Charge to income statement	(10)	-	-	(10)
Credit to equity	-	242	-	242
Balance at 31 December	(36)	69	-	33

30 Other Assets

In $ millions	Bank Group 2009	Bank Group 2008	Bank 2009	Bank 2008
Accrued interest receivable	**855**	1,019	**561**	761
Deposits and prepayments	**183**	288	**210**	230
Clients' monies receivable from securities business	**783**	316	**-**	-
Sundry debtors and others	**4,211**	4,466	**2,987**	3,841
Total	**6,032**	6,089	**3,758**	4,832

31 Due to Non-Bank Customers

In $ millions	Bank Group 2009	Bank Group 2008	Bank 2009	Bank 2008
Analysed by currency				
Singapore dollar	**99,608**	89,331	**99,137**	89,180
US dollar	**28,939**	26,858	**19,731**	17,072
Hong Kong dollar	**23,543**	23,052	**2,397**	1,990
Others	**26,358**	24,118	**16,739**	15,643
Total	**178,448**	163,359	**138,004**	123,885
Analysed by product				
Savings accounts	**82,751**	70,369	**69,971**	62,708
Current accounts	**27,705**	20,730	**23,006**	17,108
Fixed deposits	**64,124**	70,580	**41,946**	43,359
Other deposits	**3,868**	1,680	**3,081**	710
Total	**178,448**	163,359	**138,004**	123,885

32 Financial Liabilities at Fair Value through Profit or Loss

	Bank Group		Bank	
In $ millions	**2009**	**2008**	**2009**	**2008**
Trading				
Other debt securities in issue (Note 32.1)	**1,622**	1,779	**1,595**	1,751
Due to non-bank customers				
– structured investments	**3,426**	4,405	**3,426**	4,405
– others	**853**	1,305	**853**	1,305
Payable in respect of short sale of securities	**1,356**	1,330	**690**	787
Other financial liabilities	**212**	550	**212**	550
Sub-total	**7,469**	9,369	**6,776**	8,798
Fair value designated[(a)]				
Due to non-bank customers – structured investments	**705**	790	**-**	13
Other debt securities in issue (Note 32.2)	**1,043**	1,123	**726**	758
Sub-total	**1,748**	1,913	**726**	771
Total	**9,217**	11,282	**7,502**	9,569

(a) Changes in fair value arising from changes in credit risk are determined as the amount of change in their fair value that is not attributable to changes in market conditions that give rise to market risk. Changes in market conditions that give rise to market risk include changes in benchmark interest rate, foreign exchange rate or index of prices or rates. Change in fair value arising from change in credit risk is not significant. Net unrealised gain or loss for the fair value designated liabilities at 31 December 2009 amount to $13 million gain (2008: $628 million gain) for the Bank Group and $5 million loss (2008: $30 million gain) for the Bank.

32.1 Other debt securities in issue (Trading)

Details of other debt securities issued and outstanding at 31 December 2009 are as follows:

In $ millions			Bank Group		Bank	
Type	**Issue Date**	**Maturity Date**	**2009**	**2008**	**2009**	**2008**
Equity linked notes	29 Jan 2007 to 31 Dec 2009	4 Jan 2010 to 13 May 2013	**644**	467	**644**	467
Credit linked notes	7 Apr 2003 to 9 Sep 2009	20 Mar 2010 to 5 Jul 2017	**846**	1,075	**819**	1,047
Interest linked notes	9 Dec 2005 to 29 Dec 2009	9 Dec 2010 to 14 Jan 2015	**58**	211	**58**	211
Foreign exchange linked notes	31 Mar 2008 to 30 Dec 2009	6 Jan 2010 to 23 May 2011	**74**	26	**74**	26
Total			**1,622**	1,779	**1,595**	1,751
Due within 1 year			**934**	485	**934**	485
Due after 1 year			**688**	1,294	**661**	1,266
Total			**1,622**	1,779	**1,595**	1,751

32.2 Other debt securities in issue (Fair value designated)

	Bank Group		Bank	
In $ millions	**2009**	**2008**	**2009**	**2008**
Negotiable certificates of deposit	**-**	56	**-**	-
Other debt securities	**1,043**	1,067	**726**	758
Total	**1,043**	1,123	**726**	758
Due within 1 year	**892**	795	**676**	449
Due after 1 year	**151**	328	**50**	309
Total	**1,043**	1,123	**726**	758

Details of other debt securities issued and outstanding at 31 December 2009 are as follows:

In $ millions			Bank Group		Bank	
Type	**Issue Date**	**Maturity Date**	**2009**	**2008**	**2009**	**2008**
Credit linked notes	30 Jun 2005 to 29 Dec 2009	15 Jan 2010 to 5 Sep 2014	**953**	1,017	**726**	758
Equity linked notes	10 Nov 2006	10 Nov 2011	**90**	50	**-**	-
Total			**1,043**	1,067	**726**	758

33 Other Liabilities

In $ millions	Bank Group 2009	Bank Group 2008	Bank 2009	Bank 2008
Sundry creditors	**4,028**	3,255	**2,169**	1,830
Cash collaterals received in respect of derivative portfolios	**336**	830	**336**	830
Interest payable	**291**	487	**162**	310
Loss allowances for off-balance sheet credit exposures	**199**	177	**192**	174
Clients' monies payable in respect of securities business	**640**	297	**-**	-
Other payable	**993**	828	**655**	541
Total	**6,487**	5,874	**3,514**	3,685

The table below shows the movements in loss allowances for off-balance sheet credit exposures during the year:

Bank Group In $ millions	Balance at 1 January	Charge to income statement	Exchange and other movements	Balance at 31 December
2009				
Contingent liabilities and commitments	**177**	**4**	**18**	**199**
2008				
Contingent liabilities and commitments	132	46	(1)	177

Bank In $ millions	Balance at 1 January	Charge to income statement	Exchange and other movements	Balance at 31 December
2009				
Contingent liabilities and commitments	**174**	**4**	**14**	**192**
2008				
Contingent liabilities and commitments	129	45	-	174

34 Other Debt Securities in Issue

In $ millions	Bank Group 2009	Bank Group 2008	Bank 2009	Bank 2008
Negotiable certificates of deposit	**281**	336	**-**	-
Other debt securities	**132**	302	**-**	28
Total	**413**	638	**-**	28
Due within 1 year	**44**	263	**-**	28
Due after 1 year	**369**	375	**-**	-
Total	**413**	638	**-**	28

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

In $ millions Face Value	Interest Rate and Repayment Terms	Issue Date	Maturity Date	Bank Group 2009	Bank Group 2008	Bank 2009	Bank 2008
HK$777m	3.48% to 4.22%, payable quarterly	22 Aug 2008 to 17 Oct 2008	26 Aug 2013 to 17 Oct 2018	**141**	151	**-**	-
HK$747m	3.70% to 4.20%, payable yearly	21 Aug 2008 to 12 Sep 2008	12 Sep 2012 to 28 Aug 2018	**140**	185	**-**	-
Total				**281**	336	**-**	-

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

In $ millions				**Bank Group**		**Bank**	
Face Value/ Type	**Interest Rate and Repayment Terms**	**Issue Date**	**Maturity Date**	**2009**	**2008**	**2009**	**2008**
TWD630m	2.50%, payable half-yearly	29 Apr 2004	29 Oct 2009	**-**	28	**-**	28
Equity linked notes		24 Nov 2009 to 30 Dec 2009	7 Jan 2010 to 19 Feb 2010	**2**	-	**-**	-
Redeemable non-convertible debentures (Note (a))							
- Fixed rate at 9.35% to 13.00%		17 Nov 2006 to 20 Nov 2009	19 Feb 2010 to 21 Nov 2018	**130**	266	**-**	-
- Floating rate at MIBOR* +2.18%		18 Jul 2006 to 19 Jul 2006	17 Jul 2009 to 20 Jul 2009	**-**	8	**-**	-
Total				**132**	302	**-**	28

* MIBOR: Mumbai Interbank Offer Rate
(a) The notes were issued by Cholamandalam DBS Finance Limited, a joint venture.

35 Due to Subsidiaries

	Bank	
In $ millions	**2009**	**2008**
Subordinated term debts issued to DBS Capital Funding Corporation (Note 35.1)	**1,118**	1,121
Subordinated term debts issued to DBS Capital Funding Corporation II (Note 35.2)	**1,500**	1,500
Due to subsidiaries	**5,675**	6,388
Total	**8,293**	9,009

35.1 The subordinated term debts were issued by the Bank to DBS Capital Funding Corporation, both wholly-owned subsidiaries of DBSH, on 21 March 2001 and mature on 15 March 2051. The notes comprised Series A Subordinated Note of US$725 million and Series B Subordinated Note of S$100 million. Interest is payable in arrears on 15 March and 15 September each year at a fixed rate of 7.66% per annum (Series A) and 5.35% per annum (Series B), up to 15 March 2011. Thereafter, interest is payable quarterly in arrears on 15 March, 15 June,15 September and 15 December each year at a floating rate of three-month London Interbank Offer Rate ("LIBOR") + 3.20% per annum (Series A) and three-month Singapore Swap Offer Rate + 2.52% per annum (Series B).

35.2 The $1,500 million 5.75% subordinated note was issued on 27 May 2008 by the Bank to DBS Capital Funding II Corporation, both wholly-owned subsidiaries of DBSH. Interest is payable in arrears on 15 June and 15 December each year at a fixed rate of 5.75% per annum up to 15 June 2018. Thereafter, interest is payable quarterly in arrears on 15 March, 15 June, 15 September and 15 December each year at a floating rate of three-month Singapore Swap Offer Rate + 3.415% per annum.

36 Subordinated Term Debts

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

In $ millions Face Value		Issue Date	Maturity Date	Bank Group 2009	Bank Group 2008	Bank 2009	Bank 2008
US$750m	7.88% Subordinated Notes (Note 36.1)	10 Aug 1999	10 Aug 2009	**-**	1,099	**-**	1,099
US$500m	7.88% Subordinated Notes (Note 36.2)	15 Apr 2000	15 Apr 2010	**715**	766	**715**	766
US$850m	7.13% Subordinated Notes (Note 36.3)	15 May 2001	15 May 2011	**1,274**	1,340	**1,274**	1,340
US$750m	5.00% Subordinated Notes callable with step-up in 2014 (Note 36.4)	1 Oct 2004	15 Nov 2019	**1,089**	1,144	**1,089**	1,144
US$900m	Floating Rate Subordinated Notes callable with step-up in 2016 (Note 36.5)	16 Jun 2006	15 Jul 2021	**1,264**	1,293	**1,264**	1,293
S$500m	4.47% Subordinated Notes callable with step-up in 2016 (Note 36.6)	11 Jul 2006	15 Jul 2021	**500**	500	**500**	500
US$500m	5.13% Subordinated Notes callable with step-up in 2012 (Note 36.7)	15 May 2007	16 May 2017	**753**	788	**753**	788
US$1,500m	Floating Rate Subordinated Notes callable with step-up in 2012 (Note 36.8)	15 May 2007	16 May 2017	**2,107**	2,155	**2,107**	2,155
Total				**7,702**	9,085	**7,702**	9,085
Due within 1 year				**715**	1,099	**715**	1,099
Due after 1 year				**6,987**	7,986	**6,987**	7,986
Total				**7,702**	9,085	**7,702**	9,085

36.1 Interest is payable semi-annually on 10 February and 10 August commencing 10 February 2000. Part of the fixed rate funding has been converted to floating rate at three-month LIBOR + 1.05% via interest rate swaps. In computing the Bank Group's capital adequacy ratio, these notes qualify as Tier 2 capital, the eligible amount being dependent on regulatory amortisation rules. The notes expired in 2009.

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

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

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

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

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

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

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

37 Share Capital

	Bank	
Issued and fully paid up	**2009**	**2008**
1,962,302,697 (2008 : 1,962,302,697) ordinary shares	**1,962**	1,962
11,000,000 (2008 : 11,000,000) non-cumulative non-convertible perpetual preference shares	**11**	11
Total number of shares (millions)	**1,973**	1,973
Total Share Capital (in $ millions)	**12,096**	12,096

38 Other Reserves and Revenue Reserves

38.1 Other reserves

	Bank Group		Bank	
In $ millions	**2009**	**2008**	**2009**	**2008**
Available-for-sale revaluation reserves	**132**	(388)	**125**	(255)
General reserves	**2,453**	2,453	**2,360**	2,360
Capital reserves	**(48)**	(103)	**-**	-
Share plan reserves	**-**	-	**-**	-
Total	**2,537**	1,962	**2,485**	2,105

Movements in other reserves for the Bank Group during the year are as follows:

	Bank Group				
In $ millions	**Available-for-sale revaluation reserves**	**General reserves[(a)]**	**Capital reserves[(b)]**	**Share plan reserves**	**Total**
Balance at 1 January 2009	**(388)**	**2,453**	**(103)**	**-**	**1,962**
Net exchange translation adjustments	**-**	**-**	**37**		**37**
Share of associates' capital reserves	**-**	**-**	**18**	**-**	**18**
Available-for-sale:					
- net valuation taken to equity	**932**	**-**	**-**	**-**	**932**
- transferred to income statement on sale	**(312)**	**-**	**-**	**-**	**(312)**
- tax on items taken directly to or transferred from equity	**(100)**	**-**	**-**	**-**	**(100)**
Balance at 31 December 2009	**132**	**2,453**	**(48)**	**-**	**2,537**
Balance at 1 January 2008	901	2,453	(12)	30	3,372
Net exchange translation adjustments	-	-	(51)		(51)
Share of associates' capital reserves	-	-	(40)	-	(40)
Transfer of share plan reserves to holding company	-	-	-	(30)	(30)
Available-for-sale:					
- net valuation taken to equity	(1,217)	-	-	-	(1,217)
- transferred to income statement due to impairment	21	-	-	-	21
- transferred to income statement on sale	(349)	-	-	-	(349)
- tax on items taken directly to or transferred from equity	256	-	-	-	256
Balance at 31 December 2008	(388)	2,453	(103)	-	1,962

(a) The General reserves are maintained in accordance with the provisions of applicable laws and regulations. These reserves are non distributable unless otherwise approved by the relevant authorities. Under the Banking (Reserve Fund) (Transitional Provision) regulations 2007, which came into effect on 11 June 2007, the Bank may distribute or utilise its statutory reserves provided that the amount distributed or utilised for each financial year does not exceed 20% of the reserves as at 30 March 2007.

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

Movements in other reserves for the Bank during the year are as follows:

In $ millions	Available-for-sale revaluation reserves	General reserves [a]	Share plan reserves	Total
	Bank			
Balance at 1 January 2009	**(255)**	**2,360**	**-**	**2,105**
Available-for-sale:				
- net valuation taken to equity	**774**	**-**	**-**	**774**
- transferred to income statement on sale	**(323)**	**-**	**-**	**(323)**
- tax on items taken directly to or transferred from equity	**(71)**	**-**	**-**	**(71)**
Balance at 31 December 2009	**125**	**2,360**	**-**	**2,485**
Balance at 1 January 2008	929	2,360	25	3,314
Transfer of share plan reserves to holding company	-	-	(25)	(25)
Available-for-sale:				
- net valuation taken to equity	(1,130)	-	-	(1,130)
- transferred to income statement due to impairment	16	-	-	16
- transferred to income statement on sale	(312)	-	-	(312)
- tax on items taken directly to or transferred from equity	242	-	-	242
Balance at 31 December 2008	(255)	2,360	-	2,105

(a) The General reserves are maintained in accordance with the provisions of applicable laws and regulations. These reserves are non distributable unless otherwise approved by the relevant authorities. Under the Banking (Reserve Fund) (Transitional Provision) regulations 2007, which came into effect on 11 June 2007, the Bank may distribute or utilise its statutory reserves provided that the amount distributed or utilised for each financial year does not exceed 20% of the reserves as at 30 March 2007.

38.2 Revenue reserves

In $ millions	Bank Group 2009	Bank Group 2008	Bank 2009	Bank 2008
Balance at 1 January	**6,857**	6,179	**5,599**	4,984
Net profit attributable to shareholders	**2,109**	1,997	**1,769**	1,938
Amount available for distribution	**8,966**	8,176	**7,368**	6,922
Less: Nil (2008 : $0.16) tax exempt ordinary final dividends	**-**	302	**-**	304
Nil (2008 : $0.49) tax exempt ordinary interim dividends	**-**	951	**-**	953
6% tax exempt preference dividends (2008: 6% tax exempt)	**66**	66	**66**	66
Balance at 31 December	**8,900**	6,857	**7,302**	5,599

39 Minority Interests

In $ millions	Bank Group 2009	Bank Group 2008
Preference shares issued by DBS Capital Funding Corporation (Note 39.1)	**1,118**	1,121
Preference shares issued by DBS Capital Funding II Corporation (Note 39.2)	**1,500**	1,500
Other subsidiaries	**401**	450
Total	**3,019**	3,071

39.1 US$725 million 7.66% non-cumulative guaranteed preference shares, Series A, each with a liquidation preference of US$1,000 and $100 million 5.35% non-cumulative guaranteed preference shares, Series B, each with a liquidation preference of $10,000 were issued on 21 March 2001 by DBS Capital Funding Corporation, a subsidiary of the Bank. Dividends, when declared by the Board of Directors of DBS Capital Funding Corporation, are payable in arrears on 15 March and 15 September each year at a fixed rate of 7.66% per annum (Series A) and 5.35% per annum (Series B), up to 15 March 2011. Thereafter, dividends are payable quarterly in arrears on 15 March, 15 June, 15 September and 15 December each year at a floating rate of three-month LIBOR + 3.20% per annum (Series A) and three-month Singapore Swap Offer Rate + 2.52% per annum (Series B). In computing the Bank Group's capital adequacy ratio, these guaranteed preference shares qualify as Tier 1 capital.

39.2 $1,500 million 5.75% non-cumulative non-convertible non-voting guaranteed preference shares, with a liquidation preference of $250,000 was issued on 27 May 2008 by DBS Capital Funding II Corporation, a subsidiary of the Bank. Dividends, when declared by the Board of Directors of DBS Capital Funding II Corporation, are payable in arrears on 15 June and 15 December each year at a fixed rate of 5.75% per annum up to 15 June 2018. Thereafter, dividends are payable quarterly in arrears on 15 March, 15 June, 15 September and 15 December each year at a floating rate of three-month Singapore Swap Offer Rate + 3.415% per annum. In computing the Bank Group's capital adequacy ratio, these guaranteed preference shares qualify as Tier 1 capital.

40 Contingent Liabilities and Commitments

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

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

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

	Bank Group		Bank	
In $ millions	**2009**	**2008**	**2009**	**2008**
Guarantees on account of customers	**10,465**	9,445	**10,119**	9,173
Endorsements and other obligations on account of customers				
- Letters of credit	**4,616**	4,644	**3,818**	3,912
- Others	**595**	1,281	**191**	1,167
Other contingent items (Note 40.2)	**35**	50	**35**	50
Undrawn loan commitments[(a)]	**81,419**	75,993	**61,558**	55,968
Undisbursed commitments in securities	**108**	88	**108**	88
Sub-total	**97,238**	91,501	**75,829**	70,358
Operating lease commitments (Note 40.3)	**920**	1,075	**733**	857
Capital commitments	**49**	80	**33**	45
Total	**98,207**	92,656	**76,595**	71,260
Analysed by industry (except for operating lease commitments and capital commitments)				
Manufacturing	**16,872**	14,272	**12,551**	10,893
Building and construction	**5,811**	6,379	**4,935**	4,303
Housing loans	**5,010**	2,503	**4,923**	2,390
General commerce	**11,579**	13,177	**6,967**	7,984
Transportation, storage and communications	**5,006**	5,342	**4,405**	5,150
Government	**189**	-	**188**	-
Financial institutions, investment and holding companies	**15,633**	17,175	**15,372**	16,864
Professionals and private individuals (except housing loans)	**22,856**	16,270	**13,863**	7,786
Others	**14,282**	16,383	**12,625**	14,988
Total	**97,238**	91,501	**75,829**	70,358

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

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

40.2 Included in "Other contingent items" at 31 December 2009, is an amount of $35 million (2008: $50 million), representing the termination fee payable by the Bank should a distribution agreement be terminated prematurely prior to December 2011.

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

41 Financial Derivatives

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

Interest rate contracts

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

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

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

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

Interest rate caps and floors give the buyer the ability to fix the maximum or minimum rate of interest. There is no facility to deposit or draw down funds; instead the writer pays to the buyer the amount by which the market rate exceeds or is less than the cap rate or the floor rate respectively. A combination of an interest rate cap and floor is known as an interest rate collar.

Exchange rate contracts

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

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

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

Equity-related contracts

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

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

Credit-related contracts

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

Commodity-related contracts

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

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

41.1 Trading derivatives

Most of the Bank Group's derivatives relate to sales and trading activities. Sales activities include the structuring and marketing of derivatives to customers to enable them to take, transfer, modify or reduce current or expected risks. Trading activities are entered into principally for the purpose of generating a profit from short-term fluctuations in price or dealer's margin. Trading includes market making, positioning and arbitraging activities. Market making involves quoting bid and offer prices to other market participants with the intention of generating revenues based on spread and volume. Positioning involves managing market risk positions with the expectation of profiting from favourable movements in prices, rates or indices. Arbitraging involves identifying and profiting from price differentials of the same product in different markets or the same economic factor in different products.

41.2 Hedging derivatives

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

Fair value hedges

The Bank Group's fair value hedges consist principally of interest rate swaps used for managing interest rate gaps.

At the Bank Group, for the year ended 31 December 2009, the loss on hedging instruments was $4 million (2008: gain of $167 million). The total gain on hedged items attributable to the hedged risk amounted to $8 million (2008: loss of $166 million).

At the Bank, for the year ended 31 December 2009, the gain on hedging instruments was $39 million (2008: gain of $190 million). The total loss on hedged items attributable to the hedged risk amounted to $36 million (2008: loss of $189 million).

Net investment hedges

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

The tables below analyses the currency exposure of Bank Group and Bank by functional currency at 31 December:

		Bank Group	
In $ millions	**Net investments in overseas operations[(a)]**	**Financial instruments which hedge the net investments[(b)]**	**Remaining unhedged currency exposures**
2009			
Hong Kong dollar	**4,218**	**4,152**	**66**
US dollar	**695**	**697**	**(2)**
Others	**3,359**	**2,481**	**878**
Total	**8,272**	**7,330**	**942**
2008			
Hong Kong dollar	3,597	3,636	(39)
US dollar	670	663	7
Others	3,006	2,288	718
Total	7,273	6,587	686

		Bank	
In $ millions	**Net investments in overseas operations[(a)]**	**Financial instruments which hedge the net investments[(b)]**	**Remaining unhedged currency exposures**
2009			
Hong Kong dollar	**4,146**	**4,087**	**59**
US dollar	**685**	**687**	**(2)**
Others	**3,285**	**2,436**	**849**
Total	**8,116**	**7,210**	**906**
2008			
Hong Kong dollar	3,500	3,534	(34)
US dollar	660	653	7
Others	2,816	2,122	694
Total	6,976	6,309	667

(a) Refer to net tangible assets of subsidiaries, joint ventures and associates and capital funds/retained earnings of overseas branches operations.
(b) Include forwards, non-deliverable forwards and borrowings used to hedge the investments.

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

In the financial statements, trading derivative financial instruments are revalued on a gross position basis and the unrealised gains or losses are reflected as assets (Positive fair values for financial derivatives) or liabilities (Negative fair values for financial derivatives). Derivative assets and liabilities arising from different transactions are only offset if the transactions are done with the same counterparty, a legal right of offset exists, and the parties intend to settle the cash flows on a net basis. There was no offset of derivative assets and liabilities in 2009 and 2008.

Bank Group In $ millions	2009 Underlying notional	2009 Year-end positive fair values	2009 Year-end negative fair values	2008 Underlying notional	2008 Year-end positive fair values	2008 Year-end negative fair values
Derivatives held for trading						
Interest rate derivatives						
Forward rate agreements bought	**22,067**	**1**	**33**	1,989	1	7
Forward rate agreements sold	**18,599**	**27**	**1**	2,942	11	-
Interest rate swaps	**658,889**	**7,146**	**7,420**	853,126	13,797	14,238
Financial futures bought	**27,378**	**10**	**4**	19,880	34	1
Financial futures sold	**11,536**	**12**	**6**	7,800	-	21
Interest rate options bought	**2,201**	**32**	**-**	2,495	65	-
Interest rate options sold	**2,761**	**-**	**31**	2,946	-	75
Interest rate futures options bought	**7,022**	**1**	**-**	862	3	-
Interest rate futures options sold	**7,748**	**-**	**1**	804	-	1
Interest rate caps/floors bought	**10,409**	**99**	**-**	11,361	120	-
Interest rate caps/floors sold	**9,214**	**-**	**113**	13,282	-	150
Sub-total	**777,824**	**7,328**	**7,609**	917,487	14,031	14,493
Foreign exchange ("FX") derivatives						
FX contracts	**305,666**	**2,967**	**2,716**	440,029	8,987	8,092
Currency swaps	**84,521**	**3,029**	**3,162**	75,384	1,905	1,847
Currency options bought	**58,232**	**1,203**	**-**	69,010	2,111	-
Currency options sold	**59,714**	**-**	**999**	70,770	-	1,749
FX futures bought	**-**	**-**	**-**	102	1	-
Sub-total	**508,133**	**7,199**	**6,877**	655,295	13,004	11,688
Equity derivatives						
Equity options bought	**1,177**	**13**	**-**	2,145	145	4
Equity options sold	**633**	**-**	**15**	1,544	-	110
Equity swaps	**2,421**	**35**	**47**	2,744	81	180
Sub-total	**4,231**	**48**	**62**	6,433	226	294
Credit derivatives						
Credit default swaps and others	**94,970**	**1,180**	**1,593**	112,685	4,603	5,008
Sub-total	**94,970**	**1,180**	**1,593**	112,685	4,603	5,008
Commodity derivatives						
Commodity contracts	**216**	**1**	**1**	186	1	4
Commodity options bought	**39**	**1**	**-**	113	11	-
Commodity options sold	**5**	**-**	**-**	128	-	7
Sub-total	**260**	**2**	**1**	427	12	11
Total derivatives held for trading	**1,385,418**	**15,757**	**16,142**	1,692,327	31,876	31,494
Derivatives held for hedging						
Interest rate swaps held for fair value hedge	**6,406**	**222**	**224**	6,883	369	319
FX contracts held for fair value hedge	**185**	**2**	**1**	566	37	9
FX contracts held for hedge of net investment	**2,261**	**34**	**22**	1,878	46	70
Currency swaps held for hedge of net investment	**2,585**	**-**	**17**	3,063	-	26
Total derivatives held for hedging	**11,437**	**258**	**264**	12,390	452	424
Total derivatives	**1,396,855**	**16,015**	**16,406**	1,704,717	32,328	31,918
Impact of netting arrangements recognised for computation of Capital Adequacy Ratio (CAR)		**(8,569)**	**(8,569)**		(9,781)	(9,781)
		7,446	**7,837**		22,547	22,137

Bank In $ millions	2009 Underlying notional	2009 Year-end positive fair values	2009 Year-end negative fair values	2008 Underlying notional	2008 Year-end positive fair values	2008 Year-end negative fair values
Derivatives held for trading						
Interest rate derivatives						
Forward rate agreements bought	**22,067**	**1**	**33**	1,989	1	7
Forward rate agreements sold	**18,599**	**27**	**1**	2,942	11	-
Interest rate swaps	**662,829**	**7,218**	**7,514**	861,455	13,942	14,401
Financial futures bought	**26,756**	**9**	**4**	19,916	36	-
Financial futures sold	**11,130**	**9**	**6**	7,622	-	20
Interest rate options bought	**2,221**	**32**	**-**	2,620	66	-
Interest rate options sold	**2,766**	**-**	**31**	2,942	-	75
Interest rate futures options bought	**7,022**	**1**	**-**	718	2	-
Interest rate futures options sold	**7,303**	**-**	**-**	732	-	1
Interest rate caps/floors bought	**10,409**	**99**	**-**	11,361	120	-
Interest rate caps/floors sold	**9,214**	**-**	**113**	13,283	-	150
Sub-total	**780,316**	**7,396**	**7,702**	925,580	14,178	14,654
Foreign exchange ("FX") derivatives						
FX contracts	**294,815**	**2,904**	**2,668**	439,237	8,861	8,746
Currency swaps	**84,506**	**3,024**	**3,174**	76,578	1,886	1,870
Currency options bought	**58,513**	**1,229**	**-**	70,682	2,115	-
Currency options sold	**59,495**	**-**	**1,027**	71,995	-	1,751
FX futures bought	**-**	**-**	**-**	102	1	1
Sub-total	**497,329**	**7,157**	**6,869**	658,594	12,863	12,368
Equity derivatives						
Equity options bought	**1,584**	**124**	**-**	1,793	279	4
Equity options sold	**1,022**	**-**	**94**	1,706	-	165
Equity swaps	**2,584**	**60**	**93**	3,158	270	187
Sub-total	**5,190**	**184**	**187**	6,657	549	356
Credit derivatives						
Credit default swaps and others	**95,554**	**1,226**	**1,581**	113,839	5,025	5,008
Sub-total	**95,554**	**1,226**	**1,581**	113,839	5,025	5,008
Commodity derivatives						
Commodity contracts	**220**	**1**	**1**	198	1	4
Commodity options bought	**40**	**1**	**-**	113	11	-
Commodity options sold	**5**	**-**	**-**	128	-	7
Sub-total	**265**	**2**	**1**	439	12	11
Total derivatives held for trading	**1,378,654**	**15,965**	**16,340**	1,705,109	32,627	32,397
Derivatives held for hedging						
Interest rate swaps held for fair value hedge	**5,576**	**214**	**171**	6,079	345	248
FX contracts held for fair value hedge	**1,113**	**4**	**6**	1,149	45	20
FX contracts held for hedge of net investment	**1,033**	**29**	**16**	965	32	55
Currency swaps held for fair value hedge	**2,585**	**-**	**17**	3,063	-	26
Total derivatives held for hedging	**10,307**	**247**	**210**	11,256	422	349
Total derivatives	**1,388,961**	**16,212**	**16,550**	1,716,365	33,049	32,746
Impact of netting arrangements recognised for computation of Capital Adequacy Ratio (CAR)		**(8,938)**	**(8,938)**		(9,781)	(9,781)
		7,274	**7,837**		23,268	22,965

The contractual or underlying principal amounts of derivative financial instruments of bank and non-bank counterparties amounted to $1,024 billion (2008: $1,456 billion) and $373 billion (2008: $248 billion) respectively for the Bank Group and $1,039 billion (2008: $1,477 billion) and $350 billion (2008: $239 billion) respectively for the Bank. These positions are mainly booked in Singapore. For purpose of managing its credit exposures, the Bank Group maintains collateral agreements and enters into master netting agreements with most of these counterparties. For those arrangements that comply with the regulatory requirements as set out in MAS Notice 637, the Bank Group recognises the netting arrangements in the computation of its Capital Adequacy Ratios.

42 Cash and Cash Equivalents

In $ millions	Bank Group 2009	Bank Group 2008	Bank 2009	Bank 2008
Cash on hand (Note 16)	**1,388**	1,040	**1,195**	903
Non-restricted balances with central banks (Note 16)	**17,893**	11,638	**17,614**	11,174
Total	**19,281**	12,678	**18,809**	12,077

43 Share-based Compensation Plans

43.1 DBSH Share Ownership Scheme

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

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

Bank Group	Ordinary shares Number 2009	Ordinary shares Number 2008	Market value ($ millions) 2009	Market value ($ millions) 2008
Balance at 1 January	**3,522,570**	2,993,829	**30**	62
Balance at 31 December	**5,335,157**	3,522,570	**82**	30

43.2 DBSH Share Option Plan

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

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

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

The Option Plan has expired on 19 June 2009 and it was not extended or replaced. The termination of the Option Plan will not affect the rights of holders of any outstanding existing options.

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

Bank Group	2009 Unissued number of ordinary shares under outstanding options	2009 Weighted average exercise price ($) [(a)]	2008 Unissued number of ordinary shares under outstanding options	2008 Weighted average exercise price ($)
Balance at 1 January	**14,373,192**	**13.15**	17,776,673	15.29
Movements during the year:				
- Issue of rights	**2,537,599**	**13.15**		
- Exercised	**(1,011,601)**	**11.63**	(3,173,596)	14.29
- Forfeited/ Expired	**(1,000,553)**	**13.03**	(229,885)	18.09
Balance at 31 December	**14,898,637**	**13.26**	14,373,192	15.46
Additional information:				
Outstanding options exercisable at 31 December	**14,898,637**	**13.26**	14,373,192	15.46
Weighted average remaining contractual life of options outstanding at 31 December	**2.5 years**		3.4 years	
Range of exercise price of options outstanding at 31 December	**$8.84 to $18.99**		$10.40 to $22.33	

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

In 2009, 1,011,601 options (2008: 3,173,596) were exercised at their contractual exercise prices for the Bank Group. During the year, the weighted average market price of DBSH's shares was $12.80 (2008: $18.59).

Bank	2009 Unissued number of ordinary shares under outstanding options	2009 Weighted average exercise price ($)[(a)]	2008 Unissued number of ordinary shares under outstanding options	2008 Weighted average exercise price ($)
Balance at 1 January	**12,268,030**	**13.31**	14,875,463	15.51
Movements during the year:				
- Rights issue	**2,165,145**	**13.31**		
- Exercised	**(869,031)**	**11.80**	(2,394,348)	14.52
- Forfeited/ Expired	**(933,705)**	**13.10**	(213,085)	18.34
Balance at 31 December	**12,630,439**	**13.43**	12,268,030	15.65
Additional information:				
Outstanding options exercisable at 31 December	**12,630,439**	**13.43**	12,268,030	15.65
Weighted average remaining contractual life of options outstanding at 31 December	**2.4 years**		3.3 years	
Range of exercise price of options outstanding at 31 December	**$8.84 to $18.99**		$10.40 to $22.33	

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

In 2009, 869,031 options (2008: 2,394,348) were exercised at their contractual exercise prices for the Bank. During the year, the weighted average market price of DBSH's shares was $12.66 (2008: $18.51).

43.3 DBSH Share Plan

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

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

A time-based award comprises two elements, namely, the main award and the "kicker" award. The shares comprised in the "kicker" award constitute twenty percent of the shares comprised in the main award. Fifty percent of the shares comprised in the main award will vest two years after the date of grant. The remainder fifty percent of the shares comprised in the main award, together with the shares comprised in the "kicker" award, will vest three years after the date of grant. For time-based awards, the fair value of the shares awarded are computed based on the market price of the ordinary shares at the time of the award and is amortised through the income statement over the vesting period. At each balance sheet date, the Bank Group revises its estimates of the number of shares expected to vest based on non-market vesting conditions and the corresponding adjustments are made to the income statement.

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

Bank Group Number of shares	2009 grant	2008 grant
Balance at 1 January 2009	**Not applicable**	2,166,652
Rights Issue	**-**	379,110
Granted in 2009	**4,415,717**	Not Applicable
Vested in 2009	**(136,645)**	(281,748)
Forfeited in 2009	**(163,609)**	(97,026)
Balance at 31 December 2009	**4,115,463**	2,166,988
Weighted average fair value per share at grant date	**$8.18**	$15.44[(a)]

Bank Number of shares	2009 grant	2008 grant
Balance at 1 January 2009	**Not applicable**	1,867,728
Rights Issue	**-**	329,247
Granted in 2009	**3,927,652**	Not applicable
Vested in 2009	**(136,645)**	(281,748)
Forfeited in 2009	**(157,865)**	(73,794)
Balance at 31 December 2009	**3,633,142**	1,841,433
Weighted average fair value per share at grant date	**$8.19**	$15.44[(a)]

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

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

43.4 DBSH Employee Share Plan

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

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

Time-based awards were granted in the current and previous financial years. The time-based awards will only vest after the satisfactory completion of time-based service conditions. Under such awards, the shares will vest at fifty percent two years after the date of grant and the remainder fifty percent three years after the date of grant. The fair value of the shares awarded are computed based on the market price of the ordinary shares at the time of the award and is amortised through the income statement over the vesting period. At each balance sheet date, the Bank Group revises its estimates of the number of shares expected to vest based on non-market vesting conditions and the corresponding adjustments are made to the income statement.

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

	Bank Group	
Number of shares	**2009 grant**	**2008 grant**
Balance at 1 January 2009	**Not applicable**	163,400
Rights Issue	**-**	28,578
Granted in 2009	**185,900**	Not applicable
Forfeited in 2009	**(8,900)**	(11,228)
Balance at 31 December 2009	**177,000**	180,750
Fair value per share at grant date	**$8.05**	$15.25[(a)]

	Bank	
Number of shares	**2009 grant**	**2008 grant**
Balance at 1 January 2009	**Not applicable**	89,000
Rights Issue	**-**	15,452
Granted in 2009	**92,900**	Not applicable
Forfeited in 2009	**(4,900)**	(6,910)
Balance at 31 December 2009	**88,000**	97,542
Fair value per share at grant date	**$8.05**	$15.25[(a)]

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

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

44 Related Party Transactions

44.1 Transactions between the Bank and its subsidiaries, including consolidated special purpose entities, which are related parties of the Bank, have been eliminated on consolidation and are disclosed in Notes 44.6 and 44.7.

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

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

44.3 Total compensation and fees paid to key management personnel[(a)] are as follows:

	Bank Group		Bank	
In $ millions	**2009**	**2008**	**2009**	**2008**
Short-term benefits	**31**	34	**27**	30
Post-employment benefits	**#**	#	**#**	#
Share-based payments	**13**	6	**13**	6
Total [(b)]	**44**	40	**40**	36

\# Amount under $500,000
(a) Includes Bank Directors and members of the Management Committee who have authority and responsibility in planning the activities and direction of the Bank Group.
(b) Includes cash bonus based on amount accrued during the year, to be paid in the following year.

44.4 Share options granted to key management personnel

No share options were granted to key management personnel during the financial year. The outstanding number of share options granted to key management personnel at the end of the financial year was 1,565,207[(a)] (2008: 1,330,570) for Bank Group.

(a) Adjusted for effects of rights issue

44.5 Performance shares granted to key management personnel

During the financial year, 1,365,789 (2008: 762,941) awards in respect of DBSH ordinary shares were granted to key management personnel of the Bank Group.

44.6 Income received and expenses paid to related parties

In $ millions	Bank 2009	Bank 2008
Income received from:		
-Subsidiaries	**104**	144
-Special purpose entities	**-**	7
-Associates/joint ventures	**43**	54
Total	**147**	205
Expenses paid to:		
-Subsidiaries	**273**	320
-Subsidiaries of DBSH	**-**	#
-Special purpose entities	**14**	#
-Associates/joint ventures	**3**	4
Total	**290**	324

\# Amount under $500,000

44.7 Amounts due to and from related parties

In $ millions	Bank 2009	Bank 2008
Amounts due from:		
-Subsidiaries	**1,916**	2,965
-Special purpose entities	**67**	-
-Associates/joint ventures	**#**	#
Total	**1,983**	2,965
Amounts due to:		
-DBSH	**2,970**	17
-Subsidiaries	**8,293**	9,009
-Subsidiaries of DBSH	#	#
-Special purpose entities	**224**	195
-Associates/joint ventures	#	#
Total	**11,487**	9,221

\# Amount under $500,000

44.8 Loans and guarantees to related parties

Loans granted to subsidiaries amounted to $864 million (2008: $1,036 million) and will be settled in cash. There were no loans granted by subsidiaries to the Bank.

Guarantees granted to and from subsidiaries amounted to $572 million (2008: $959 million) and $10 million (2008: $27 million) respectively.

45 Fair Value of Financial Investments

45.1 Fair Value Measurements

Effective 1 January 2009, the Bank Group adopted the amendment to FRS 107 which requires disclosure of fair value measurements by level with the following fair value measurement hierarchy:

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

Bank Group

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

(a) Includes other government securities, corporate debt securities, equity securities and other financial assets at fair value through profit or loss.
(b) Excludes unquoted equities stated at cost of $134 million.
(c) Includes debt securities in issue, due to non-bank customers (structured investments) and other financial liabilities at fair value through profit or loss.
(d) Comprises deposits with variable returns linked to performance of foreign exchange, equities, interest rates or other market drivers. Principal amounts totalling $2,317 million are included within the $2,340 million fair value figures for structured investments. Unrealised loss for the structured investments amounts to $23 million.

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

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

Financial instruments are considered Level 3 when at least one input to a valuation technique or model is unobservable. Valuation reserves or pricing adjustments where applicable will be used to converge to fair value.
Securities traded over the counter can be valued using broker, dealer quotes or any other approved sources. The Bank Group may also use valuation models or discounted cash flow technique to determine the fair value.

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

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

These instruments are classified as Level 3.

The following table presents the changes in Level 3 instruments for the financial year ended 31 December 2009 for Bank Group.

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

(a) Principal amounts totalling $2,317 million are included within the $2,340 million fair value figures for structured investments.
(b) Principally reflects transfers from Levels 1 & 2 within the fair value hierarchy due to reduced price transparency or use of proxy pricing over different asset classes.
(c) Principally reflects transfers from Level 2 within the fair value hierarchy for interest rate derivatives due to reduced transparency of correlation inputs having significant impact on overall fair value of instrument.
(d) Principally reflects transfers to Levels 1 & 2 within the fair value hierarchy as recent improved liquidity conditions provided improved price transparency and/or due to the use of developed in-house models with significant observable inputs.
(e) Principally reflects transfers to Level 2 within the fair value hierarchy for interest rate derivatives due to availability of in-house pricing model with significant observable inputs.

Total gains for the year included in profit or loss for assets/(liabilities) held at the end of the reporting year	50

The Bank Group classifies financial instruments in Level 3 when there is reliance on at least one unobservable input to the valuation model attributing to a significant contribution to the instrument value. Economic hedges entered into for Level 2 exposures may be classified within a different category (i.e. Level 1) and similarly, hedges entered for Level 3 exposures may also be classified within a different category (i.e. Level 1 and/ or Level 2). The effects are presented gross in the table.

Effect of changes in significant unobservable assumptions to reasonably possible alternatives

As discussed above, the fair value of financial instruments are, in certain circumstances, measured using valuation techniques that incorporate assumptions that are not corroborated by observable market data.

As at 31 December 2009, financial instruments measured with valuation techniques using significant unobservable inputs (Level 3) mainly include some of the following: private equity investments, corporate debt securities, equity, interest rate and credit derivatives and financial liabilities from structured product issuances.

In estimating the impacts, the Bank Group used an approach based on its valuation adjustment methodologies. These adjustments reflect the amounts that the Bank Group estimates are appropriate to deduct from the valuations produced to reflect uncertainties in the inputs used. Unfavourable changes are determined on the basis of changes in the value of the instrument as a result of varying the levels of the unobservable parameter using statistical techniques, where possible. The Bank Group has assessed the impact of the above as insignificant.

For many of the Level 3 financial instruments considered, in particular derivatives, unobservable input parameters represent only a small portion of the total number of parameters required to value a financial instrument. The overall impact of moving the unobservable input parameters where possible to reasonably possible alternative assumptions may be relatively small as compared to the total fair value of the financial instrument.

Similarly, the structured products issuance where the Bank Group's exposures are laid off with external counterparties, the impact would also be insignificant.

45.2 Financial assets & liabilities not carried at fair value

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

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

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

For unquoted equities not carried at fair value, fair values have been estimated by reference to the net tangible asset backing of the investee. Unquoted equities of $134 million (2008: $172 million) for the Bank Group, and $124 million (2008: $147 million) for the Bank, were stated at cost less accumulated impairment losses because the fair values cannot be reliably estimated using valuation techniques supported by observable market data. The Bank Group intends to dispose of such financial instruments through trade sale.

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

46 Risk Governance

Under the Bank Group's risk governance framework, the Board of Directors, through the Board Risk Management Committee, oversees the establishment of robust enterprise-wide risk management policies and processes. Where necessary, the Bank Group sets risk appetite limits to guide risk-taking.

Management is accountable to the Board for ensuring the effectiveness of risk management and adherence to risk appetite limits. To provide risk oversight, senior management risk committees are mandated to focus on specific risk areas. These oversight committees are the Risk Executive Committee, the Group Market Risk Committee, the Group Credit Risk Committee, the Group Operational Risk Committee and the Group Commitments and Conflicts Committee.

On a day-to-day basis, business units have primary responsibility for risk management. In partnership with the business units, independent control functions provide senior management with timely assessment of key risk exposures and the associated management responses. These units also recommend risk appetite and control limits for approval in line with the Bank Group's risk governance framework.

47 Credit Risk

Credit risk is the risk of loss resulting from the failure of borrowers or counterparties to meet their debt or contractual obligations. Senior management sets the overall direction and policy for managing credit risk at the enterprise level. In so doing, it directs the risk appetite and underwriting activities for various countries, industries and counterparties taking into account factors such as prevailing business and economic conditions. The Core Credit Risk Policy and the accompanying supplemental policies sets forth the principles by which the Bank Group conducts its credit risk underwriting activities. The Group Credit Risk Committee serves as the executive forum for overseeing various aspects of credit risk taking including framework, limit management, policies, processes, methodologies and systems.

Exposure to credit risks arises from lending, sales and trading as well as derivative activities. Lending exposures are typically represented by the notional value or principal amount of on-balance sheet financial instruments. Financial guarantees and standby letters of credit, which represent undertakings that the Bank Group will make payments in the event that a customer cannot meet its obligations to third parties, carry the same credit risk as loans even though they are of contingent nature. Documentary and commercial letters of credit, which are undertakings by the Bank Group on behalf of a customer, are usually collateralised by the underlying shipments of goods to which they relate and therefore exhibit different risk characteristics from direct lending. Commitments to extend credit include unused portions of loan commitments, guarantees or letters of credit. The majority of unused commitments are contingent upon customers observing or meeting certain credit terms and conditions.

The credit exposure of derivative transactions is based on the positive mark-to-market value to the Bank Group, which in general is only a fraction of the derivative contract or notional amount used to express the volume of instruments. This credit exposure, together with potential exposures from market movements, is managed as part of the overall lending limits to the counterparties. Credit exposures on these instruments are usually unsecured, except where the Bank Group enters into collateralised margin transactions with counterparties. The Bank Group currently uses the current exposure method for the purpose of providing capital for such counterparty exposures. Internally, the Bank Group measures counterparty credit exposures using the mark-to-market exposure with an appropriate add-on for future potential exposures.

The risk management of the exposures is conducted through the credit application process which includes the assessment of repayment likelihood and the establishment of appropriate credit limits. The Bank Group uses various internal and external risk rating systems (credit scorecards, customer risk grading and bureau score) to assess the level of credit risk accepted by the Bank Group. Business units and credit approvers have the responsibility to ensure that credits are properly assessed and classified. Business units also assume the responsibility to ensure all crucial information is included in the application process for the purpose of assessment and approval.

The Bank Group adopts a multi-level credit approval process requiring loan approval at successively higher levels and / or committees (as delegated) depending on, among other things, the size, nature of the proposed transactions and credit quality. Exposures are monitored against credit limits and other control limits (such as large exposures and concentration limits) by credit management units at the transaction and portfolio levels, as appropriate.

In addition to the consideration of the primary recourse to the obligor for the credit risk underwritten, the employment of various credit risk mitigation techniques such as appropriate credit structuring, and posting of collateral and/or third party support as well as the use of credit derivatives to hedge or transfer risk to other third parties form an integral part of the credit risk management process. Some specific mitigation measures are outlined below:

Collateral

Where possible, the Bank Group takes collateral as a secondary recourse to the borrower. Collaterals include cash, marketable securities, properties, trade receivables, inventory and equipment and other physical and financial collateral. The Bank Group may also take fixed and floating charges on assets of borrowers. It has put in place policies which governs the determination of eligibility of various collaterals to be considered for credit risk mitigation which includes the minimum operational requirements that are required for the specific collateral to be considered as effective risk mitigants. For collateral taken in the global financial market operations, the collateral is marked to market on a mutually agreed period with the respective counterparties. For collateral taken for commercial banking, the collateral is revalued periodically ranging from daily to annually, depending on the type of collateral. Whilst real estate properties constitute the largest percentage of the collateral assets, the Bank Group generally considers the collateral assets to be diversified.

Master netting arrangements

The Bank Group further manages its credit exposure by entering into master netting arrangements with counterparties where it is appropriate and feasible to do so. Master netting arrangements do not generally result in an offset of balance sheet assets and liabilities as transactions are usually accounted for individually on a gross basis. However, the credit risk associated with favourable contracts is reduced by a master netting arrangement to the extent that if an event of default occurs, all amounts with the counterparty are settled on a net basis.

Other risk mitigating factors

In addition, the Bank Group also uses guarantees, credit derivatives and credit insurance as credit risk mitigating factors. Whilst the Bank Group may accept guarantees from any counterparty, it sets a threshold internally for considering guarantors to be eligible for credit risk mitigation. Credit derivatives are used as credit risk mitigating factors mainly in structured transactions and for global financial market operations.

47.1 Maximum exposure to credit risk

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

	Bank Group		Bank	
In $ millions	**2009**	**2008**	**2009**	**2008**
Cash and balances with central banks (excludes cash on hand)	**21,127**	14,750	**20,220**	13,781
Singapore Government securities and treasury bills	**15,960**	14,797	**15,960**	14,797
Due from banks	**22,203**	20,467	**19,086**	17,512
Financial assets at fair value through profit or loss (excludes equity securities)				
Other government securities and treasury bills	**3,918**	2,126	**2,803**	1,634
Corporate debt securities	**4,459**	4,647	**4,338**	4,491
Loans and advances to customers	**610**	641	**567**	602
Other financial assets	**1,986**	1,692	**1,986**	1,692
Positive fair values for financial derivatives	**16,015**	32,328	**16,212**	33,049
Loans and advances to customers	**129,973**	125,841	**97,074**	92,536
Financial investments (excludes equity securities)				
Other government securities and treasury bills	**7,685**	4,549	**6,526**	3,731
Corporate debt securities	**17,030**	17,089	**11,254**	11,697
Securities pledged				
Singapore Government securities and treasury bills	**55**	186	**55**	186
Other government securities and treasury bills	**702**	806	**197**	257
Corporate debt securities	**27**	5	**27**	5
Other assets	**6,032**	6,089	**3,758**	4,832
Credit exposure	**247,782**	246,013	**200,063**	200,802
Contingent liabilities and commitments (excludes operating lease and capital commitments)	**97,238**	91,501	**75,829**	70,358
Total credit exposure	**345,020**	337,514	**275,892**	271,160

47.2 Performing and Non-performing assets

The Bank Group classifies its credit facilities in accordance with MAS Notice to Banks No. 612, "Credit Files, Grading and Provisioning" issued by the Monetary Authority of Singapore (MAS). These guidelines require the Bank Group to categorise its credit portfolios according to its assessment of a borrower's ability to repay a loan from his normal sources of income. There are five categories of assets as follows:

Performing assets
- Pass grade indicates that the timely repayment of the outstanding credit facilities is not in doubt.
- Special mention grade indicates that the credit facilities exhibit potential weaknesses that, if not corrected in a timely manner, may adversely affect future repayments and warrant close attention by the Bank Group.

Classified or non-performing assets
- Substandard grade indicates that the credit facilities exhibit definable weaknesses either in respect of business, cash flow or financial position of the borrower that may jeopardise repayment on existing terms.
- Doubtful grade indicates that the credit facilities exhibit severe weaknesses such that the prospect of full recovery of the outstanding credit facilities is questionable and the prospect of a loss is high, but the exact amount remains undeterminable.
- Loss grade indicates the amount of loan recovery is assessed to be insignificant.

The Bank Group may also apply a split classification to any credit facility where appropriate. For instance, when a non-performing loan is partially secured, the covered by the amount realisable from a collateral may be classified as substandard while the unsecured portion of the loan is classified as doubtful or loss, as appropriate.

47.3 Loans and advances to customers

Loans and advances to customers are summarised as follows:

In $ millions	Bank Group 2009	Bank Group 2008	Bank 2009	Bank 2008
Loans and advances to customers				
Performing Loans				
- Neither past due nor impaired (i)	**128,253**	124,493	**96,217**	92,637
- Past due but not impaired (ii)	**774**	1,274	**81**	69
Non-Performing Loans				
- Impaired (iii)	**3,783**	1,958	**2,811**	1,109
Total gross loans (Note 19)	**132,810**	127,725	**99,109**	93,815

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

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

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

In $ millions 2008	Bank Group Pass	Special mention	Total
Manufacturing	13,990	725	14,715
Building and construction	18,029	255	18,284
Housing loans	30,018	261	30,279
General commerce	9,352	875	10,227
Transportation, storage and communication	12,160	430	12,590
Financial institutions, investments and holding companies	13,250	307	13,557
Professionals and private individuals (except housing loans)	8,931	85	9,016
Others	15,220	605	15,825
Total	120,950	3,543	124,493

In $ millions 2009	Bank Pass	Special mention	Total
Manufacturing	**9,368**	**1,158**	**10,526**
Building and construction	**12,872**	**246**	**13,118**
Housing loans	**23,757**	**251**	**24,008**
General commerce	**7,657**	**246**	**7,903**
Transportation, storage and communication	**8,876**	**701**	**9,577**
Financial institutions, investments and holding companies	**13,803**	**641**	**14,444**
Professionals and private individuals (except housing loans)	**7,164**	**47**	**7,211**
Others	**9,227**	**203**	**9,430**
Total	**92,724**	**3,493**	**96,217**

In $ millions 2008	Bank Pass	Special mention	Total
Manufacturing	9,696	181	9,877
Building and construction	12,254	149	12,403
Housing loans	22,314	256	22,570
General commerce	4,307	318	4,625
Transportation, storage and communication	9,843	384	10,227
Financial institutions, investments and holding companies	12,661	250	12,911
Professionals and private individuals (except housing loans)	6,434	27	6,461
Others	13,475	88	13,563
Total	90,984	1,653	92,637

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

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

In $ millions 2008	Bank Group Up to 30 days past due	 30 - 59 days past due	 60 - 90 days past due	 Total
Manufacturing	134	21	39	194
Building and construction	144	12	2	158
Housing loans	175	15	2	192
General commerce	207	40	33	280
Transportation, storage and communication	173	41	39	253
Financial institutions, investment and holding companies	2	-	-	2
Professionals and private individuals (except housing loans)	84	12	66	162
Others	25	8	-	33
Total	944	149	181	1,274

In $ millions 2009	Bank Up to 30 days past due	 30 - 59 days past due	 60 - 90 days past due	 Total
Manufacturing	**24**	**2**	**1**	**27**
Building and construction	**3**	**-**	**-**	**3**
Housing loans	**-**	**-**	**-**	**-**
General commerce	**31**	**1**	**-**	**32**
Transportation, storage and communication	**2**	**-**	**-**	**2**
Financial institutions, investment and holding companies	**-**	**-**	**-**	**-**
Professionals and private individuals (except housing loans)	**10**	**1**	**-**	**11**
Others	**4**	**2**	**-**	**6**
Total	**74**	**6**	**1**	**81**

In $ millions 2008	Bank Up to 30 days past due	 30 - 59 days past due	 60 - 90 days past due	 Total
Manufacturing	11	5	-	16
Building and construction	10	-	-	10
Housing loans	1	1	1	3
General commerce	16	3	-	19
Transportation, storage and communication	7	1	-	8
Financial institutions, investment and holding companies	-	-	-	-
Professionals and private individuals (except housing loans)	8	1	-	9
Others	3	1	-	4
Total	56	12	1	69

(iii) Non-performing assets

Non-performing assets by loan grading and industry

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

Bank Group	NPAs [a]				Specific allowances[a]			
In $ millions 2008	**Sub-standard**	**Doubtful**	**Loss**	**Total**	**Sub-standard**	**Doubtful**	**Loss**	**Total**
Customer loans								
Manufacturing	447	195	78	720	93	175	83	351
Building and construction	78	12	6	96	12	12	6	30
Housing loans	164	3	26	193	15	2	26	43
General commerce	228	64	89	381	36	62	89	187
Transportation, storage and communications	19	4	1	24	1	4	1	6
Financial institutions, investment and holding companies	73	72	-	145	-	66	-	66
Professional and private individuals (except housing loans)	122	67	34	223	28	67	34	129
Others	87	62	27	176	26	59	23	108
Sub-total	1,218	479	261	1,958	211	447	262	920
Debt securities	18	256	3	277	-	233	3	236
Contingent items and others	92	65	-	157	2	50	-	52
Total	1,328	800	264	2,392	213	730	265	1,208

(a) The Bank Group's NPAs and specific allowances for customer loans each includes $93 million (2008: $52 million) in interest receivable

Bank	NPAs [a]				Specific allowances[a]			
In $ millions 2009	**Sub-standard**	**Doubtful**	**Loss**	**Total**	**Sub-standard**	**Doubtful**	**Loss**	**Total**
Customer loans								
Manufacturing	**259**	**67**	**75**	**401**	**22**	**63**	**75**	**160**
Building and construction	**13**	**14**	**1**	**28**	**1**	**11**	**1**	**13**
Housing loans	**144**	**3**	**18**	**165**	**8**	**3**	**18**	**29**
General commerce	**184**	**32**	**103**	**319**	**21**	**18**	**103**	**142**
Transportation, storage and communications	**151**	**102**	**1**	**254**	**10**	**80**	**1**	**91**
Financial institutions, investment and holding companies	**738**	**696**	**70**	**1,504**	**57**	**369**	**70**	**496**
Professional and private individuals (except housing loans)	**84**	**18**	**22**	**124**	**6**	**18**	**22**	**46**
Others	**41**	**2**	**26**	**69**	**8**	**2**	**26**	**36**
Sub-total	**1,614**	**934**	**316**	**2,864**	**133**	**564**	**316**	**1,013**
Debt securities	**52**	**97**	**6**	**155**	**3**	**93**	**6**	**102**
Contingent items and others	**50**	**130**	**3**	**183**	**-**	**94**	**3**	**97**
Total	**1,716**	**1,161**	**325**	**3,202**	**136**	**751**	**325**	**1,212**

In $ millions 2008	Bank NPAs [(a)] Sub-standard	Doubtful	Loss	Total	Specific allowances[(a)] Sub-standard	Doubtful	Loss	Total
Customer loans								
Manufacturing	205	98	52	355	54	84	52	190
Building and construction	41	2	2	45	11	2	2	15
Housing loans	129	3	26	158	14	2	26	42
General commerce	152	8	76	236	32	7	76	115
Transportation, storage and communications	1	1	1	3	-	1	1	2
Financial institutions, investment and holding companies	73	70	-	143	-	65	-	65
Professional and private individuals (except housing loans)	64	22	14	100	5	23	14	42
Others	51	6	12	69	24	6	12	42
Sub-total	716	210	183	1,109	140	190	183	513
Debt securities	18	250	3	271	-	229	3	232
Contingent items and others	91	65	-	156	2	50	-	52
Total	825	525	186	1,536	142	469	186	797

(a) The Bank's NPAs and specific allowances for customer loans each includes $53 million (2008: $30 million) in interest receivable.

Non-performing assets by region

In $ millions	Bank Group NPAs	Bank Group Specific allowances	Bank NPAs	Bank Specific allowances
2009				
Singapore	**754**	**215**	**752**	**213**
Hong Kong	**567**	**330**	**17**	**16**
Rest of Greater China	**353**	**213**	**213**	**119**
South and Southeast Asia	**207**	**99**	**135**	**46**
Rest of the World	**2,338**	**951**	**2,085**	**818**
Total	**4,219**	**1,808**	**3,202**	**1,212**
2008				
Singapore	717	274	715	272
Hong Kong	588	313	32	29
Rest of Greater China	459	242	293	162
South and Southeast Asia	207	62	101	24
Rest of the World	421	317	395	310
Total	2,392	1,208	1,536	797

Non-performing assets by past due period

In $ millions	Bank Group 2009	Bank Group 2008	Bank 2009	Bank 2008
Not overdue	**1,802**	857	**1,657**	700
< 90 days past due	**358**	463	**294**	336
91-180 days past due	**113**	326	**81**	149
> 180 days past due	**1,946**	746	**1,170**	351
Total past due assets	**2,417**	1,535	**1,545**	836
Total	**4,219**	2,392	**3,202**	1,536

Collateral value for non-performing assets

In $ millions	Bank Group 2009	Bank Group 2008	Bank 2009	Bank 2008
Properties	**540**	556	**360**	312
Shares and debentures	**124**	43	**118**	29
Fixed deposits	**22**	16	**8**	11
Others	**300**	223	**254**	166
Total	**986**	838	**740**	518

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

Restructured non-performing assets

Credit facilities are classified as restructured assets when the Bank Group grants concessions to a borrower because of deterioration in the financial position of the borrower or the inability of the borrower to meet the original repayment schedule. A restructured credit facility is classified into the appropriate non-performing grade depending on the assessment of the financial condition of the borrower and the ability of the borrower to repay based on the restructured terms. Such credit facilities are not returned to the performing status until there are reasonable grounds to conclude that the borrower will be able to service all future principal and interest payments on the credit facility in accordance with the restructured terms.

In $ millions	Bank Group NPAs	Bank Group Specific allowances	Bank NPAs	Bank Specific allowances
2009				
Substandard	**389**	**51**	**304**	**27**
Doubtful	**90**	**73**	**72**	**55**
Loss	**54**	**54**	**38**	**38**
Total	**533**	**178**	**414**	**120**
2008				
Substandard	213	46	148	36
Doubtful	57	49	38	32
Loss	49	46	37	37
Total	319	141	223	105

Restructured assets returned to the performing status but are still under concessions as at 31 December 2009 and 31 December 2008 are not material.

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

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

In $ millions	Bank Group									
		Financial assets at fair value through profit or loss					Financial investments			
External rating	Singapore Government Securities and treasury bills	Other government securities and treasury bills	Corporate debt securities	Loans and advances to customers	Other financial assets (due from banks) [(b)]	Total	Other government securities and treasury bills	Corporate debt securities	Total	Securities pledged
2009	**(1)**	**(2)**	**(3)**	**(4)**	**(5)**	**(6)=(2+3+4+5)**	**(7)**	**(8)**	**(9)=(7+8)**	**(10)**
AAA	**15,960**	**452**	**296**	**-**	**-**	**748**	**3,607**	**1,843**	**5,450**	**55**
AA- to AA+	**-**	**463**	**336**	**-**	**-**	**799**	**1,134**	**3,199**	**4,333**	**505**
A- to A+	**-**	**993**	**2,267**	**-**	**-**	**3,260**	**2,046**	**5,584**	**7,630**	**13**
Lower than A-	**-**	**2,010**	**1,337**	**-**	**-**	**3,347**	**898**	**2,439**	**3,337**	**211**
Unrated	**-**	**-**	**223**	**610**	**1,986**	**2,819**	**-**	**3,965**	**3,965**	**-**
Total	**15,960**	**3,918**	**4,459**	**610**	**1,986**	**10,973**	**7,685**	**17,030**	**24,715**	**784**
2008										
AAA	14,797	103	478	-	-	581	1,588	1,538	3,126	257
AA- to AA+	-	270	535	-	-	805	1,000	3,276	4,276	549
A- to A+	-	989	2,131	-	-	3,120	1,302	5,449	6,751	-
Lower than A-	-	764	1,158	-	-	1,922	659	2,667	3,326	191
Unrated	-	-	345	641	1,692	2,678	-	4,159	4,159	-
Total	14,797	2,126	4,647	641	1,692	9,106	4,549	17,089	21,638	997

In $ millions External rating	Bank Financial assets at fair value through profit or loss Singapore Government Securities and treasury bills	Other government securities and treasury bills	Corporate debt securities	Loans and advances to customers	Other financial assets (due from banks) [(b)]	Total	Financial investments Other government securities and treasury bills	Corporate debt securities	Total	Securities pledged
	(1)	(2)	(3)	(4)	(5)	(6)=(2+3+4+5)	(7)	(8)	(9)=(7+8)	(10)
2009										
AAA	**15,960**	**156**	**297**	**-**	**-**	**453**	**3,311**	**381**	**3,692**	**55**
AA- to AA+	**-**	**463**	**308**	**-**	**-**	**771**	**591**	**1,495**	**2,086**	**-**
A- to A+	**-**	**991**	**2,213**	**-**	**-**	**3,204**	**1,982**	**3,341**	**5,323**	**13**
Lower than A-	**-**	**1,193**	**1,243**	**-**	**-**	**2,436**	**642**	**2,092**	**2,734**	**211**
Unrated	**-**	**-**	**277**	**567**	**1,986**	**2,830**	**-**	**3,945**	**3,945**	**-**
Total	**15,960**	**2,803**	**4,338**	**567**	**1,986**	**9,694**	**6,526**	**11,254**	**17,780**	**279**
2008										
AAA	14,797	63	451	-	-	514	1,453	1,007	2,460	257
AA- to AA+	-	254	507	-	-	761	384	1,154	1,538	-
A- to A+	-	989	2,053	-	-	3,042	1,302	3,230	4,532	-
Lower than A-	-	328	1,120	-	-	1,448	592	2,146	2,738	191
Unrated	-	-	360	602	1,692	2,654	-	4,160	4,160	-
Total	14,797	1,634	4,491	602	1,692	8,419	3,731	11,697	15,428	448

(a) The amount of securities that are past due but not impaired is not material.
(b) For amounts due from banks, majority of the bank counterparties are accorded "Pass" grade in accordance with the loan grading per MAS Notice to Banks No. 612 "Credit Files, Grading and Provisioning".

47.5 Repossessed collateral

As and when required, the Bank Group will take possession of collaterals it holds as securities and will dispose of them as soon as practicable, with the proceeds used to reduce the outstanding indebtedness. Repossessed collaterals are classified in the balance sheet as other assets. The amount of such other assets for 2009 and 2008 are not material.

47.6 Concentration risk

The Bank Group's risk management processes aim to ensure that an acceptable level of risk diversification is maintained across the Bank Group on an ongoing basis. Limits are established and regularly monitored in respect of country exposures and major industry groups, as well as for single counterparty exposures. Control structures are in place to ensure that appropriate limits are in place, exposures are monitored against these limits, and appropriate actions are taken if limits are breached.

Cross-border exposures

At 31 December 2009, the Bank Group had exposures to various countries where net exposure exceeded 1% of the Bank Group's total assets. The exposures are determined based on the location of the credit risk of the customers and counterparties regardless of where the transactions are booked.

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

	Loans and debt securities				Total exposure	
In $ millions Assets in	Banks	Central banks and Government securities	Non-banks[(a)]	Investments	Amount	As a % of Total assets
	(1)	(2)	(3)	(4)	(5)=(1+2+3+4)	(6)
2009						
Top 10 countries (Net exposure >1% of Total assets)						
Hong Kong	**1,240**	**1,667**	**34,084**	**116**	**37,107**	**14.3**
India	**3,413**	**1,048**	**5,838**	**194**	**10,493**	**4.1**
China	**1,446**	**784**	**7,434**	**211**	**9,875**	**3.8**
South Korea	**4,161**	**2,291**	**3,065**	**-**	**9,517**	**3.7**
United Kingdom	**4,199**	**543**	**2,529**	**7**	**7,278**	**2.8**
United States	**1,998**	**2,227**	**2,840**	**184**	**7,249**	**2.8**
Indonesia	**49**	**1,869**	**3,827**	**2**	**5,747**	**2.2**
Taiwan	**516**	**1,192**	**3,988**	**17**	**5,713**	**2.2**
Australia	**3,305**	**19**	**1,524**	**75**	**4,923**	**1.9**
Japan	**2,073**	**-**	**1,946**	**-**	**4,019**	**1.6**
Total	**22,400**	**11,640**	**67,075**	**806**	**101,921**	**39.4**
2008						
Top 10 countries (Net exposure >1% of Total assets)						
Hong Kong	1,745	1,230	32,673	160	35,808	13.9
China	2,528	595	7,371	166	10,660	4.1
India	3,709	1,115	3,823	399	9,046	3.5
United Kingdom	4,578	5	2,777	23	7,383	2.9
South Korea	2,923	1,487	2,223	-	6,633	2.6
Taiwan	83	2,485	3,741	11	6,320	2.5
Indonesia	221	619	4,021	-	4,861	1.9
United States	1,239	302	2,697	145	4,383	1.7
Australia	3,034	-	1,235	48	4,317	1.7
France	3,490	-	247	1	3,738	1.5
Total	23,550	7,838	60,808	953	93,149	36.3

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

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

In $ millions Assets in	Banks	Central banks and Government securities	Non-banks[a]	Investments	Total exposure Amount	As a % of Total assets
	Loans and debt securities					
	(1)	(2)	(3)	(4)	(5)=(1+2+3+4)	(6)
2009						
Top 10 countries						
(Net exposure >1% of Total assets)						
Hong Kong	**752**	**688**	**9,594**	**104**	**11,138**	**5.2**
India	**3,338**	**1,047**	**5,273**	**141**	**9,799**	**4.5**
South Korea	**3,688**	**2,291**	**2,990**	**-**	**8,969**	**4.1**
United Kingdom	**3,760**	**500**	**2,383**	**7**	**6,650**	**3.1**
United States	**737**	**2,002**	**2,764**	**183**	**5,686**	**2.6**
Taiwan	**515**	**1,192**	**3,862**	**17**	**5,586**	**2.6**
Japan	**1,886**	**-**	**1,940**	**-**	**3,826**	**1.8**
Malaysia	**875**	**480**	**2,121**	**10**	**3,486**	**1.6**
Netherlands	**2,278**	**-**	**1,151**	**-**	**3,429**	**1.6**
China	**820**	**266**	**1,923**	**151**	**3,160**	**1.5**
Total	**18,649**	**8,466**	**34,001**	**613**	**61,729**	**28.6**
2008						
Top 10 countries						
(Net exposure >1% of Total assets)						
India	3,703	1,113	3,796	389	9,001	4.2
Hong Kong	873	176	7,656	150	8,855	4.1
United Kingdom	3,878	5	2,715	23	6,621	3.0
Taiwan	82	2,485	3,652	11	6,230	2.9
South Korea	2,204	1,487	2,178	-	5,869	2.7
France	3,380	-	191	1	3,572	1.6
China	1,126	269	2,022	116	3,533	1.6
Japan	916	3	2,572	11	3,502	1.6
Malaysia	876	474	1,937	10	3,297	1.5
United States	267	168	2,634	145	3,214	1.5
Total	17,305	6,180	29,353	856	53,694	24.7

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

48 Market Risk

48.1 Market risk

Market risk arises from the changes in value from changes in interest rate yields, foreign exchange rates, equity prices, commodity prices, credit spreads and the impact of changes in the correlations and volatilities of these risk factors.

The Bank Group manages market risk in the course of market-making, structuring and packaging products for investors and other clients, as well as to benefit from market opportunities. The Bank Group also manages banking book interest rate risk arising from mismatches in the interest rate profile of assets, liabilities and capital instruments (and associated hedges), including basis risk arising from different interest rate benchmarks, interest rate re-pricing risk, yield curve risks and embedded optionality. To optimise its income and balance sheet management, the Group deploys funds in debt securities, equities and funds or in the interbank market. All types of FX risk (including unhedged structural FX risk arising from the Bank Group's investment in strategic foreign currency investments) are risk managed as part of the trading book.

The Bank Group's market risk framework identifies the types of the market risk to be covered, the risk metrics and methodologies to be used to capture such risk and the standards governing the management of market risk within the Bank Group including limit setting and independent model validation, monitoring and valuation.

The Board establishes the Group's risk appetite for market risk. The CEO delegates responsibility to the Risk Executive Committee to allocate risk appetite limits to risk-taking units. The Market Risk Committee, which reports into the Risk Executive Committee, oversees the Bank Group's market risk management infrastructure, sets market risk control limits and provides enterprise-wide oversight of all market risks and their management.

The independent market risk management function comprising risk control, model analytics, and risk architecture reports to the Chief Risk Officer and is responsible for day-to-day risk monitoring and analysis.

The principal market risk appetite measures for market risk are Value-at-Risk (VaR) and stress loss. The VaR is supplemented by risk control measures, such as sensitivities to risk factors, including their volatilities, as well as loss triggers for management action.

The Bank Group's general market risk Value-at-Risk (VaR) methodology uses a historical simulation approach to forecast the Group's market risk. The methodology is also used to compute stressed VaR and average tail loss metrics. VaR risk factor scenarios are aligned to parameters and market data used for valuation. The scenarios are maintained in the risk system and are used to compute VaR for each business unit and location, and at Bank Group level. Trading book VaR is back-tested against the corresponding profit and loss to monitor its predictive power.

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

		Bank Group 1 Jan 2009 to 31 Dec 2009*		
In $ millions	**As at 31 Dec 2009**	**Average**	**High**	**Low**
Total	**22**	**33**	**52**	**21**
		Bank Group 1 Jan 2008 to 31 Dec 2008**		
In $ millions	**As at 31 Dec 2008**	**Average**	**High**	**Low**
Total	32	33	60	21
		Bank 1 Jan 2009 to 31 Dec 2009*		
In $ millions	**As at 31 Dec 2009**	**Average**	**High**	**Low**
Total	24	30	46	20
		Bank 1 Jan 2008 to 31 Dec 2008**		
In $ millions	**As at 31 Dec 2008**	**Average**	**High**	**Low**
Total	33	33	60	19

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

** Using a two-year historical observation period.

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

Since February 2009, the Bank Group has had a comprehensive capital-linked risk appetite framework for all types of market risk, including interest rate risk in the banking book, in line with its internal capital adequacy assessment process. The Bank Group level total VaR associated with this framework is tabulated below, showing the period-end, average, high and low VaR (at a 99% confidence level over a one-day holding period).

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

		Bank 28 Feb 2009 to 31 Dec 2009*		
In $ millions	**As at 31 Dec 2009**	**Average**	**High**	**Low**
Total	83	71	83	53

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

For the financial year ended 31 December 2008, the sensitivity analyses for non-trading foreign exchange, interest rate and equity risk were disclosed separately using different methods. In 2009, as the Bank Group has migrated to a sensitivity analysis which fully reflects the interdependence between risk variables, the comparative figures for 2008 are as shown in the 2008 financial statement note 48.2.

48.2 Interest rate repricing gaps

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

	Bank Group							
In $ millions	Less than 7 days	1 week to 1 month	1 to 3 months	3 to 12 months	1 to 3 years	Over 3 years	Non-interest bearing	Total
2009								
Cash and balances with central banks	**2,443**	**8,706**	**7,254**	**-**	**-**	**-**	**4,112**	**22,515**
Due from banks	**5,999**	**6,298**	**5,178**	**3,887**	**70**	**43**	**728**	**22,203**
Financial assets at fair value through profit or loss	**554**	**2,275**	**2,265**	**3,219**	**1,289**	**1,371**	**284**	**11,257**
Other securities[(a)]	**1,157**	**3,371**	**9,348**	**6,465**	**10,040**	**11,054**	**1,040**	**42,475**
Loans and advances to customers	**27,404**	**42,809**	**24,052**	**21,077**	**6,593**	**6,910**	**1,128**	**129,973**
Other assets[(b)]	**-**	**-**	**-**	**-**	**-**	**-**	**30,242**	**30,242**
Total assets	**37,557**	**63,459**	**48,097**	**34,648**	**17,992**	**19,378**	**37,534**	**258,665**
Due to banks	**4,828**	**2,413**	**1,144**	**516**	**-**	**-**	**207**	**9,108**
Due to non-bank customers	**120,650**	**25,785**	**15,804**	**14,315**	**987**	**907**	**-**	**178,448**
Financial liabilities at fair value through profit or loss	**386**	**1,474**	**949**	**1,596**	**3,371**	**1,428**	**13**	**9,217**
Other liabilities[(c)]	**789**	**21**	**39**	**70**	**366**	**612**	**25,741**	**27,638**
Subordinated term debts	**-**	**-**	**-**	**4,086**	**1,274**	**2,342**	**-**	**7,702**
Total liabilities	**126,653**	**29,693**	**17,936**	**20,583**	**5,998**	**5,289**	**25,961**	**232,113**
Minority interests	**-**	**-**	**-**	**-**	**-**	**-**	**3,019**	**3,019**
Shareholders' funds	**-**	**-**	**-**	**-**	**-**	**-**	**23,533**	**23,533**
Total equity	**-**	**-**	**-**	**-**	**-**	**-**	**26,552**	**26,552**
On-balance sheet interest rate gap	**(89,096)**	**33,766**	**30,161**	**14,065**	**11,994**	**14,089**	**(14,979)**	
Off-balance sheet interest rate gap								
- Financial derivatives[(d)]	**5,064**	**(151)**	**(414)**	**2,852**	**(3,388)**	**(3,963)**	**-**	**-**
2008								
Cash and balances with central banks	1,932	6,661	2,469	1,005	-	-	3,723	15,790
Due from banks	8,044	4,613	1,920	1,795	1,018	2,252	825	20,467
Financial assets at fair value through profit or loss	794	537	2,448	1,593	2,231	1,503	295	9,401
Other securities[(a)]	852	2,880	7,156	6,441	6,432	13,642	1,173	38,576
Loans and advances to customers	27,549	34,549	21,448	23,248	8,537	9,436	1,074	125,841
Other assets[(b)]	-	-	-	-	-	-	46,643	46,643
Total assets	39,171	49,240	35,441	34,082	18,218	26,833	53,733	256,718
Due to banks	2,944	3,506	1,731	576	-	49	215	9,021
Due to non-bank customers	101,842	31,386	18,310	10,657	492	672	-	163,359
Financial liabilities at fair value through profit or loss	891	480	1,510	1,651	3,642	2,989	119	11,282
Other liabilities[(c)]	420	305	361	999	1,204	2,988	33,708	39,985
Subordinated term debts	-	-	-	4,547	2,106	2,432	-	9,085
Total liabilities	106,097	35,677	21,912	18,430	7,444	9,130	34,042	232,732
Minority interests	-	-	-	-	-	-	3,071	3,071
Shareholders' funds	-	-	-	-	-	-	20,915	20,915
Total equity	-	-	-	-	-	-	23,986	23,986
On-balance sheet interest rate gap	(66,926)	13,563	13,529	15,652	10,774	17,703	(4,295)	-
Off-balance sheet interest rate gap								
- Financial derivatives[(d)]	5,068	(219)	(4,043)	(1,585)	1,671	(892)	-	-

(a) Other securities include Singapore Government securities and treasury bills, financial investments and securities pledged.
(b) Other assets include positive fair values for financial derivatives, investments in associates, goodwill on consolidation, properties and other fixed assets, investment properties, deferred tax assets and other assets.
(c) Other liabilities include negative fair values for financial derivatives, bills payable, current and deferred tax liabilities, other debt securities in issue, other liabilities and due to holding company.
(d) Off-balance sheet items are represented at notional values.

	Bank							
In $ millions	Less than 7 days	1 week to 1 month	1 to 3 months	3 to 12 months	1 to 3 years	Over 3 years	Non-interest bearing	Total
2009								
Cash and balances with central banks	**1,640**	**8,706**	**7,254**	**-**	**-**	**-**	**3,815**	**21,415**
Due from banks	**4,996**	**5,231**	**4,740**	**3,845**	**-**	**43**	**231**	**19,086**
Financial assets at fair value through profit or loss	**555**	**1,641**	**1,779**	**3,059**	**1,289**	**1,371**	**282**	**9,976**
Other securities[(a)]	**1,101**	**2,824**	**7,119**	**5,402**	**8,132**	**9,442**	**993**	**35,013**
Loans and advances to customers	**18,175**	**28,252**	**22,066**	**18,971**	**3,803**	**5,798**	**9**	**97,074**
Other assets[(b)]	**-**	**-**	**-**	**-**	**-**	**-**	**33,515**	**33,515**
Total assets	**26,467**	**46,654**	**42,958**	**31,277**	**13,224**	**16,654**	**38,845**	**216,079**
Due to banks	**4,551**	**2,344**	**886**	**516**	**-**	**-**	**-**	**8,297**
Due to non-bank customers	**98,552**	**18,644**	**9,427**	**10,125**	**545**	**711**	**-**	**138,004**
Financial liabilities at fair value through profit or loss	**106**	**1,186**	**338**	**1,285**	**3,248**	**1,326**	**13**	**7,502**
Other liabilities[(c)]	**479**	**-**	**-**	**63**	**330**	**172**	**31,647**	**32,691**
Subordinated term debts	**-**	**-**	**-**	**4,086**	**1,274**	**2,342**	**-**	**7,702**
Total liabilities	**103,688**	**22,174**	**10,651**	**16,075**	**5,397**	**4,551**	**31,660**	**194,196**
Minority interests	-	-	-	-	-	-	**-**	**-**
Shareholders' funds	-	-	-	-	-	-	**21,883**	**21,883**
Total equity	-	-	-	-	-	-	**21,883**	**21,883**
On-balance sheet interest rate gap	**(77,221)**	**24,480**	**32,307**	**15,202**	**7,827**	**12,103**	**(14,698)**	
Off-balance sheet interest rate gap								
- Financial derivatives[(d)]	**5,470**	**(144)**	**(758)**	**2,040**	**(2,977)**	**(3,631)**	**-**	**-**
2008								
Cash and balances with central banks	1,088	6,661	2,469	1,005	-	-	3,461	14,684
Due from banks	7,142	4,116	1,539	1,618	725	2,237	135	17,512
Financial assets at fair value through profit or loss	798	530	1,916	1,546	2,137	1,492	295	8,714
Other securities[(a)]	712	2,244	5,326	5,348	4,835	12,208	1,110	31,783
Loans and advances to customers	17,346	19,712	18,581	21,295	7,089	8,513	-	92,536
Other assets[(b)]	-	-	-	-	-	-	52,196	52,196
Total assets	27,086	33,263	29,831	30,812	14,786	24,450	57,197	217,425
Due to banks	2,930	3,303	1,312	370	-	49	49	8,013
Due to non-bank customers	84,957	21,063	9,434	8,033	214	184	-	123,885
Financial liabilities at fair value through profit or loss	865	359	1,118	1,237	3,337	2,534	119	9,569
Other liabilities[(c)]	166	298	286	661	1,117	2,468	42,077	47,073
Subordinated term debts	-	-	-	4,547	2,106	2,432	-	9,085
Total liabilities	88,918	25,023	12,150	14,848	6,774	7,667	42,245	197,625
Minority interests	-	-	-	-	-	-	-	-
Shareholders' funds	-	-	-	-	-	-	19,800	19,800
Total equity	-	-	-	-	-	-	19,800	19,800
On-balance sheet interest rate gap	(61,832)	8,240	17,681	15,964	8,012	16,783	(4,848)	-
Off-balance sheet interest rate gap								
- Financial derivatives[(d)]	5,265	(408)	(4,308)	(963)	871	(457)	-	-

(a) Other securities include Singapore Government securities and treasury bills, financial investments and securities pledged.
(b) Other assets include positive fairt values for financial derivatives, subsidiaries, due from special purpose entities, investments in associates and joint ventures, properties and other fixed assets, deferred tax assets and other assets.
(c) Other liabilities include negative fair values for financial derivatives, bills payable, current and deferred tax liabilities, other debt securities in issue, other liabilities, due to holding company, subsidiaries and special purpose entities.
(d) Off-balance sheet items are represented at notional values.

49 Liquidity Risk

Funding liquidity risk (or liquidity risk) is defined as the current and prospective risk arising from the inability of the Bank Group to meet its contractual or regulatory obligations when they come due without incurring substantial losses. Liquidity obligations arise from withdrawals of deposits, repayments of purchased funds at maturity, extensions of credit and working capital needs. The Bank Group seeks to project, monitor and manage its liquidity needs under normal as well as adverse circumstances.

The primary tool of monitoring liquidity is the maturity mismatch analysis, which presents the profile of future expected cashflows under defined scenarios. This is monitored over successive time bands and across major currencies under normal and adverse market scenario conditions.

The Bank Group ALCO and country ALCOs are the primary parties responsible for liquidity management based on guidelines approved by the Board Risk Management Committee.

Limits are set on maturity mismatches over books under normal and stress scenarios, liquidity ratios and deposit concentration risks. As part of the liquidity management, the Bank Group will set limits to ensure that the funding requirements will not exceed the available funding and liquid assets available for both normal and stress scenarios.

As part of its management of liquidity risk inherent in its derivative and non-derivative financial liabilities, the Bank Group employs a number of strategies. These include maintaining sufficient liquid assets, maintaining diversified sources of liquidity, and having robust internal control processes and contingency plans.

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

	Bank Group					
	2009			2008		
In $ millions	Up to 1 year	More than 1 year	Total	Up to 1 year	More than 1 year	Total
Cash and balances with central banks	**22,515**	**-**	**22,515**	15,790	-	15,790
Singapore Government securities and treasury bills	**5,822**	**10,138**	**15,960**	3,284	11,513	14,797
Due from banks	**19,652**	**2,551**	**22,203**	17,338	3,129	20,467
Financial assets at fair value through profit or loss	**7,319**	**3,938**	**11,257**	3,655	5,746	9,401
Positive fair value for financial derivatives	**16,015**	**-**	**16,015**	32,328	-	32,328
Loans and advances to customers	**44,471**	**85,502**	**129,973**	50,036	75,805	125,841
Financial investments	**6,910**	**18,821**	**25,731**	5,499	17,283	22,782
Securities pledged	**505**	**279**	**784**	362	635	997
Investments in associates	**-**	**672**	**672**	-	604	604
Goodwill on consolidation	**-**	**5,847**	**5,847**	-	5,847	5,847
Properties and other fixed assets	**-**	**1,134**	**1,134**	-	1,311	1,311
Investment properties	**-**	**398**	**398**	-	293	293
Deferred tax assets	**-**	**144**	**144**	-	171	171
Other assets	**5,655**	**377**	**6,032**	6,039	50	6,089
Total assets	**128,864**	**129,801**	**258,665**	134,331	122,387	256,718
Due to banks	**9,108**	**-**	**9,108**	8,972	49	9,021
Due to non-bank customers	**176,554**	**1,894**	**178,448**	162,195	1,164	163,359
Financial liabilities at fair value through profit or loss	**4,087**	**5,130**	**9,217**	3,994	7,288	11,282
Negative fair value for financial derivatives	**16,406**	**-**	**16,406**	31,918	-	31,918
Bills payable	**501**	**-**	**501**	714	-	714
Current tax liabilities	**807**	**-**	**807**	779	-	779
Deferred tax liabilities	**-**	**54**	**54**	-	45	45
Other liabilities	**2,968**	**3,519**	**6,487**	5,317	557	5,874
Other debt securities in issue	**44**	**369**	**413**	263	375	638
Due to holding company	**2,970**	**-**	**2,970**	17	-	17
Subordinated term debts	**715**	**6,987**	**7,702**	1,099	7,986	9,085
Total liabilities	**214,160**	**17,953**	**232,113**	215,268	17,464	232,732
Minority interests	**-**	**3,019**	**3,019**	-	3,071	3,071
Shareholders' funds	**-**	**23,533**	**23,533**	-	20,915	20,915
Total equity	**-**	**26,552**	**26,552**	-	23,986	23,986

	Bank					
	2009			2008		
In $ millions	Up to 1 year	More than 1 year	Total	Up to 1 year	More than 1 year	Total
Cash and balances with central banks	**21,415**	**-**	**21,415**	14,684	-	14,684
Singapore Government securities and treasury bills	**5,822**	**10,138**	**15,960**	3,284	11,513	14,797
Due from banks	**16,604**	**2,482**	**19,086**	14,479	3,033	17,512
Financial assets at fair value through profit or loss	**6,100**	**3,876**	**9,976**	3,226	5,488	8,714
Positive fair value for financial derivatives	**16,212**	**-**	**16,212**	33,049	-	33,049
Loans and advances to customers	**32,093**	**64,981**	**97,074**	36,286	56,250	92,536
Financial investments	**5,034**	**13,740**	**18,774**	2,564	13,974	16,538
Securities pledged	**173**	**106**	**279**	76	372	448
Subsidiaries	**1,916**	**10,004**	**11,920**	2,965	9,720	12,685
Due from special purpose entities	-	**67**	**67**	-	-	-
Investments in joint ventures	-	**93**	**93**	-	91	91
Investments in associates	-	**884**	**884**	-	877	877
Properties and other fixed assets	-	**473**	**473**	-	534	534
Investment properties	-	**31**	**31**	-	-	-
Deferred tax assets	-	**77**	**77**	-	128	128
Other assets	**3,499**	**259**	**3,758**	4,831	1	4,832
Total assets	**108,868**	**107,211**	**216,079**	115,444	101,981	217,425
Due to banks	**8,297**	**-**	**8,297**	7,965	48	8,013
Due to non-bank customers	**136,747**	**1,257**	**138,004**	123,487	398	123,885
Financial liabilities at fair value through profit or loss	**2,743**	**4,759**	**7,502**	3,141	6,428	9,569
Negative fair value for financial derivatives	**16,550**	**-**	**16,550**	32,746	-	32,746
Bills payable	**463**	**5**	**468**	681	-	681
Current tax liabilities	**672**	**-**	**672**	712	-	712
Other liabilities	**808**	**2,706**	**3,514**	3,403	282	3,685
Other debt securities in issue	**-**	**-**	**-**	28	-	28
Due to holding company	**2,970**	-	**2,970**	17	-	17
Due to subsidiaries	**8,293**	-	**8,293**	9,009	-	9,009
Due to special purpose entities	**224**	-	**224**	195	-	195
Subordinated term debts	**715**	**6,987**	**7,702**	1,099	7,986	9,085
Total liabilities	**178,482**	**15,714**	**194,196**	182,483	15,142	197,625
Minority interests	-	**-**	**-**	-	-	-
Shareholders' funds	-	**21,883**	**21,883**	-	19,800	19,800
Total equity	-	**21,883**	**21,883**	-	19,800	19,800

The table below analyses assets and liabilities at 31 December based on contractual undiscounted repayment obligations.

	Bank Group							
In $ millions	**Less than 7 days**	**1 week to 1 month**	**1 to 3 months**	**3 to 12 months**	**1 to 3 years**	**Over 3 years**	**No specific maturity**	**Total**
2009								
Cash and balances with central banks	**5,479**	**8,109**	**7,257**	**-**	**-**	**-**	**1,683**	**22,528**
Due from banks	**6,506**	**6,032**	**5,310**	**1,930**	**2,355**	**215**	**53**	**22,401**
Financial assets at fair value through profit or loss	**435**	**2,135**	**1,302**	**3,505**	**2,258**	**1,750**	**284**	**11,669**
Other securities[(a)]	**728**	**1,922**	**4,067**	**7,171**	**15,623**	**15,780**	**1,038**	**46,329**
Loans and advances to customers	**8,297**	**12,252**	**10,824**	**14,508**	**34,034**	**60,072**	**-**	**139,987**
Positive fair values for financial derivatives	**3,701**	**275**	**817**	**2,535**	**3,958**	**1,184**	**-**	**12,470**
Other assets[(b)]	**1,274**	**55**	**277**	**57**	**135**	**191**	**11,540**	**13,529**
Total assets	**26,420**	**30,780**	**29,854**	**29,706**	**58,363**	**79,192**	**14,598**	**268,913**
Due to banks	**5,162**	**2,415**	**1,143**	**516**	**-**	**-**	**-**	**9,236**
Due to non-bank customers	**120,659**	**25,820**	**15,837**	**14,387**	**992**	**908**	**-**	**178,603**
Financial liabilities at fair value through profit or loss	**385**	**1,298**	**522**	**1,955**	**3,638**	**1,840**	**13**	**9,651**
Negative fair values for financial derivatives and other financial liabilities[(c)]	**4,302**	**601**	**1,139**	**3,156**	**4,359**	**1,180**	**36**	**14,773**
Other liabilities[(d)]	**2,768**	**294**	**770**	**203**	**265**	**843**	**6,252**	**11,395**
Subordinated term debts	**-**	**14**	**3**	**918**	**1,459**	**6,039**	**-**	**8,433**
Total liabilities	**133,276**	**30,442**	**19,414**	**21,135**	**10,713**	**10,810**	**6,301**	**232,091**
Minority interests	-	-	-	-	-	-	**3,019**	**3,019**
Shareholders' funds	-	-	-	-	-	-	**23,533**	**23,533**
Total equity	-	-	-	-	-	-	**26,552**	**26,552**
Net liquidity gap	**(106,856)**	**338**	**10,440**	**8,571**	**47,650**	**68,382**	**(18,255)**	**10,270**
2008								
Cash and balances with central banks	4,654	6,666	2,471	1,011	-	-	996	15,798
Due from banks	8,555	4,708	2,213	1,978	792	2,519	3	20,768
Financial assets at fair value through profit or loss	613	375	1,058	1,532	3,910	2,666	295	10,449
Other securities[(a)]	385	1,380	2,437	5,090	13,835	21,295	1,188	45,610
Loans and advances to customers	9,365	12,547	12,697	16,888	27,039	58,666	-	137,202
Positive fair values for financial derivatives	7,204	58	4	20	26	21	-	7,333
Other assets[(b)]	118	61	22	22	11	34	13,294	13,562
Total assets	30,894	25,795	20,902	26,541	45,613	85,201	15,776	250,722
Due to banks	3,472	3,009	1,314	425	62	141	-	8,423
Due to non-bank customers	101,863	31,479	18,399	10,780	501	672	-	163,694
Financial liabilities at fair value through profit or loss	506	406	1,182	2,136	4,261	3,648	11	12,150
Negative fair values for financial derivatives and other financial liabilities[(c)]	8,860	27	55	407	231	499	147	10,226
Other liabilities[(d)]	1,882	81	186	85	96	295	4,289	6,914
Subordinated term debts	-	29	98	1,580	2,958	8,088	-	12,753
Total liabilities	116,583	35,031	21,234	15,413	8,109	13,343	4,447	214,160
Minority interests	-	-	-	-	-	-	3,071	3,071
Shareholders' funds	-	-	-	-	-	-	20,915	20,915
Total equity	-	-	-	-	-	-	23,986	23,986
Net liquidity gap	(85,689)	(9,236)	(332)	11,128	37,504	71,858	(12,657)	12,576

(a) Other securities include Singapore Government securities and treasury bills, financial investments and securities pledged.
(b) Other assets include investments in associates, goodwill on consolidation, properties and other fixed assets, investment properties, deferred tax assets and other assets.
(c) Other financial liabilities include bills payable and other debt securities in issue.
(d) Other liabilities include current and deferred tax liabilities, other liabilities and due to holding company.

	Bank							
In $ millions	Less than 7 days	1 week to 1 month	1 to 3 months	3 to 12 months	1 to 3 years	Over 3 years	No specific maturity	Total
2009								
Cash and balances with central banks	**4,875**	**8,109**	**7,257**	**-**	**-**	**-**	**1,186**	**21,427**
Due from banks	**5,287**	**5,070**	**4,545**	**1,824**	**2,285**	**215**	**53**	**19,279**
Financial assets at fair value through profit or loss	**435**	**1,542**	**1,004**	**3,355**	**2,325**	**1,775**	**282**	**10,718**
Other securities[(a)]	**691**	**1,776**	**3,732**	**5,578**	**12,125**	**13,856**	**993**	**38,751**
Loans and advances to customers	**5,751**	**9,853**	**7,460**	**10,011**	**28,378**	**42,410**	**-**	**103,863**
Positive fair values for financial derivatives	**4,486**	**269**	**808**	**2,482**	**3,920**	**1,180**	**-**	**13,145**
Other assets[(b)]	**41**	**25**	**27**	**57**	**139**	**120**	**16,370**	**16,779**
Total assets	**21,566**	**26,644**	**24,833**	**23,307**	**49,172**	**59,556**	**18,884**	**223,962**
Due to banks	**4,552**	**2,346**	**886**	**516**	**-**	**-**	**-**	**8,300**
Due to non-bank customers	**98,555**	**18,671**	**9,447**	**10,180**	**551**	**712**	**-**	**138,116**
Financial liabilities at fair value through profit or loss	**105**	**1,086**	**130**	**1,482**	**3,350**	**1,524**	**13**	**7,690**
Negative fair values for financial derivatives and other financial liabilities[(c)]	**4,703**	**584**	**1,114**	**3,077**	**4,272**	**986**	**-**	**14,736**
Other liabilities[(d)]	**1,094**	**42**	**78**	**58**	**240**	**576**	**13,924**	**16,012**
Subordinated term debts	**-**	**14**	**3**	**918**	**1,459**	**6,039**	**-**	**8,433**
Total liabilities	**109,009**	**22,743**	**11,658**	**16,231**	**9,872**	**9,837**	**13,937**	**193,287**
Minority interests	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Shareholders' funds	**-**	**-**	**-**	**-**	**-**	**-**	**21,882**	**21,882**
Total equity	**-**	**-**	**-**	**-**	**-**	**-**	**21,882**	**21,882**
Net liquidity gap	**(87,443)**	**3,901**	**13,175**	**7,076**	**39,300**	**49,719**	**(16,935)**	**8,793**
2008								
Cash and balances with central banks	3,978	6,666	2,471	1,005	-	-	573	14,693
Due from banks	7,281	4,103	1,561	1,646	782	2,433	3	17,809
Financial assets at fair value through profit or loss	613	383	662	1,747	3,809	2,755	296	10,265
Other securities[(a)]	317	1,100	1,992	3,632	10,622	19,306	1,112	38,081
Loans and advances to customers	6,026	9,397	8,830	13,036	21,646	41,037	-	99,972
Positive fair values for financial derivatives	7,960	62	4	26	4	-	-	8,056
Other assets[(b)]	11	16	18	17	2	-	18,410	18,474
Total assets	26,186	21,727	15,538	21,109	36,865	65,531	20,394	207,350
Due to banks	3,292	3,009	1,314	425	62	141	-	8,243
Due to non-bank customers	84,967	21,119	9,479	8,125	223	184	-	124,097
Financial liabilities at fair value through profit or loss	480	232	987	1,570	3,847	2,997	11	10,124
Negative fair values for financial derivatives and other financial liabilities[(c)]	8,234	16	58	3	77	512	115	9,015
Other liabilities[(d)]	1,155	18	24	10	138	144	13,374	14,863
Subordinated term debts	-	29	98	1,580	2,958	8,088	-	12,753
Total liabilities	98,128	24,423	11,960	11,713	7,305	12,066	13,500	179,095
Minority interests	-	-	-	-	-	-	-	-
Shareholders' funds	-	-	-	-	-	-	19,800	19,800
Total equity	-	-	-	-	-	-	19,800	19,800
Net liquidity gap	(71,942)	(2,696)	3,578	9,396	29,560	53,465	(12,906)	8,455

(a) Other securities include Singapore Government securities and treasury bills, financial investments and securities pledged.
(b) Other assets include subsidiaries, due from special purpose entities, investments in associates and joint ventures, properties and other fixed assets, deferred tax assets and other assets.
(c) Other financial liabilities include bills payable and other debt securities in issue.
(d) Other liabilities include current and deferred tax liabilities, other liabilities and due to holding company, subsidiaries and special purpose entities.

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

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

49.1 Derivatives settled on a gross basis

The table below analysis the Bank Group and Bank's derivative financial instruments that will be settled on a gross basis into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Bank Group						
In $ millions	Less than 7 days	1 week to 1 month	1 to 3 months	3 to 12 months	1 to 3 years	Over 3 years	Total
2009							
Foreign exchange derivatives							
- outflow	**47,713**	**52,740**	**58,622**	**96,563**	**29,824**	**17,686**	**303,148**
- inflow	**47,617**	**52,060**	**58,806**	**96,724**	**30,256**	**17,208**	**302,671**
2008							
Foreign exchange derivatives							
- outflow	33,994	75,631	88,384	135,645	40,461	21,752	395,867
- inflow	34,089	75,682	88,495	136,118	40,532	21,429	396,345

	Bank						
In $ millions	Less than 7 days	1 week to 1 month	1 to 3 months	3 to 12 months	1 to 3 years	Over 3 years	Total
2009							
Foreign exchange derivatives							
- outflow	**46,633**	**50,840**	**58,606**	**88,549**	**29,916**	**17,243**	**291,787**
- inflow	**46,526**	**50,158**	**58,781**	**88,684**	**30,348**	**16,761**	**291,258**
2008							
Foreign exchange derivatives							
- outflow	33,351	75,371	89,184	135,359	40,728	21,906	395,899
- inflow	33,435	75,473	89,404	135,752	40,698	21,583	396,345

49.2 Contingent liabilities and commitments

The tables below show the contractual expiry by maturity of the Bank Group and Bank's contingent liabilities and commitments:

	Bank Group				
In $ millions	Less than 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
2009					
Guarantees, endorsements and other contingent items	**15,711**	**-**	**-**	**-**	**15,711**
Undrawn loan commitments and other facilities [(a)]	**75,768**	**4,785**	**769**	**205**	**81,527**
Operating lease commitments	**127**	**218**	**178**	**397**	**920**
Capital commitments	**41**	**8**	**-**	**-**	**49**
Total	**91,647**	**5,011**	**947**	**602**	**98,207**
2008					
Guarantees, endorsements and other contingent items	15,420	-	-	-	15,420
Undrawn loan commitments and other facilities [(a)]	69,343	5,341	1,107	290	76,081
Operating lease commitments	123	247	162	543	1,075
Capital commitments	68	12	-	-	80
Total	84,954	5,600	1,269	833	92,656

	Bank				
In $ millions	Less than 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
2009					
Guarantees, endorsements and other contingent items	**14,163**	**-**	**-**	**-**	**14,163**
Undrawn loan commitments and other facilities [(a)]	**56,084**	**4,723**	**666**	**193**	**61,666**
Operating lease commitments	**80**	**148**	**150**	**355**	**733**
Capital commitments	**25**	**8**	**-**	**-**	**33**
Total	**70,352**	**4,879**	**816**	**548**	**76,595**
2008					
Guarantees, endorsements and other contingent items	14,302	-	-	-	14,302
Undrawn loan commitments and other facilities [(a)]	49,483	5,230	1,074	269	56,056
Operating lease commitments	77	158	138	484	857
Capital commitments	33	12	-	-	45
Total	63,895	5,400	1,212	753	71,260

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

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

49.3 Behavioural profiling

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

The table below shows the Bank Group's behavioural net and cumulative maturity mismatch between assets and liabilities over a 1-year period under normal business scenario:

Bank Group In $ millions	Less than 7 days	1 week to 1 month	1 to 3 months	3 to 6 months	6 months to 1 year
2009					
Net liquidity mismatch	**23,111**	**13,349**	**9,793**	**(492)**	**555**
Cumulative mismatch	**23,111**	**36,460**	**46,253**	**45,761**	**46,316**
2008					
Net liquidity mismatch	22,641	7,285	2,614	2,010	(1,671)
Cumulative mismatch	22,641	29,926	32,540	34,550	32,879

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

50 Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people or systems, or from external events, including legal risk, but does not include strategic or reputational risk. An Operational Risk Management Framework, approved by the Board Risk Management Committee, has been developed with the objective to ensure that operational risks within the Bank Group are identified, monitored, managed and reported in a structured, systematic and consistent manner.

To manage and control operational risk, the Framework encompasses various tools including, control self-assessment, risk event management, key risk indicator monitoring and process risk mapping. Risk events, including any significant incidents that may impact the Bank Group's reputation, are required to be reported based on certain thresholds established. Key risk indicators with pre-defined escalation triggers are employed to facilitate risk monitoring in a forward looking manner.

A key component of the Framework is a set of Core Operational Risk Standards which provides guidance on the baseline controls to ensure a controlled and sound operating environment. Each new product or service introduced or outsourcing initiative is subject to a risk review and sign-off process where relevant risks are identified and assessed by departments independent of the risk-taking unit proposing the product or service. Variations of existing products or services and outsourcing initiatives are also subject to a similar process. Major operational risk mitigation programmes include Business Continuity Management and Global Insurance Programme. On an annual basis, the CEO provides an attestation to the Board on the state of business continuity management of the Group, including any residual risks.

The Group Operational Risk Committee oversees the Bank Group's operational risk management infrastructure, including the Framework, policies, processes, information, methodologies and systems. The Group Operational Risk Committee also performs regular review of the operational risk profiles of the Bank Group, and endorses and recommends corporate operational risk policies to be approved by senior management.

51 Capital Management

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

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

Capital adequacy ratios as prescribed by the regulators have been complied with. Details of the DBSH Group's capital resources and capital adequacy ratios are set out in Note 50 of the Notes to the 2009 DBSH Group's financial statements.

52 Segment Reporting

52.1 Business segment reporting

The business segment results are prepared based on the Bank Group's internal management reporting reflective of the organisation's management reporting structure. The activities of the Bank Group are highly integrated and accordingly, internal allocation has to be made in preparing the segment information. As a result, 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
Consumer Banking provides individual customers with a diverse range of banking and related financial services. The products and services available to customers include current and savings accounts, fixed deposits, loans and home finance, cards, payments, investment and insurance products.

Institutional Banking
Institutional Banking provides financial services and products to large corporate, institutional clients and small and medium-sized businesses. The products and services available to customers include corporate finance and advisory banking services for mergers and acquisitions, capital raising through debt and equity markets, capital restructuring, syndicated finance, securities and fiduciary services, cash management and trade services, private equity and credit facilities (overdraft, factoring/accounts receivable purchase, commercial/industrial property financing, hire purchase and government financing and assistance schemes), deposit and treasury products.

Global Financial Markets
Global Financial Markets provides treasury services to corporations, institutional and private investors, financial institutions and other market participants. It is primarily involved in market making, structuring, equity and debt sales and trading across a broad range of financial products including foreign exchange, interest rate/credit/equity and other structured derivatives.

Income from these financial products and services offered to the customer of other business segments, such as Consumer Banking and Institutional Banking, is reflected in the respective segments. Global Financial Markets also provides equity services through DBS Vickers Securities ("DBSV"). DBSV offers a wide range of services to retail and corporate customers including research, sales and trading, share placement, nominees and securities custodian services and distribution of primary and secondary issues.

Central Treasury Unit
Central Treasury Unit is responsible for the management of the Bank Group's asset and liability interest rate positions and investment of the Bank Group's excess liquidity and shareholders' funds.

Central Operations
Central Operations encompasses a range of activities resulting from central corporate decisions and the related income and expenses not attributed to business segments. These include funding costs of the Bank Group's associates, joint ventures and subsidiaries and gains/losses on properties. Private banking activities and asset management activities are included in this segment.

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

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

In $ millions	Consumer Banking	Institutional Banking	Global Financial Markets	Central Treasury Unit	Central Operations [(a)]	Total
2009						
Net interest income	**855**	**1,950**	**1,127**	**691**	**(168)**	**4,455**
Non-interest income	**515**	**1,069**	**355**	**(117)**	**326**	**2,148**
Total income	**1,370**	**3,019**	**1,482**	**574**	**158**	**6,603**
Expenses	**1,100**	**791**	**441**	**33**	**237**	**2,602**
Allowances for credit and other losses	**74**	**986**	**15**	**8**	**469**	**1,552**
Share of profits of associates	**-**	**-**	**7**	**-**	**59**	**66**
Profit before tax	**196**	**1,242**	**1,033**	**533**	**(489)**	**2,515**
Income tax expense	**27**	**210**	**217**	**89**	**(258)**	**285**
Net profit	**169**	**1,032**	**816**	**444**	**(352)**	**2,109**
Total assets before goodwill	**40,005**	**101,665**	**83,587**	**27,142**	**419**	**252,818**
Goodwill on consolidation						**5,847**
Total assets						**258,665**
Total liabilities	**102,562**	**68,232**	**36,717**	**1,065**	**23,537**	**232,113**
Capital expenditure	**28**	**21**	**12**	**-**	**118**	**179**
Depreciation	**47**	**17**	**12**	**-**	**119**	**195**
2008						
Net interest income	1,130	1,707	1,190	648	(374)	4,301
Non-interest income	611	974	(159)	44	282	1,752
Total income	1,741	2,681	1,031	692	(92)	6,053
Expenses	1,142	758	483	30	242	2,655
Allowances for credit and other losses	42	427	64	223	132	888
Share of profits of associates	-	-	3	-	72	75
Profit before tax	557	1,496	487	439	(394)	2,585
Income tax expense	93	289	140	76	(152)	446
Net profit	464	1,207	347	363	(384)	1,997
Total assets before goodwill	36,004	96,586	86,760	26,344	5,177	250,871
Goodwill on consolidation						5,847
Total assets						256,718
Total liabilities	95,537	60,390	48,930	1,496	26,379	232,732
Capital expenditure	67	19	18	-	195	299
Depreciation	32	9	11	-	97	149

(a) 2009 includes one-time impairment charges for a Thailand investment of $23 million.
2008 includes one-time gains from sale of office buildings in Hong Kong, impairment charges for a Thailand investment and restructuring costs of $127 million.

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

In $ millions	Consumer Banking	Institutional Banking	Global Financial Markets	Central Treasury Unit	Central Operations [(a)]	Total
2009						
Net interest income	**548**	**1,303**	**978**	**615**	**(333)**	**3,111**
Non-interest income	**382**	**846**	**157**	**(121)**	**462**	**1,726**
Total income	**930**	**2,149**	**1,135**	**494**	**129**	**4,837**
Expenses	**697**	**503**	**274**	**23**	**173**	**1,670**
Allowances for credit and other losses	**32**	**804**	**15**	**8**	**340**	**1,199**
Share of profits of associates	**-**	**-**	**-**	**-**	**-**	**-**
Profit before tax	**201**	**842**	**846**	**463**	**(384)**	**1,968**
Income tax expense	**33**	**133**	**186**	**78**	**(231)**	**199**
Net profit	**168**	**709**	**660**	**385**	**(153)**	**1,769**
Total assets	**28,856**	**80,328**	**77,843**	**19,903**	**9,149**	**216,079**
Total liabilities	**82,035**	**50,880**	**33,755**	**1,167**	**26,359**	**194,196**
Capital expenditure	**11**	**8**	**7**	**-**	**82**	**108**
Depreciation	**23**	**4**	**4**	**-**	**88**	**119**
2008						
Net interest income	817	920	1,087	547	(372)	2,999
Non-interest income	429	850	(435)	79	334	1,257
Total income	1,246	1,770	652	626	(38)	4,256
Expenses	704	541	290	21	68	1,624
Allowances for credit and other losses	27	273	42	215	(219)	338
Share of profits of associates	-	-	-	-	-	-
Profit before tax	515	956	320	390	113	2,294
Income tax expense	88	233	112	67	(144)	356
Net profit	427	723	208	323	257	1,938
Total assets	26,846	73,563	80,953	20,107	15,956	217,425
Total liabilities	76,302	43,959	46,172	1,795	29,397	197,625
Capital expenditure	26	2	8	-	168	204
Depreciation	21	3	3	-	55	82

(a) 2009 includes one-time impairment charges for a Thailand investment of $23 million.
2008 includes one-time gains from impairment charges for a Thailand investment and restructuring costs of $127 million.

52.2 Geographical segment reporting

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

	Bank Group					
In $ millions	Singapore	Hong Kong	Rest of Greater China[(c)]	South and Southeast Asia[(d)]	Rest of the World[(e)]	Total
2009						
Total income	**3,991**	**1,366**	**409**	**501**	**336**	**6,603**
Net profit	**1,231**[(a)]	**464**	**68**	**226**	**120**	**2,109**
Total assets before goodwill	**165,673**	**47,653**	**14,362**	**12,743**	**12,387**	**252,818**
Goodwill on consolidation	**198**	**5,649**	**-**	**-**	**-**	**5,847**
Total assets	**165,871**	**53,302**	**14,362**	**12,743**	**12,387**	**258,665**
Non-current assets[(f)]	**1,485**	**530**	**142**	**46**	**1**	**2,204**
2008						
Total income	3,672	1,433 [(b)]	379	359	210	6,053
Net profit	1,276[(b)]	400 [(b)]	104	151	66	1,997
Total assets before goodwill	170,132	44,119	16,563	9,889	10,168	250,871
Goodwill on consolidation	198	5,649	-	-	-	5,847
Total assets	170,330	49,768	16,563	9,889	10,168	256,718
Non-current assets[(f)]	1,457	570	141	38	2	2,208

(a) Includes one-time impairment charges for a Thailand investment of $23 million in 2009.
(b) Includes one-time gain from sale of buildings in Hong Kong, impairment charges for a Thailand investment and restructuring costs of $127 million in 2008.
(c) Rest of Greater China includes branch, subsidiary and associate operations in Mainland China and Taiwan.
(d) South and Southeast Asia includes branch, subsidiary, joint venture and associate operations in India, Indonesia, Malaysia and the Philippines.
(e) Rest of the World includes branch operations in South Korea, Japan, United States of America and United Kingdom.
(f) Includes investment in associates, properties and other fixed assets, and investment properties.

In $ millions	Singapore	Hong Kong	Bank Rest of Greater China[(c)]	South and Southeast Asia[(d)]	Rest of the World[(e)]	Total
2009						
Total income	**3,863**	**149**	**157**	**339**	**329**	**4,837**
Net profit	**1,415**[(a)]	**49**	**11**	**173**	**121**	**1,769**
Total assets	**174,633**	**15,074**	**6,114**	**7,909**	**12,349**	**216,079**
Non-current assets[(f)]	**1,352**	**3**	**116**	**9**	**1**	**1,481**
2008						
Total income	3,600	140	115	198	203	4,256
Net profit	1,728[(b)]	58	(4)	87	69	1,938
Total assets	183,298	9,711	8,286	5,998	10,132	217,425
Non-current assets[(f)]	1,370	3	119	8	2	1,502

(a) Includes one-time impairment charges for a Thailand investment of $23 million in 2009.
(b) Includes one-time impairment charges for a Thailand investment and restructuring costs of $136 million in 2008.
(c) Rest of Greater China includes branch operations in Mainland China and Taiwan.
(d) South and Southeast Asia includes branch operations in India, Malaysia and the Philippines.
(e) Rest of the World includes branch operations in South Korea, Japan, United States of America and United Kingdom.
(f) Includes investment in joint ventures and associates, properties and other fixed assets, and investment properties.

53 List of Subsidiaries, Joint Ventures, Associates and Special Purpose Entities

The significant subsidiaries in the Bank Group are listed below:

	Name of subsidiary	Principal activities	Country of incorporation	Share capital Currency	Share capital In millions	Effective shareholding % 2009	Effective shareholding % 2008
	Held by the Bank						
1.	DBS Asset Management Ltd	Investment management services	Singapore	SGD	64	**100**	100
2.	DBS China Square Ltd	Property investment holding	Singapore	SGD	229	**70**	70
3.	DBS Trustee Ltd	Trustee services	Singapore	SGD	3	**100**	100
4.	DBS Vickers Securities Holdings Pte Ltd	Investment holding	Singapore	SGD	403	**100**	100
5.	The Islamic Bank of Asia Limited	Provision of Shariah compliant Islamic Banking products and services	Singapore	USD	500	**50**	50
6.	Salte Pte Ltd	Purchase and sale of assets, provision of asset financing and raising funds	Singapore	SGD	4	**100**	100
7.	DBS Nominees Pte Ltd	Nominee services	Singapore	SGD	#	**100**	100
8.	DBSN Services Pte Ltd	Nominee services	Singapore	SGD	#	**100**	100
9.	Primefield Company Pte Ltd	Investment holding	Singapore	SGD	12	**100**	100
10.	DBS Capital Investments Ltd	Venture capital investment holding	Singapore	SGD	2	**100**	100
11.	DBS Diamond Holdings Ltd	Investment holding	Bermuda	USD	3,693	**100**	100
12.	DBS Group Holdings (Hong Kong) Ltd	Investment holding	Bermuda	HKD	2,619	**100**	100
13.	DBS Capital Funding Corporation**	Capital funding	Cayman Islands	USD	#	**100**	100
14.	DBS Capital Funding II Corporation**	Capital funding	Cayman Islands	USD	#	**100**	100
15.	DBS Bank (China) Limited*	Retail, small and medium-sized enterprise and corporate banking services	China	CNY	4,000	**100**	100
16.	DBS Private Equity Enterprise[(a)] *	Investment holding	China	USD	15	**99**	-
17.	DBS Asia Capital Limited*	Corporate finance and advisory services	Hong Kong	HKD	92	**100**	100
18.	PT Bank DBS Indonesia*	Commercial banking and financial services	Indonesia	IDR	2,225,000	**99**	99
19.	DBSAM Funds*	Collective investment scheme	Luxembourg	USD	10	**99.7**	99.7
20.	DBS Insurance Agency (Taiwan) Limited*	Provision of insurance agency services	Republic of Taiwan	NTD	3	**100**	100
	Held by subsidiaries						
21.	AXS Infocomm Pte Ltd[(b)]	Development and operation of multimedia transactional pay phone kiosks	Singapore	SGD	19	**86.2**	86.2
22.	DBS Vickers Securities (Singapore) Pte Ltd	Securities and futures broker	Singapore	SGD	50	**100**	100
23.	DBS Vickers Securities Online Holdings Pte Ltd	Investment holding	Singapore	SGD	35	**100**	100
24.	DBS Vickers Research (Singapore) Pte Ltd	Market research consultants	Singapore	SGD	1	**100**	100
25.	Vickers Ballas Asset Management Pte Ltd	Marketing, distributing and managing investment funds	Singapore	SGD	1	**100**	100
26.	DBS Vickers Securities Nominees (Singapore) Pte Ltd	Nominee services	Singapore	SGD	#	**100**	100
27.	DBS Asset Management (United States) Pte Ltd	Investment management services	Singapore	SGD	#	**100**	100
28.	DBS Asset Management (Hong Kong) Ltd*	Investment management services	Hong Kong	HKD	13	**100**	100
29.	DBS Bank (Hong Kong) Limited*	Retail, corporate and investment banking services	Hong Kong	HKD	7,000	**100**	100
30.	DBS Corporate Services (Hong Kong) Limited*	Investment holding and corporate services	Hong Kong	HKD	1	**100**	100
31.	DHB Limited*	Investment holding	Hong Kong	HKD	2,300	**100**	100
32.	DBS Vickers (Hong Kong) Limited*	Securities and futures broker	Hong Kong	HKD	150	**100**	100
33.	DBS Vickers Securities Nominees (Hong Kong) Limited*	Nominee services	Hong Kong	HKD	#	**100**	100
34.	DBS Vickers Securities (Hong Kong) Limited*	Investment holding	Hong Kong	HKD	8	**100**	100
35.	Kenson Asia Ltd*	Corporate services	Hong Kong	HKD	#	**100**	100

	Name of subsidiary	Principal activities	Country of incorporation	Share capital Currency	In millions	Effective shareholding % 2009	2008
36.	Kingly Management Ltd*	Corporate services	Hong Kong	HKD	#	**100**	100
37.	Ting Hong Nominees Limited*	Nominee services	Hong Kong	HKD	#	**100**	100
38.	Hang Lung Bank (Nominees) Limited*	Nominee services	Hong Kong	HKD	#	**100**	100
39.	DBS Kwong On (Nominees) Limited*	Nominee services	Hong Kong	HKD	#	**100**	100
40.	Overseas Trust Bank Nominees Limited*	Nominee services	Hong Kong	HKD	#	**100**	100
41.	Worldson Services Ltd*	Corporate services	Hong Kong	HKD	#	**100**	100
42.	DBS Trustee (Hong Kong) Limited*	Trustee services	Hong Kong	HKD	3	**100**	100
43.	PT DBS Vickers Securities (Indonesia)*	Securities broker	Indonesia	IDR	55,000	**99**	99
44.	DBS Vickers Securities (Thailand) Co. Ltd*	Securities broker	Thailand	THB	690	**100**	100
45.	DHJ Management Limited**	Corporate services	British Virgin Islands	USD	#	**100**	100
46.	JT Administration Limited**	Corporate services	British Virgin Islands	USD	#	**100**	100
47.	Market Success Limited**	Corporate services	British Virgin Islands	USD	#	**100**	100
48.	Kendrick Services Limited**	Corporate directorship services	British Virgin Islands	USD	#	**100**	100
49.	Lushington Investment Limited**	Corporate shareholding services	British Virgin Islands	USD	#	**100**	100
50.	Quickway Limited**	Corporate directorship services	British Virgin Islands	USD	#	**100**	100
51.	DBS Group (HK) Limited*	Investment holding	Bermuda	USD	588	**100**	100
52.	DBS Vickers Securities (UK) Ltd*	Securities broker	United Kingdom	GBP	#	**100**	100
53.	DBS Vickers Securities (USA), Inc***	Securities broker	United States	USD	3	**100**	100
54.	DBS Trustee H.K. (Jersey) Limited*	Trustee services	Jersey	GBP	#	**100**	100
55.	DBS Trustee H.K. (New Zealand) Limited*	Trustee services	New Zealand	NZD	#	**100**	100
56.	DNZ Limited**	Nominee services	Samoa	USD	#	**100**	100
57.	Asian Islamic Investment Management Sdn Bhd[(c)]*	Investment management services	Malaysia	RM	10	**51**	51

\# Amount under $500,000
* Audited by PricewaterhouseCoopers network firms outside Singapore
*** Audited by other auditors
(a) In addition to the shareholding of 99%, there is a direct shareholding of 1% (2008: -) held through DBS Capital Investments Ltd.
(b) Shareholding includes 26.4% (2008: 26.4%) held through the Bank. In addition, there is an indirect shareholding of 10.6% (2008: 10.6%) held through Network for Electronic Transfers (Singapore) Pte Ltd.
(c) In addition to the effective shareholding of 51%, there is an indirect shareholding of 13.6% (2008: 13.6%) held through Hwang-DBS (Malaysia) Bhd.

The significant joint ventures in the Bank Group are listed below:

	Name of joint venture	Principal activities	Country of incorporation	Share capital Currency	In millions	Effective shareholding % 2009	2008
	Held by the Bank						
1.	Ayala DBS Holdings Inc.***	Investment holding	The Philippines	PHP	3,340	**40.0**	40.0
2.	Cholamandalam DBS Finance Limited***	Consumer finance	India	INR	3,665	**37.5**	37.5
	Held by subsidiaries						
3.	Hutchinson DBS Card Limited*	Provision of credit card services	British Virgin Islands	HKD	1	**50.0**	50.0

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

The significant associates in the Bank Group are listed below:

	Name of associate	Principal activities	Country of incorporation	Share capital Currency	In millions	Effective shareholding % 2009	2008
	Quoted - Held by the Bank						
1.	Bank of the Philippine Islands***	Commercial banking and financial services	The Philippines	PHP	32,466	**20.3**	20.3
	Quoted – Held by subsidiaries						
2.	Hwang – DBS (Malaysia) Bhd(a) *	Investment holding	Malaysia	RM	266	**27.7**	27.7
	Unquoted - Held by the Bank						
3.	Century Horse Group Limited***	Financial services	British Virgin Islands	USD	#	**20.0**	20.0
4.	Clearing and Payment Services Pte Ltd	Provides service infrastructure for clearing payment and settlement of financial transactions	Singapore	SGD	#	**33.3**	33.3
5.	Network for Electronic Transfers (Singapore) Pte Ltd	Electronic funds transfer	Singapore	SGD	7	**33.3**	33.3
6.	Orix Leasing Singapore Ltd***	Leasing and hire-purchase financing of equipment, provision of installment loans and working capital financing	Singapore	SGD	3	**30.0**	30.0
7.	Raffles Fund 1 Limited***	Investment holding	Cayman Islands	USD	7	**24.2**	29.0
8.	Investment and Capital Corporation of the Philippines***	Financial services	The Philippines	PHP	300	**20.0**	20.0
	Unquoted - Held by subsidiaries						
9.	Hwang-DBS Investment Management Berhad*	Investment management services	Malaysia	RM	10	**30.0**	30.0
10.	Hwang-DBS Vickers Research (Malaysia) Sdn Bhd(b)*	Investment management	Malaysia	RM	3	**49.0**	49.0
11.	Singapore Consortium Investment Management Ltd	Investment management services	Singapore	SGD	1	**33.3**	33.3
12.	Changsheng Fund Management Company***	Establishment and management of investment	China	RMB	150	**33.0**	33.0

\# Amount under $500,000
* Audited by PricewaterhouseCoopers network firms outside Singapore
*** Audited by other auditors
(a) Shareholding includes 4.15% held through the Bank.
(b) In addition to the effective shareholding of 49%, there is an indirect shareholding of 14.1% (2008: 14.1%) held through Hwang-DBS (Malaysia) Bhd. There is no control over indirect shareholding, thus consolidation was not applied.

The significant special purpose entities controlled and consolidated by the Bank Group in 2009 and 2008 are listed below:

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

DBS Bank Ltd and its subsidiaries

Directors' Report

The Directors are pleased to submit their report to the Member together with the audited consolidated financial statements of DBS Bank Ltd ("the Bank") and its subsidiaries ("the Bank Group") and the financial statements of the Bank for the financial year ended 31 December 2009, which have been prepared in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards, as modified by the requirements of Notice to Banks No. 612 "Credit Files, Grading and Provisioning" issued by the Monetary Authority of Singapore.

Board of Directors

The Directors in office at the date of this report are:

Koh Boon Hwee	-	Chairman
Piyush Gupta	-	Chief Executive Officer (Appointed 9 November 2009)
Ang Kong Hua		
Andrew Robert Fowell Buxton		
Bart Joseph Broadman		
Christopher Cheng Wai Chee		
Euleen Goh Yiu Kiang		
Kwa Chong Seng		
John Alan Ross		
Ambat Ravi Shankar Menon	-	(Appointed 1 May 2009)
Peter Seah Lim Huat	-	(Appointed 16 November 2009)

Messrs Ang Kong Hua, John Alan Ross and Kwa Chong Seng will retire in accordance with article 95 of the Bank's Articles of Association at the forthcoming annual general meeting ("AGM"). Messrs Ang Kong Hua, John Alan Ross and Kwa Chong Seng will offer themselves for re-election.

Messrs Piyush Gupta, Ambat Ravi Shankar Menon and Peter Seah Lim Huat will retire in accordance with article 74(b) of the Bank's Articles of Association at the forthcoming AGM. Messrs Piyush Gupta, Ambat Ravi Shankar Menon and Peter Seah Lim Huat will offer themselves for re-election.

Mr Andrew Robert Fowell Buxton who is above 70 years of age is required to retire pursuant to Section 153(2) of the Companies Act, Chapter 50. Mr Buxton may be re-appointed by shareholders at the forthcoming AGM to continue office as a director until the next AGM. He has given consent to be reappointed as a director of the Bank.

Arrangements to enable Directors to acquire shares or debentures

Neither at the end of nor at any time during the financial year, was the Bank a party to any arrangement, the object of which, is to enable the Directors to acquire benefits through the acquisition of shares in or debentures of the Bank or any other body corporate save as disclosed in this report.

Directors' interest in shares or debentures

The following Directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under Section 164 of the Companies Act, an interest in shares of the Bank and related corporations as stated below:

Holding Company **DBS Group Holdings Ltd ("DBSH") ordinary shares**	**Holdings in which Directors have a direct interest** **As at 31 Dec 2009**	 **As at 31 Dec 2008** (or date of appointment if later)	**Holdings in which Directors are deemed to have an interest** **As at 31 Dec 2009**	 **As at 31 Dec 2008** (or date of appointment if later)
Koh Boon Hwee	145,017	27,870	-	-
Piyush Gupta *(appointed on 9 November 2009)*	79,113	79,113	-	-
Ang Kong Hua	-	-	-	-
Andrew Robert Fowell Buxton	9,000	6,000	-	-
Bart Joseph Broadman	10,000	-	-	-
Christopher Cheng Wai Chee	-	-	-	-
Euleen Goh Yiu Kiang	4,185	2,790	-	-
Kwa Chong Seng	65,000	42,129	150,000	100,000
John Alan Ross	30,000	20,000	-	-
Ambat Ravi Shankar Menon *(appointed on 1 May 2009)*	-	-	-	-
Peter Seah Lim Huat *(appointed on 16 November 2009)*	15,000	15,000	-	-
DBS Bank 6% non-cumulative non-convertible perpetual preference shares				
Euleen Goh Yiu Kiang	500	500	-	-
DBS Capital Funding II Corporation 5.75% non-cumulative Non-Convertible Non-Voting Guaranteed Preference Shares				
Kwa Chong Seng	2	2	-	-

There was no change in any of the above-mentioned interests between the end of the financial year and 21 January 2010.

Directors' contractual benefits

Since the end of the previous financial year, no Director has received or has become entitled to receive a benefit under a contract which is required to be disclosed by Section 201(8) of the Singapore Companies Act save as disclosed in this report or in the financial statements of the Bank and the Bank Group.

DBSH Share Option Plan

Particulars of the share options granted under the Option Plan in 1999, 2000, 2001, 2002, 2003, 2004 and 2005 have been set out in the Directors' Reports for the years ended 31 December 1999, 2000, 2001, 2002, 2003, 2004 and 2005 respectively. No grants were made under the Option Plan since 2006.

The movements of the unissued ordinary shares of DBSH in outstanding DBSH options granted under the Option Plan were as follows:

DBSH Options	Number of unissued ordinary shares	During the year			Number of unissued ordinary shares	Exercise price per share [(a)]	Expiry date
	1 January 2009	Rights Issue	Exercised	Forfeited / Expired	31 December 2009		
July 1999 [(b)]	664,244	117,122	454,652	326,714	-	$13.01	28 July 2009
March 2000	899,000	158,489	-	21,171	1,036,318	$17.75	06 March 2010
July 2000	762,000	134,325	-	21,172	875,153	$18.99	27 July 2010
March 2001	3,048,950	537,615	2,000	98,044	3,486,521	$15.05	15 March 2011
August 2001	150,400	26,522	23,527	-	153,395	$11.00	01 August 2011
March 2002	2,626,680	463,155	67,825	156,204	2,865,806	$12.53	28 March 2012
August 2002	137,900	24,311	9,410	3,529	149,272	$10.43	16 August 2012
December 2002	10,000	1,763	-	-	11,763	$9.75	18 December 2012
February 2003	2,305,100	406,421	296,649	43,288	2,371,584	$8.84	24 February 2013
March 2004	2,534,007	446,733	91,506	254,761	2,634,473	$12.53	02 March 2014
March 2005	1,234,911	221,143	66,032	75,670	1,314,352	$12.81	01 March 2015
	14,373,192	2,537,599	1,011,601	1,000,553	14,898,637		

(a) Adjusted for effects of rights issue in January 2009
(b) Expired on 28 July 2009

The DBSH Share Option Plan has expired on 19 June 2009 and it was not extended or replaced. The termination of DBSH Share Option Plan will not affect the rights of holders of any outstanding existing options. Therefore, no further options were granted by DBSH during the financial year

The persons to whom the DBSH Options have been granted do not have any right to participate by virtue of the DBSH Options in any share issue of any other company.

DBSH Share Plan

During the financial year, time-based awards in respect of an aggregate of 4,415,717 ordinary shares were granted pursuant to the DBSH Share Plan, to selected employees of the Bank Group. This included 327,991 ordinary shares comprised in awards granted to directors Mr Koh Boon Hwee, Mr Piyush Gupta and the late Mr Richard Daniel Stanley. The number of ordinary shares comprised in the awards granted represents a 100% payout.

Information on the DBSH Share Plan is as follows:

(i) Awards over DBSH's ordinary shares may be granted to Bank Group executives who hold such rank as may be determined by the Compensation and Management Development Committee of DBSH from time to time. Awards may also be granted to (*inter alia*) executives of associated companies of the Bank who hold such rank as may be determined by the Compensation and Management Development Committee from time to time, and non-executive directors of DBSH.

The participants of the DBSH Share Plan may be eligible to participate in the DBSH Share Option Plan or other equivalent plans, but shall not be eligible to participate in the DBSH Employee Share Plan or other equivalent plans.

(ii) Where time-based awards are granted, participants are awarded ordinary shares of DBSH, their equivalent cash value or a combination of both as part of their deferred bonus, at the end of the prescribed vesting periods. Awards are granted under the DBSH Share Plan at the absolute discretion of the Compensation and Management Development Committee.

(iii) The DBSH Share Plan shall continue to be in force at the discretion of the Compensation and Management Development Committee, subject to a maximum period of ten years. At an Extraordinary Annual General Meeting ("the EGM") of DBSH held on 8 April 2009, DBSH Share Plan was extended for another ten years, from 18 September 2009 to 17 September 2019, provided always that the DBSH Share Plan may continue beyond the above stipulated period with the approval of the shareholders of DBSH by ordinary resolution in general meeting and of any relevant authorities which may then be required.

(iv) Awards under the DBSH Share Plan may be granted at any time in the course of a financial year, and may lapse by reason of cessation of service of the participant, or the retirement, redundancy, ill health, injury, disability, death, bankruptcy or misconduct of the participant, or by reason of the participant, being a non-executive director, ceasing to be a director, or in the event of a take-over, winding up or reconstruction of DBSH.

(v) At the EGM held on 8 April 2009, the shareholders of DBSH have also approved the reduction of total number of new ordinary shares of DBSH which may be issued pursuant to awards granted under the DBSH Share Plan, when added to the total number of new ordinary shares issued and issuable in respect of all awards granted under the DBSH Share Plan, and all options granted under the DBSH Share Option Plan, from 15% to 7.5% of the total number of issued shares in the capital of DBSH (excluding treasury shares).

(vi) Subject to the prevailing legislation and SGX-ST guidelines, DBSH will have the flexibility to deliver ordinary shares of DBSH to participants upon vesting of their awards by way of an issue of new ordinary shares and/or the transfer of existing ordinary shares (which may include ordinary shares held by DBSH in treasury).

(vii) The class and/or number of ordinary shares of DBSH comprised in an award to the extent not yet vested, and/or which may be granted to participants, are subject to adjustment by reason of any variation in the ordinary share capital of DBSH (whether by way of a capitalisation of profits or reserves or rights issue, reduction, subdivision, consolidation, or distribution) or if DBSH makes a capital distribution or a declaration of a special dividend (whether in cash or in specie), upon the written confirmation of the auditor of DBSH that such adjustment (other than in the case of a capitalisation issue) is fair and reasonable.

Independent Auditor

PricewaterhouseCoopers LLP has expressed its willingness to accept re-appointment as independent external auditor.

On behalf of the Directors

Koh Boon Hwee

Piyush Gupta

3 February 2010
Singapore

Statement by the Directors

We, Koh Boon Hwee and Piyush Gupta, being two of the Directors of DBS Bank Ltd ("the Bank"), state that, in the opinion of the Directors, the consolidated financial statements of the Bank Group, consisting of the Bank and its subsidiaries, and the financial statements of the Bank, together with the notes thereon as set out on pages 1 to 83, are drawn up so as to give a true and fair view of the state of affairs of the Bank and Bank Group as at 31 December 2009 and the results, changes in equity and cash flows of the Bank and Bank Group for the financial year ended on that date and there are reasonable grounds to believe that the Bank and the Bank Group will be able to pay their debts as and when they fall due.

On behalf of the Directors

Koh Boon Hwee

Piyush Gupta

3 February 2010
Singapore

TO THE MEMBERS OF DBS BANK LTD (INCORPORATED IN SINGAPORE)

We have audited the accompanying financial statements of DBS Bank Ltd (the Bank) and its subsidiaries (the Bank Group) set out on pages 1 to 83, which comprise the balance sheets of the Bank and of the Bank Group as at 31 December 2009, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement of the Bank Group for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act (Cap. 50) (the Act) and Singapore Financial Reporting Standards. This responsibility includes:

(a) devising and maintaining a system of internal accounting control 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;

(b) selecting and applying appropriate accounting policies; and

(c) making accounting estimates that are reasonable in the circumstances.

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 as to 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 and fair presentation of the financial statements 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,

(a) the consolidated financial statements of the Bank Group and the balance sheet of the Bank 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 the Monetary Authority of Singapore, so as to give a true and fair view of the state of affairs of the Bank and of the Bank Group as at 31 December 2009 and the results, changes in equity and cash flows of the Bank Group for the financial year ended on that date; and

(b) the accounting and other records required by the Act to be kept by the Bank and by those subsidiaries incorporated in Singapore of which we are the auditor, have been properly kept in accordance with the provisions of the Act.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Public Accountants and Certified Public Accountants
3 February 2010