

Solid results amid market disruptions

DBS Group Holdings 3Q 2007 financial results
October 26, 2007

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Regional franchise continues to deliver strong growth



China

- Received approval from China Banking Regulatory Commission to offer RMB products and services to local Chinese residents
- Changsheng Fund Management Company received Qualified Domestic Institutional Investor (QDII) licence; Changsheng now able to help clients invest their funds in overseas markets



Islamic Bank of Asia

- Completed numerous transactions in GCC and Asia; lead arranger for:
 - ⇒ Barwa Real Estate Company : US\$600 million Murabaha
 - ⇒ ILIC : US\$50 million Murabaha, US\$100 million Murabaha
 - ⇒ NIG : US\$1.5 billion Sukuk
 - ⇒ AREF Investment Group : US\$50 million Murabaha
- Received banking licence from Central Bank of Bahrain to set up representative office in Bahrain

Regional franchise continues to deliver strong growth (cont'd)



Indonesia

- Present in fourteen branches and sub-branches in 7 major Indonesian cities



Singapore

Ascendas India Trust:

**S\$600 million
fund raising**

Genting International:

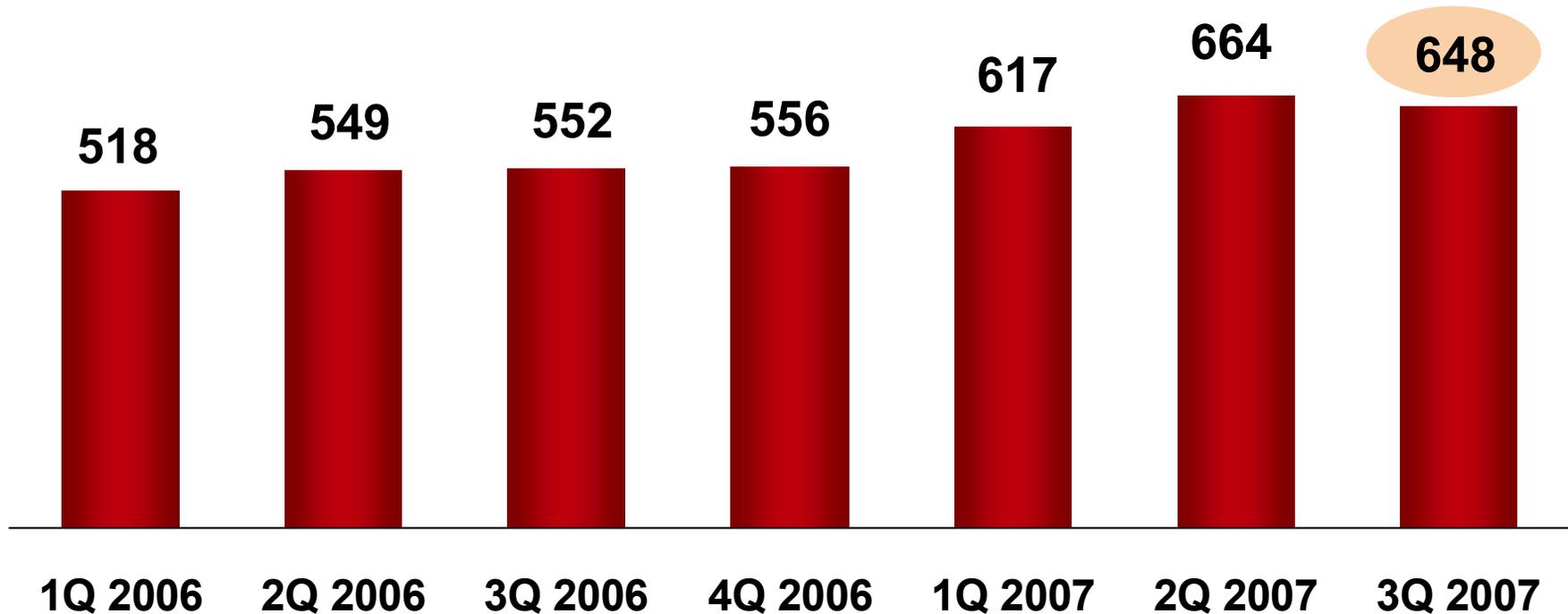
**S\$2.2 billion
rights issue**

Venture Corporation:

**S\$600 million
syndicated loan**

3Q 2007 net profit up 17% YoY, down 2% from 2Q 2007

(Net profit, S\$m)

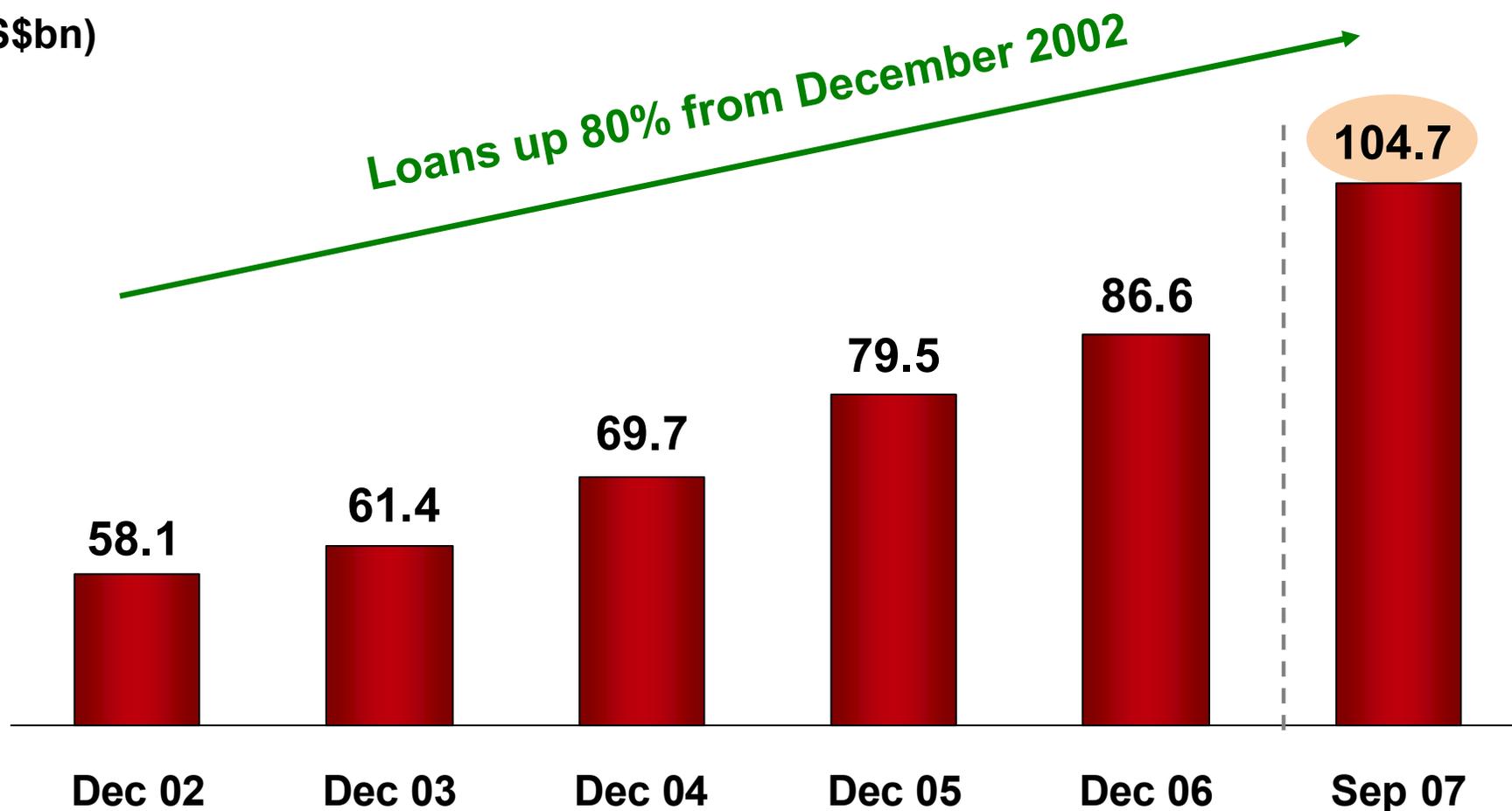


9M 2007 net profit: \$1.929 billion  **19% YoY**

Exclude one-off gains/charge, goodwill charge

We set new highs again: Customer loans rose 23% YoY and 6% QoQ to record \$104.7 billion

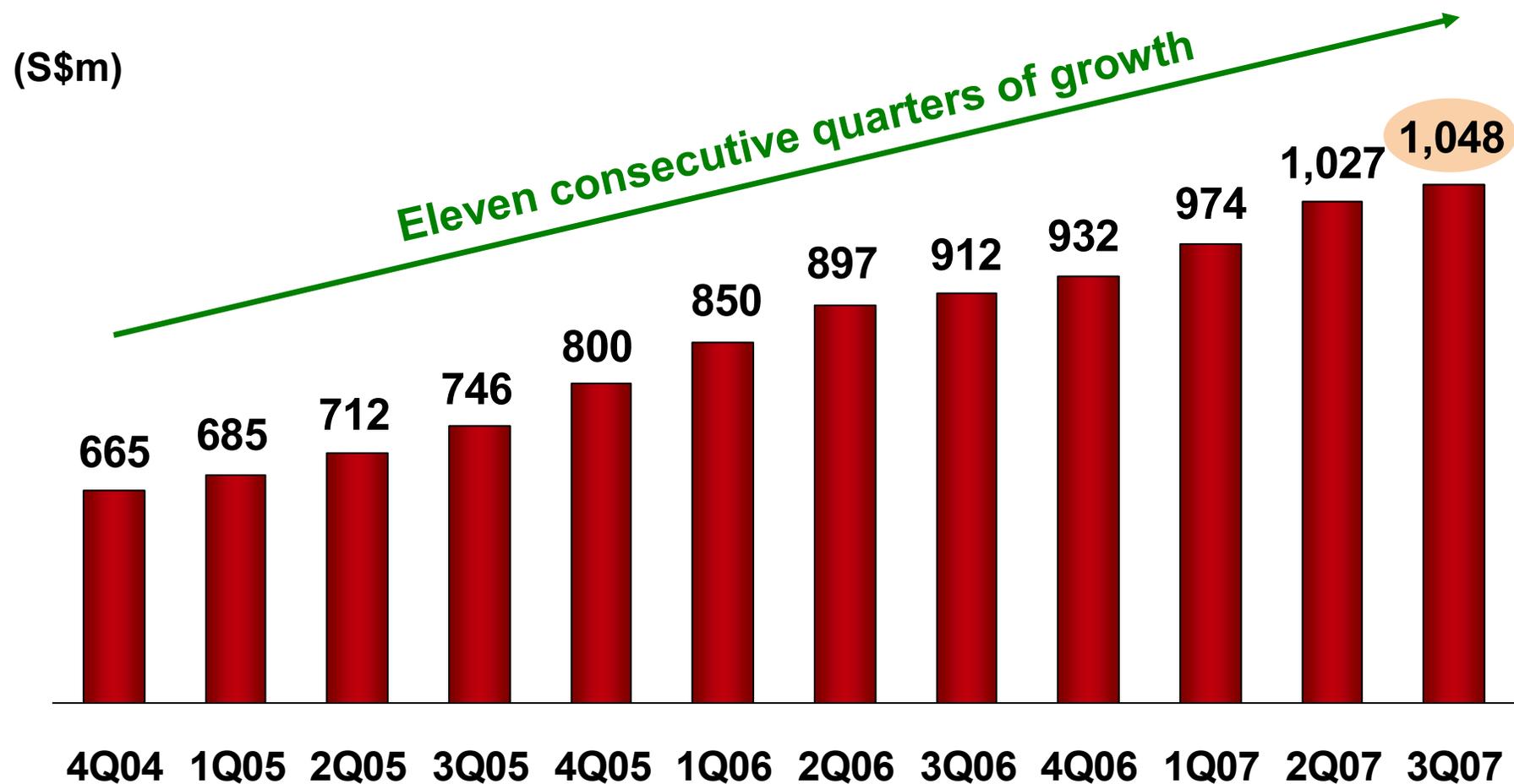
(S\$bn)



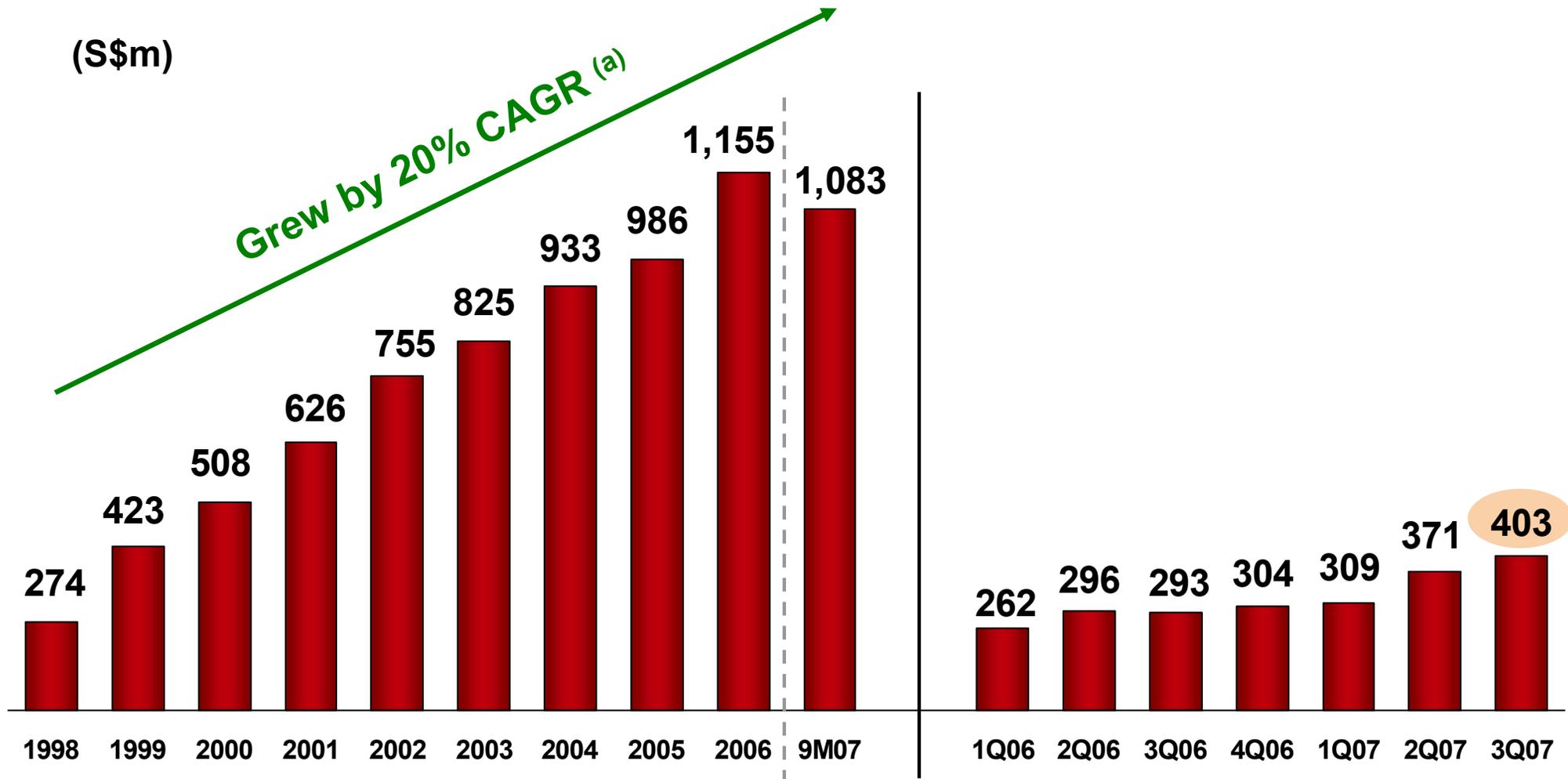
Exclude DBS Thai Danu Bank



We set new highs again: Net interest income up 15% YoY and 2% QoQ to \$1.05 billion



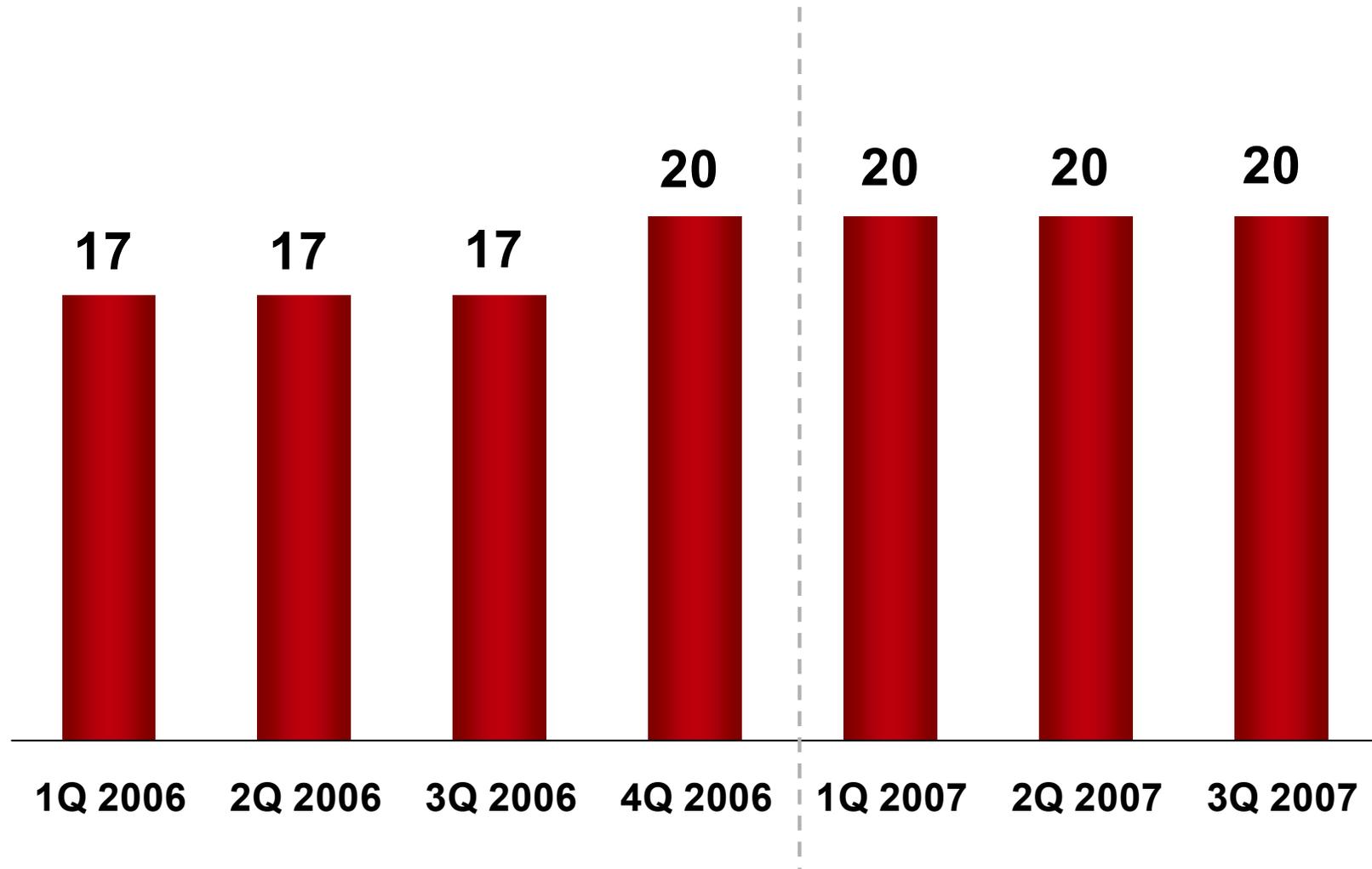
We set new highs again: Fee income grew 38% YoY and 9% QoQ to \$403 million; highest since we started quarterly reporting



(a) CAGR from 1998 to 2007 (2007 estimate based on annualized 9M 2007 fee income)

Dividend policy: paying progressively rising, sustainable dividends

(S¢)



Exclude special dividends of 5 cents per share declared in 4Q 2006

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Solid results amid market disruptions

- CDO-related charges amount to S\$85m
- Underlying operating trends sustained
- Less favourable Hong Kong performance
- Balance sheet remains strong

CDO exposure largely unchanged

(S\$bn)	27 Aug 2007	30 Sep 2007
Financial investments	1.29	1.24
– with US sub-prime	0.28	0.27
– without US sub-prime	1.01	0.97
Red Orchid Secured Assets (Rosa)	1.15	1.12
Total	2.44	2.36

No credit defaults on total CDO portfolio of S\$2.36bn

No ratings migration except for rating downgrade on one CDO with US sub-prime exposure from AA to A. We owned a principal value of US\$10m of this CDO

Financial investments : 15% AAA, 30% AA, 55% A
Rosa investments : 98% AAA, 2% AA

Minor changes in current portfolio size from 27 Aug 2007 due to normal obligor prepayments and exchange rate translation

USD/SGD exchange rate used is 1.5224 for August and 1.4904 for September

3Q earnings impact of S\$85m

(S\$m)	SP	GP	MTM loss taken to other income	Taken to 3Q P&L
Financial investments	33	37*	0	43
– <i>with US sub-prime</i>	33	37*	0	43
– <i>without US sub-prime</i>	0	0	0	0
Rosa	0	0	42	42

Specific allowances of S\$33m charged to profit and loss for three CDOs with high degree of US sub-prime exposure, including the one partially downgraded

General allowances of S\$37m taken for CDOs with US sub-prime assets, comprising S\$10m charged to profit and loss and S\$27m set aside from existing cumulative general allowances

No credit weakness in remaining portfolio based on performance indicators

* Only S\$10m of S\$37m in GPs had P&L impact

Policy intention

Financial investments

The CDOs will be held until they mature

Rosa

No further CP issuance is envisaged

Rosa will be fully funded by liquidity facility when final CP matures on 23 November to give DBS greater flexibility to manage the CDOs

Unrealised gains from financial investments rose by \$302m in 3Q

(S\$m)	Jun 2007	Sep 2007	Change
AFS (year to date gains)	229	621	392
Non-AFS (cumulative gains)	17	(73)	(90)
	246	548	302

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Net profit up 17% on year, net interest income and fee growth sustained

(S\$m)

	3Q 2007	YoY %	QoQ %
Net interest income	1,048	15	2
Fee income	403	38	9
Trading income	(63)	nm	nm
Other income	149	nm	>100
Non-interest income	489	20	(7)
Income	1,537	16	(1)
Staff expenses	347	9	(2)
Other expenses	305	14	(0)
Expenses	652	12	(1)
Profit before allowances	885	20	(1)
Allowances for credit & other losses	80	95	25
Net profit	648	17	(2)

Excluding one-time gains and impairment charges



9M net profit up 19% on year

(S\$m)	9M 2007	YoY %
Net interest income	3,049	15
Fee income	1,083	27
Trading income	205	(55)
Other income	293	nm
Non-interest income	1,581	23
Income	4,630	17
Staff costs	1,061	13
Other expenses	909	13
Expenses	1,970	13
Profit before allowances	2,660	21
Allowances for credit & other losses	249	86
Net profit	1,929	19

Excluding one-time gains and impairment charges

Several key ratios improve

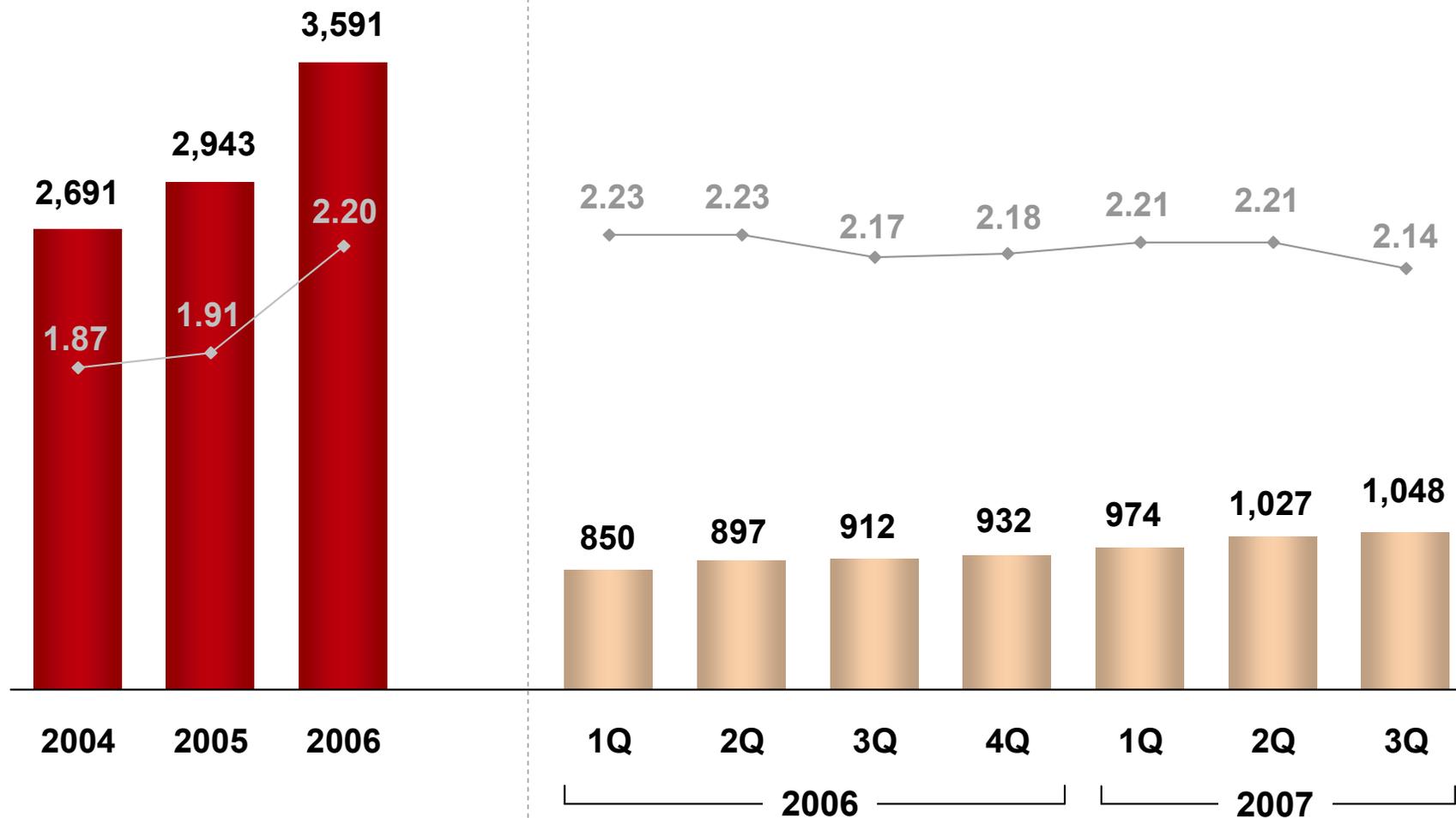
(%)	3Q 2007	2Q 2007	3Q 2006	9M 2007	9M 2006
Net interest margin	2.14	2.21	2.17	2.19	2.20
Fee income/total income	26	24	22	23	22
Non-interest income/total income	32	34	31	34	33
Cost/income	42	43	44	43	44
ROE	13.0	13.6	12.3	13.2	12.4
Loans/deposits	73	70	67	73	67
NPL ratio	1.2	1.4	1.8	1.2	1.8

Excluding one-time gains and impairment charges

Net interest income at quarterly high

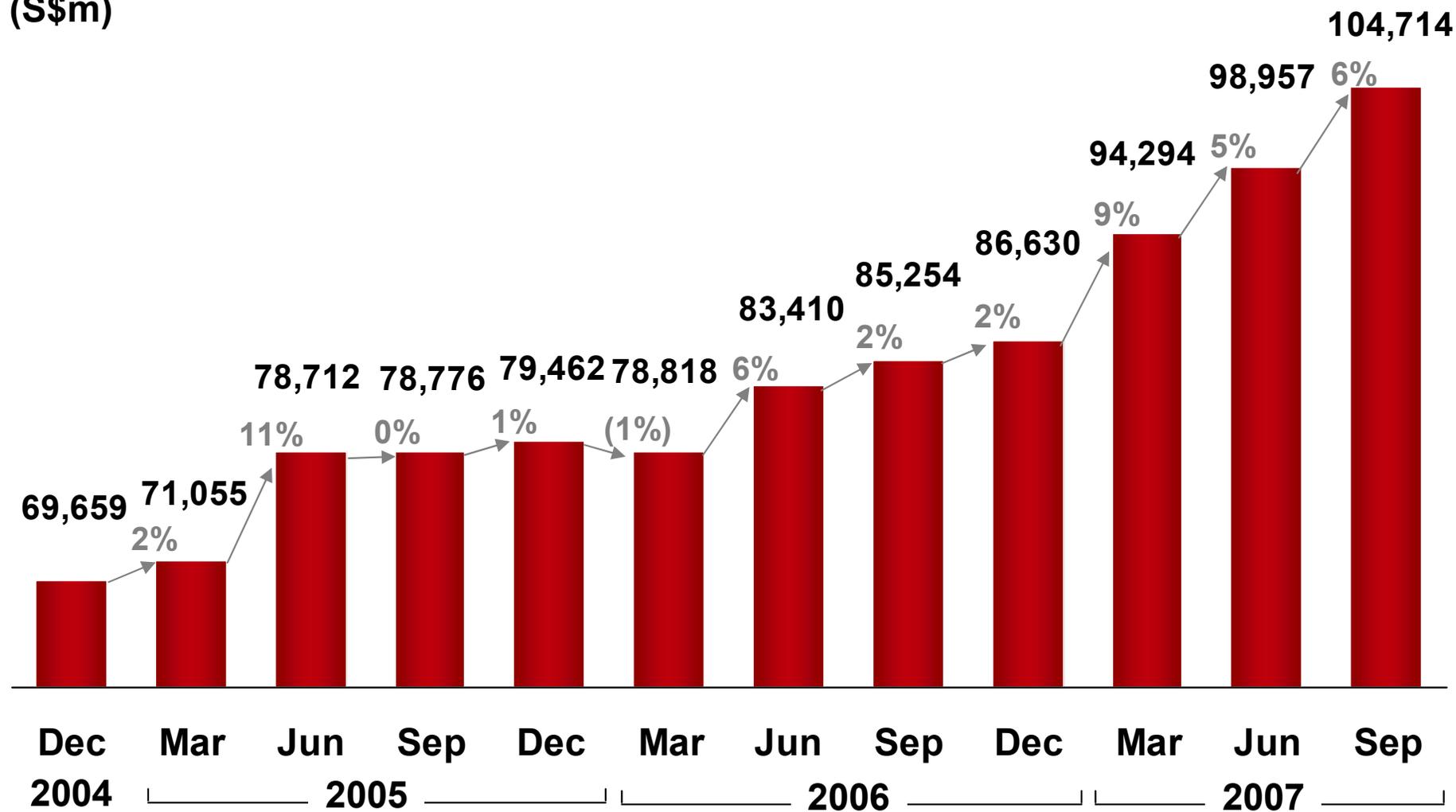
(S\$m)

—◆— Net interest margin (%)



Loans up 6% on quarter

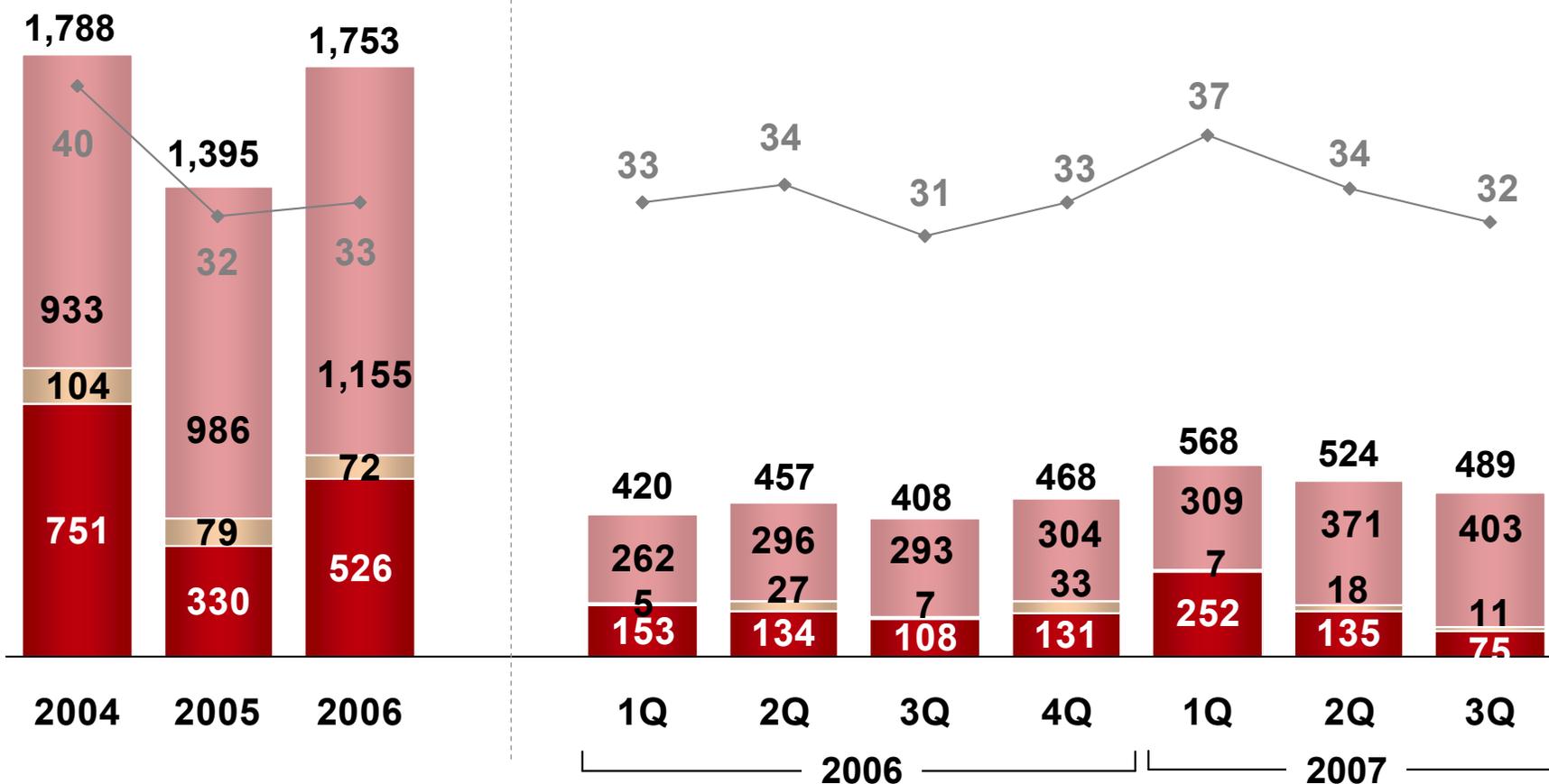
(S\$m)



Fee income up 38% on year from growth across a broad range of activities

(S\$m)

- Fee income
- Dividends and rentals
- Other income
- ◆— Non-interest income / total income (%)

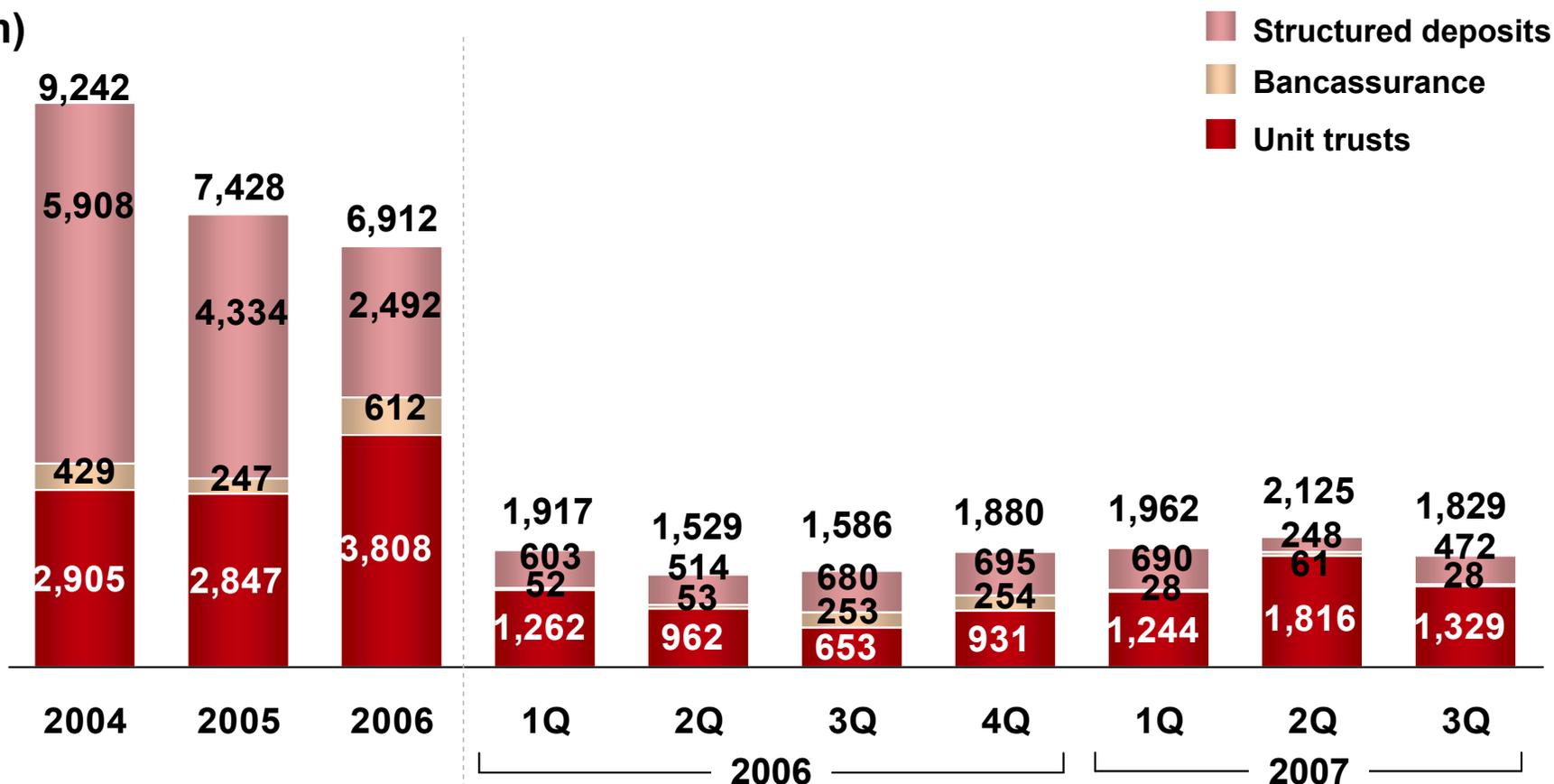


Excluding one-time gains



Wealth management fees up 21% on year, down 6% on quarter

(S\$m)



Sales (all products)

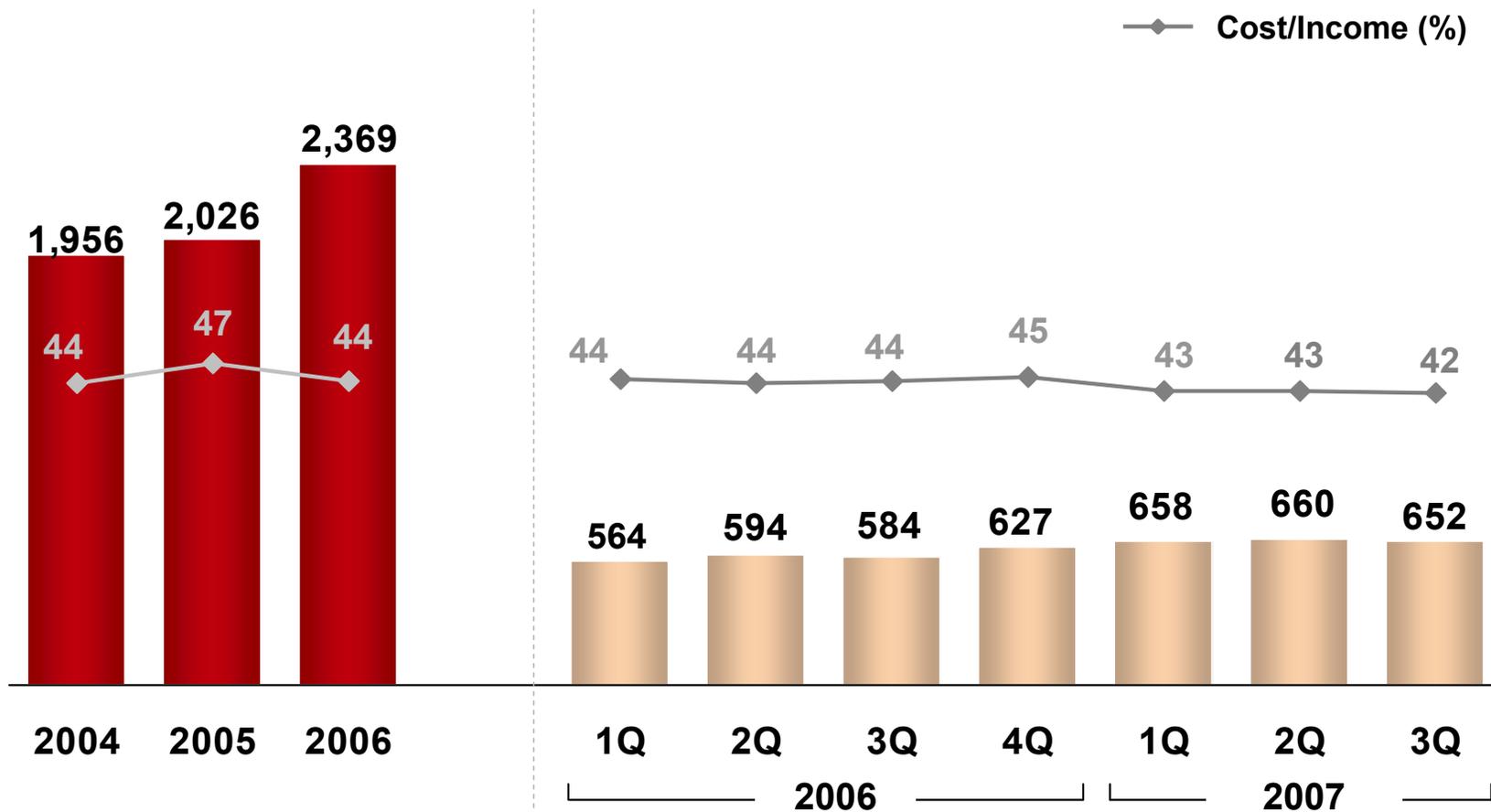
S'pore	3,874	3,560	3,477	1,031	786	718	942	993	1,116	958
HK	5,368	3,868	3,435	886	743	868	938	969	1,009	871

Fees (unit trusts and bancassurance only)

S'pore + HK	119	129	170	42	38	53	37	47	68	64
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Cost-income ratio improves to 42%

(S\$m)



Headcount	11,454	12,728	12,907	12,673	12,453	12,670	12,907	13,177	13,364	13,842
Staff expenses (S\$m)	993	1,052	1,244	300	321	317	306	360	354	347

Cost-income ratio excluding one-time gains

Profit before allowances by business segments

(S\$m)	3Q 2007	YoY %	QoQ %
Consumer Banking	331	0	(3)
Enterprise Banking	192	4	(6)
Corporate and Investment Banking	217	9	(16)
Global Financial Markets	80	(31)	(51)

Profit before allowances is total income excluding one-time gains less expenses

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Hong Kong's net profit up 5% on year, down 10% on quarter

(S\$m)

	3Q 2007	YoY %	QoQ %
Net interest income	265	(9)	(4)
Non-interest income	136	43	7
Income	401	4	(1)
Expenses	176	3	8
Profit before allowances	225	5	(7)
Allowances for credit & other losses	26	(4)	24
Net profit	164	5	(10)

Figures for Hong Kong geographical basis and converted to S\$ using monthly closing rates.
Based on Singapore GAAP. Excluding one-time gains



Hong Kong's 9M net profit up 14% on year

(S\$m)	9M 2007	YoY %
Net interest income	813	(5)
Non-interest income	398	46
Income	1,211	7
Expenses	509	2
Profit before allowances	702	11
Allowances for credit & other losses	69	(3)
Net profit	525	14

Figures for Hong Kong geographical basis and converted to S\$ using monthly closing rates.
Based on Singapore GAAP. Excluding one-time gains

Hong Kong's key ratios lower on quarter

(%)	3Q 2007	2Q 2007	3Q 2006	9M 2007	9M 2006
Net interest margin	2.16	2.34	2.49	2.27	2.56
Non-interest income/total income	34	31	25	33	24
Cost/income	44	40	44	42	44
ROA	1.20	1.40	1.22	1.33	1.26
Loans/deposits	79	77	75	79	75

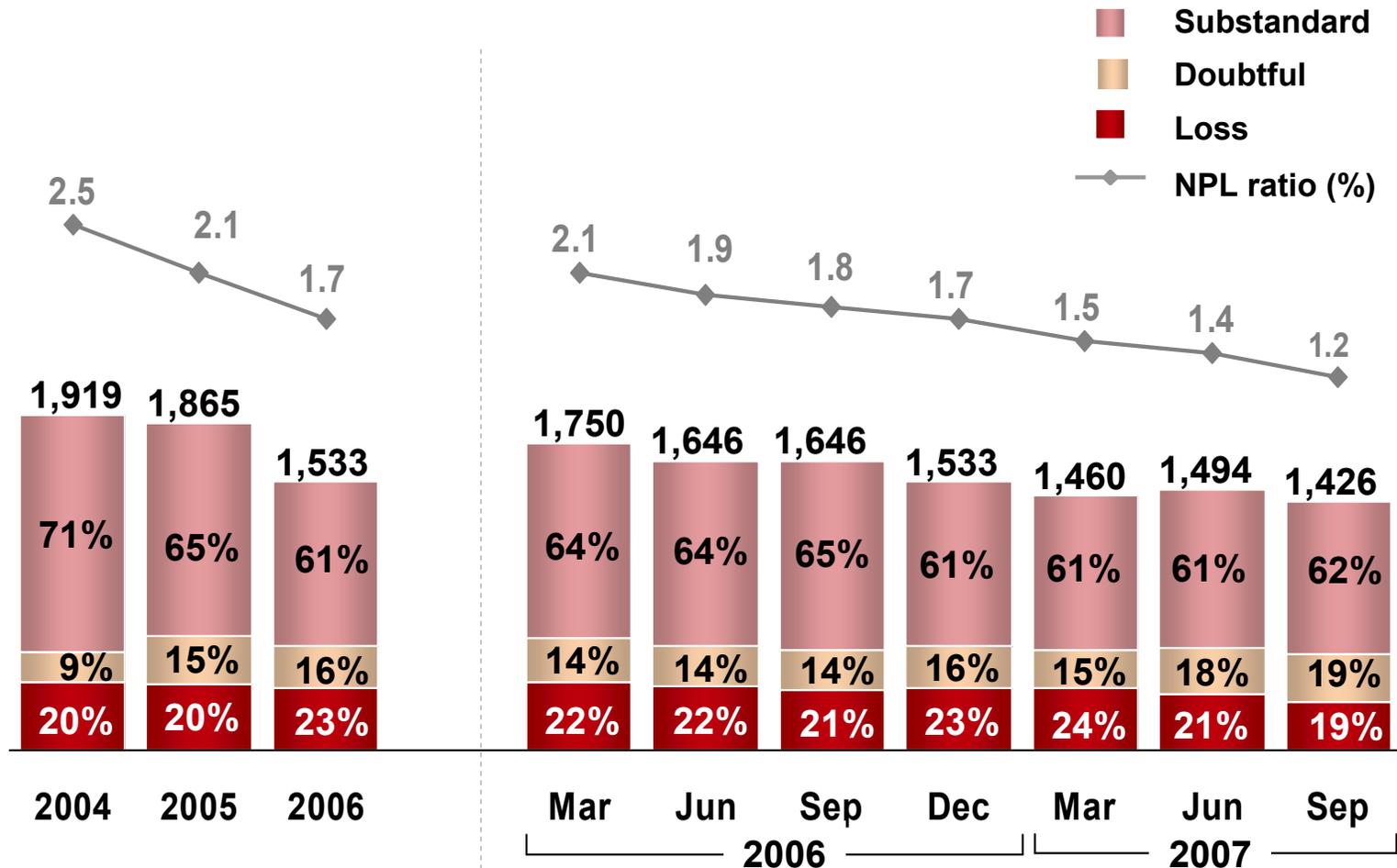
Excluding one-time gains

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NPL rate improves to 1.2%, cumulative allowances rise to 130% of NPAs

(S\$m)



Cumulative general and specific allowances as % of:

NPAs	89	97	115	100	105	105	115	125	124	130
Unsecured NPAs	187	198	237	218	234	237	237	254	254	256

Non-performing assets down 5% on quarter

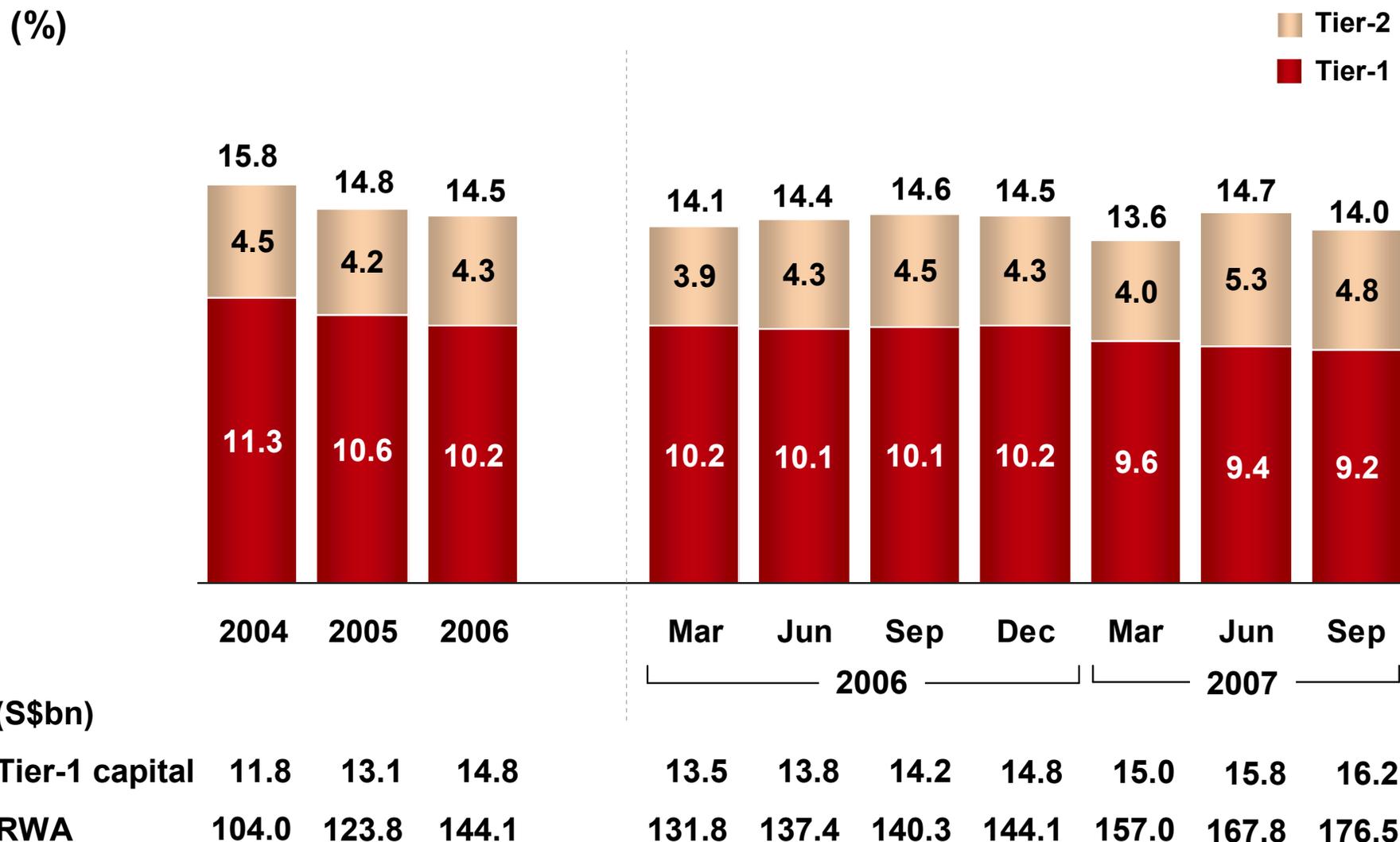
(S\$m)

	3Q 2007	2Q 2007	3Q 2006
NPAs at start of period	1,494	1,460	1,646
New NPAs	188	260	160
Net recoveries of existing NPAs	(177)	(166)	(99)
Write-offs	(79)	(60)	(61)
NPAs at end of period	1,426	1,494	1,646

Specific allowances for loans remain low

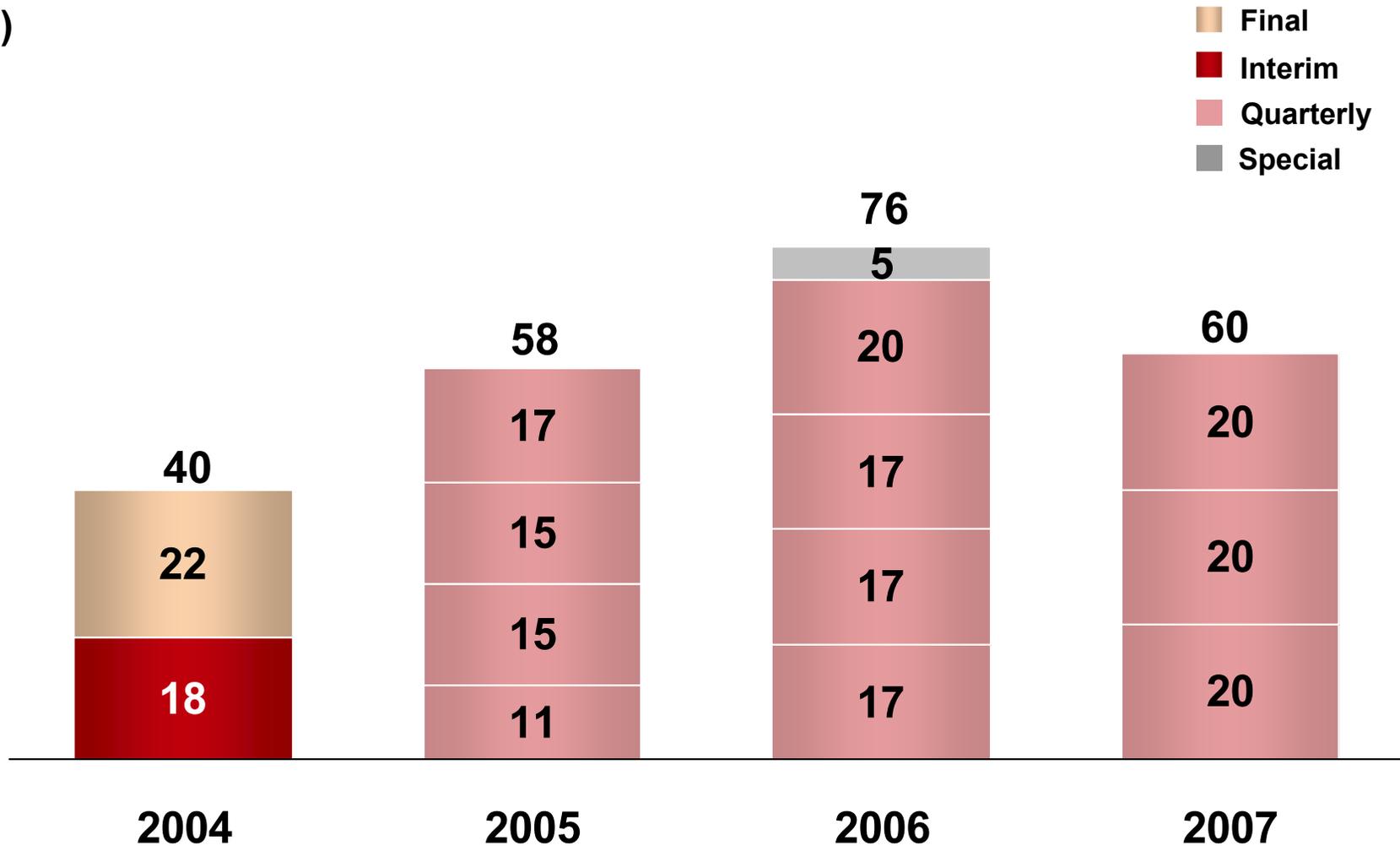
(S\$m)	3Q 2007	2Q 2007	3Q 2006
<u>Add charges for</u>			
New NPLs	40	84	43
Existing NPLs	50	18	22
	90	102	65
<u>Subtract charges for</u>			
Upgrading	2	2	2
Settlements	51	45	32
Recoveries	9	8	4
	62	55	38
Total SP charges	28	47	27

CAR declines as RWA increases due to strong loans growth



9M dividends up 18% on year to 60 cents per share

(S¢)



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