

Our strategic priorities – an update

**DBS Group Holdings
2Q 2010 financial results
30 July 2010**

Disclaimer: The information contained in this document is intended only for use during the presentation and should not be disseminated or distributed to parties outside the presentation. DBS Bank accepts no liability whatsoever with respect to the use of this document or its contents.



2Q10 earnings at record high, reflecting strong growth in underlying drivers

- Solid operating performance
 - 2Q10 net earnings before one-time charge up 30% to SGD 718m
 - Highest quarterly earnings in DBS' history
- Record core earnings reflect strong growth in underlying drivers in line with strategic direction
- Remain one of best-capitalised banks in Asia, with total CAR of 16.5%
- Goodwill impairment does NOT impact our operating performance nor our expansion plans

What is goodwill?

Goodwill is an intangible asset that reflects the premium paid over the book value of an investment. An investment is purchased at the prevailing market value, which incorporates expectation of future business growth

Goodwill is subject to a test to determine whether it is carried on the balance sheet at “fair value”

A “fair value” test uses best estimate of cash flow projections for the asset in its current state, taking into account current market outlook assumptions

Given the global financial crisis and the structural funding shift in Hong Kong, our projections for future business-as-usual growth have moderated. As assumptions change, “fair value” has to be regularly updated, with changes made to the goodwill carried on the balance sheet.

What is the impact of goodwill impairment?

As goodwill is a non-cash item and an intangible asset,

- it does not affect our operating performance
- it does not affect our regulatory capital
- it has no impact on our cash flow and liquidity
- it has no impact on our ability to pay dividends
- it does not impede our business expansion plans

The new “fair value” of DBS Hong Kong is based on its current state and does not incorporate the impact of the strategy for further expansion currently underway.

The Asian Bank of Choice for the New Asia

1 *Geographies*

1. Entrench leadership in Singapore
2. Re-energise Hong Kong
3. Rebalance geographic mix of our business

2 *Regional Businesses*

4. Build a leading SME business anchored around trade finance
5. Strengthen wealth proposition for Asia's growing affluent
6. Build-out GTS and T&M capabilities across the region

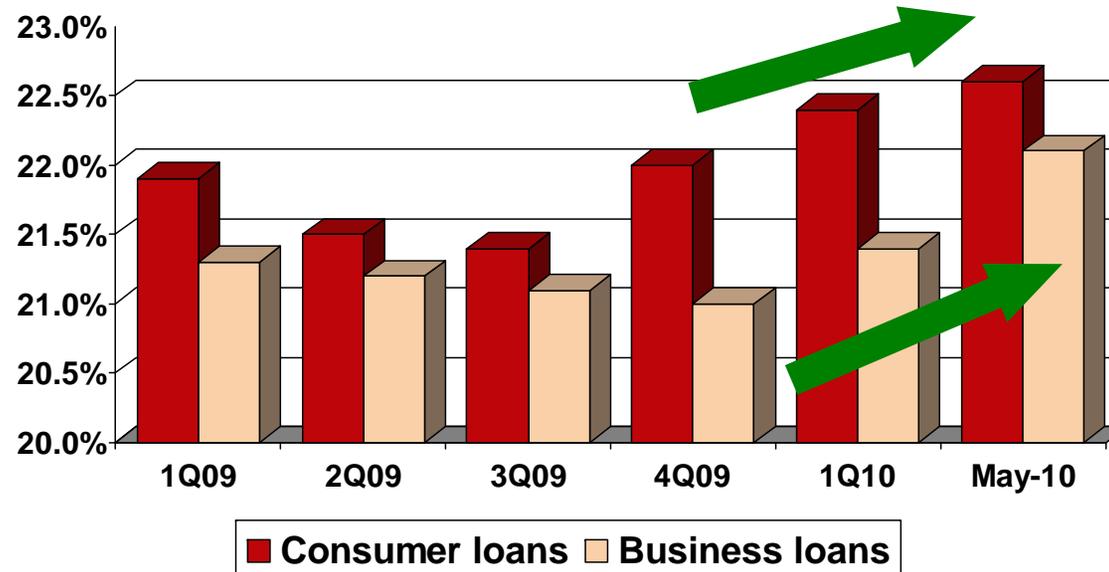
3 *Enablers*

7. Place customers at the heart of the banking experience
8. Focus on organisation, people and culture
9. Strengthen technology and infrastructure platform

1. Entrench leadership in Singapore

Good momentum in building customer assets in consumer and business loans

Singapore loans, DBS market share



Making headway in the payments space

- **Mobile banking growth - 132,000 new users, ~3,000 transactions daily**
- **Reinforcing Internet Banking market leadership – 1.4 mil users; adding 20k new users each month**

1. Entrench leadership in Singapore

Making progress in leveraging POSB franchise & network

- Continue to grow sales focus of POSB branches – 42% of new unsecured loans generated by branches
- Grew market share of POSB Instalment Loans to 40% in June; consistently ranked #1 on new instalment loan bookings in 2010
- Rebuild POSB brand, focus on kids segment
 - 3 distinct sub-segments: Babies, school children, secondary school children
 - Rolled out school and hospital outreach programmes: covered half of Singapore's primary schools and all nine maternity hospitals
 - Opened 28,000 new POSBkids accounts in 1H2010
 - Organising POSB Run for Kids on 19 September
- Re-launching POSB Everyday Card

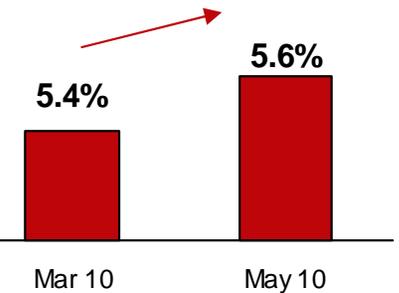


2. Re-energise Hong Kong

Customer franchise continues growth momentum

- 1H 2010 income up 13% yoy to S\$730 million
- Non-interest income up 44% to S\$330m, led by strong loan syndication, T&M cross-sell, wealth management sales
- 12% qoq customer loan growth offset margin pressure; driven by large corporate loans and residential mortgages

HK loans market share (%)



Consumer Banking making progress in targeting RMB related flows

- Mortgage and unsecured loans grew 18% yoy
- Wealth management sales growth driven by unit trusts and bancassurance
- Targeting Chinese tourists → identified 9 to 11 branches, set up offshore team

Sharpening Institutional Banking focus

- Leveraging relationship with HK red chips to target China's SOEs, POEs
- Detailed customer segmentation for mid-cap and SME customers paying off; strong cross-sell of T&M and insurance products
- North Asia mid-cap capital markets initiative making progress; 7 active mandates on hand

3. Rebalance geographic mix of our business

China

- Received CBRC approval to establish Hangzhou branch and opened Xujiahui sub branch in Shanghai bringing total presence to 8 branches & 8 sub branches
- Set up Singapore and Taiwan desks to support corporate clients' expansion in China
- Established DBS Investment & Financial Advisory Co to offer onshore corporate finance capabilities

Taiwan

- Total income highest for past 6 quarters, led by higher treasury sales margin and growth in fee commission from corporate clients
- Loan balance highest in 6 consecutive quarters, driven by corporate loans and mortgages
- In 2Q10, deposits grew 8%

India

- Institutional Banking recorded highest ever quarterly revenue
- Opening two more branches, bringing total to 12 branches countrywide
- Successfully launched ATM and debit cards

Indonesia

- Reinforced benchstrength in Consumer Banking & SME areas
- Corporate loans grew 27% yoy; consumer loans grew 60% yoy
- Deposits grew 24% in 1H10 compared to 2H09

1. Build a leading SME business anchored around Trade Finance

- Aligning customer portfolio in the mid-cap and SME segments in Hong Kong, China, India, Indonesia
- Developed branch-centric community banking model

2. Strengthen wealth proposition for Asia's growing affluent

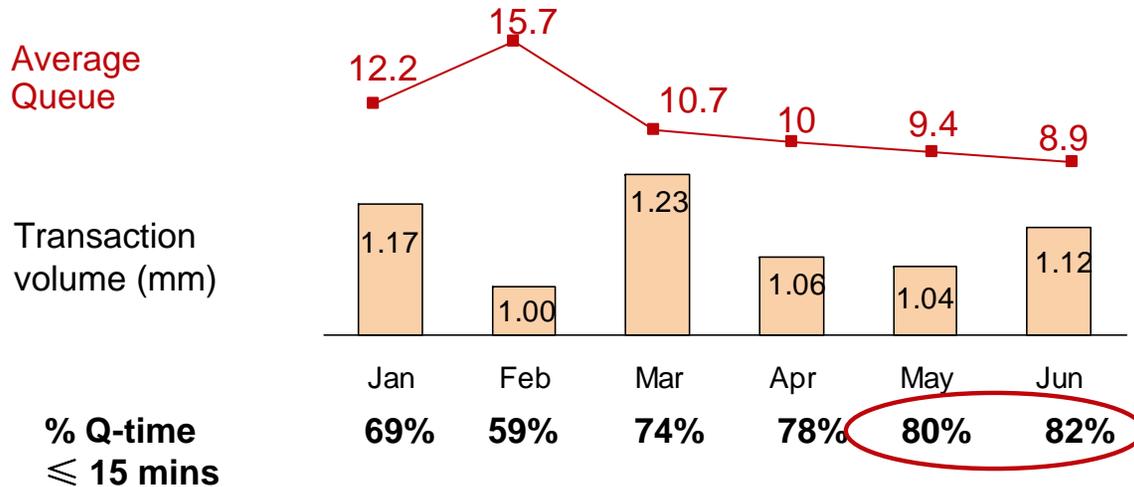
- New management team on board
- Reviewing Asian Wealth Management business and servicing model

3. Build-out GTS and T&M capabilities across the region

- Strengthened GTS management team
- Introduced RMB trade settlement program in Singapore and Hong Kong
- Emphasising commodity trade finance, focus on global commodity traders, regional commodity players and end-users
 - Trade volume grew 8% yoy
- T&M: Actively driving cross-sell
 - Rolled out joint account plans for top 40 Singapore Institutional Banking clients
 - Set up incentive program for SMEs to grow FX sales

Place customers at the heart of the DBS banking experience

- POSB queue time improved → met target: 80% in 15 mins for 2 consecutive months



Focus on **process improvements** to decrease processing times for high-volume transactions. Some examples include:

- Use of ATM cards to replace withdrawal form filling
- Foreign worker account opening
- “In-queue” passbook printing
- Off-peak banking

- Re-extended opening hours for 6 mall branches from 11am – 7pm daily, resulting in lower queue times on Saturdays

Branch	Avg Sat queue (Mar)	Avg Sat queue (Jun)	% drop
Ngee Ann City	22.6	9.0	↓ 60%
Suntec City	9.8	9.2	↓ 6%
Heartland Mall	17.4	5.7	↓ 67%

Place customers at the heart of the DBS banking experience

- **Improved customers' ATM transaction experience**
 - **Reduced high traffic, strategic / commercially critical sites 'hotspots' with >30,000 transactions per month to 171 in June vs. 240 in Dec 09**
 - **Expanded the ATM network → added 75 machines this year. Focus on high traffic locations to ease queue pressure**
 - **Increase machine efficiency → shortened time per transaction by 11 to 15s – faster card insert, reduce ATM idling time, improve application uptime**

Metrics	1Q10	Jun10
ATM availability	99.14%	99.21% 
Occurrences of cash outs	357	305 

- **Rolled out pilot to replenish cash in ATM at night with 87 ATMs in July; using predictive analytics to anticipate and address potential outages**
- **Plan to put in cash-only ATM to service customers who want to draw cash, piloting 15 sites in August**