

Steady performance amid challenging conditions

DBS Group Holdings
2Q 2008 financial results
Aug 7, 2008

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Steady performance amid challenging conditions

- Earnings resilient despite challenging market conditions
- Lower Hong Kong contribution offset by strong performance in other regional markets
- Balance sheet remains strong

Net profit up 1% on year and 11% on quarter

(S\$m)	2Q 2008	YoY %	QoQ %
Net interest income	1,058	3	0
Fee income	342	(8)	(3)
Trading income	111	14	nm
Other income	88	57	(72)
Non-interest income	541	3	7
Income	1,599	3	2
Staff expenses	370	5	5
Other expenses	317	4	4
Expenses	687	4	5
Profit before allowances	912	2	1
Allowances for credit & other losses	56	(13)	(60)
Net profit	668	1	11

Excluding one-time gains and impairment charges

Net profit stable on year, up 5% from previous half

(S\$m)	1H 2008	YoY %	HoH %
Net interest income	2,115	6	0
Fee income	695	2	(11)
Trading income	(50)	nm	nm
Other income	402	>100	49
Non-interest income	1,047	(4)	9
Income	3,162	2	3
Staff expenses	722	1	8
Other expenses	621	3	(1)
Expenses	1,343	2	3
Profit before allowances	1,819	2	3
Allowances for credit & other losses	196	16	(25)
Net profit	1,271	(1)	5

Excluding one-time gains and impairment charges

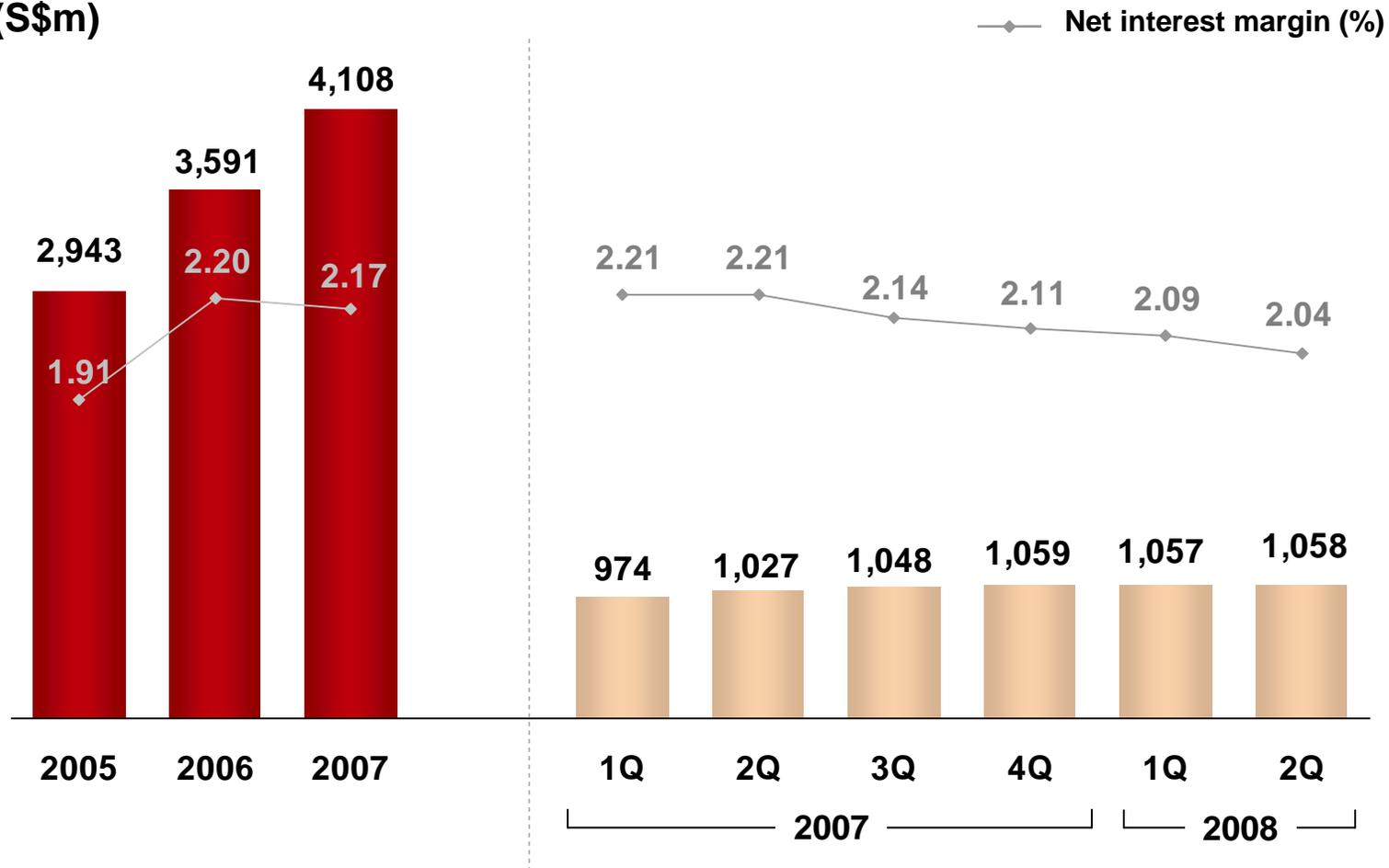
Key ratios mixed

(%)	2Q 2008	1Q 2008	2Q 2007	1H 2008	2H 2007	1H 2007
Net interest margin	2.04	2.09	2.21	2.07	2.13	2.21
Fee income/total income	21	23	24	22	25	22
Non-interest income/total income	34	32	34	33	31	35
Cost/income	43	42	43	42	42	43
ROE	13.0	11.6	13.6	12.4	11.9	13.4
Loans/deposits	75	73	70	75	71	70
NPL ratio	1.4	1.0	1.4	1.4	1.1	1.4

Excluding one-time gains and impairment charges

Net interest income maintained at previous quarter's level despite stronger headwinds

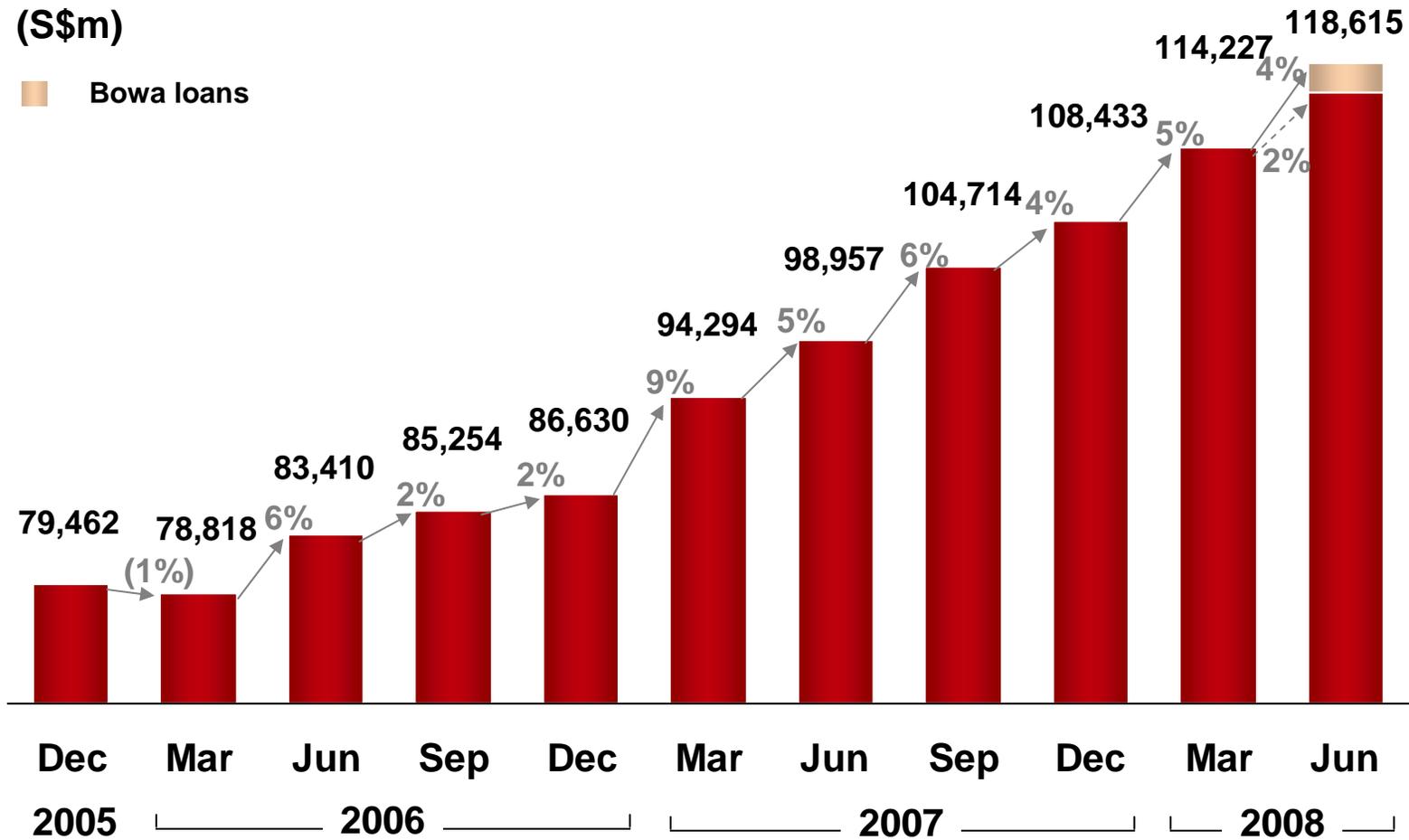
(S\$m)



Underlying loans up 2% on quarter

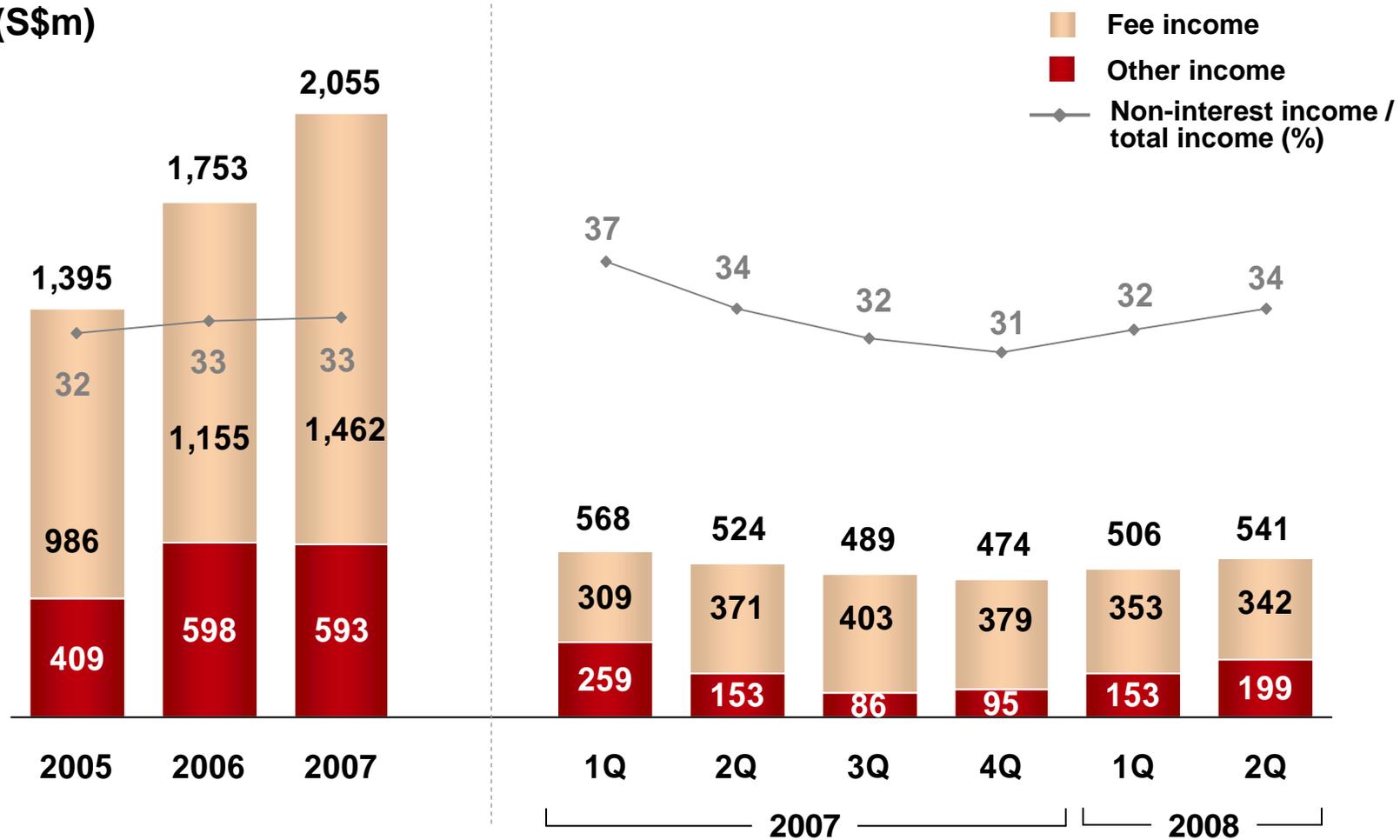
(S\$m)

■ Bowa loans



Fee income down 3% on quarter as capital market revenues decline

(S\$m)

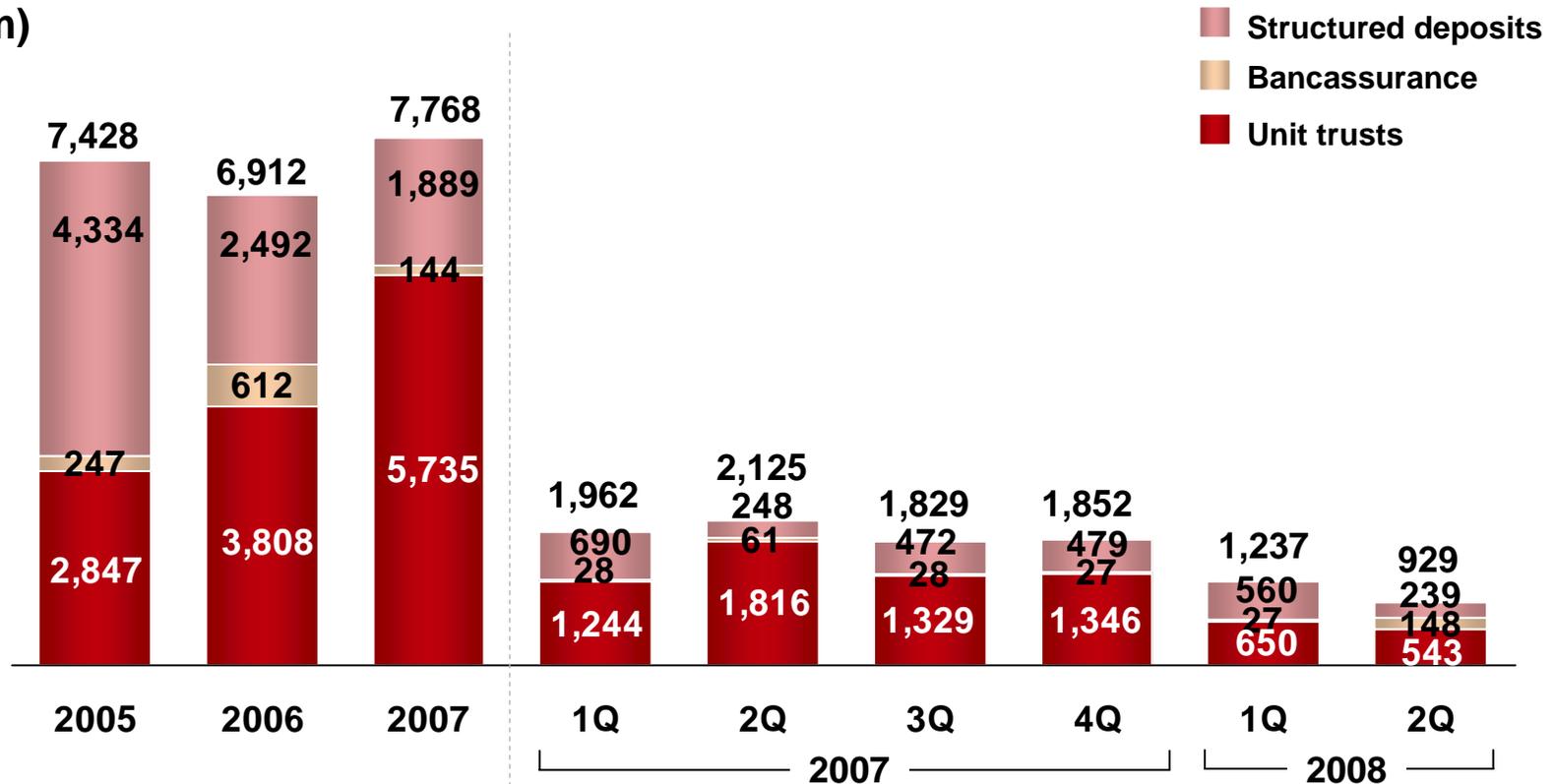


Excluding one-time gains



Wealth management fees rise on higher bancassurance sales

(S\$m)



Sales (all products)

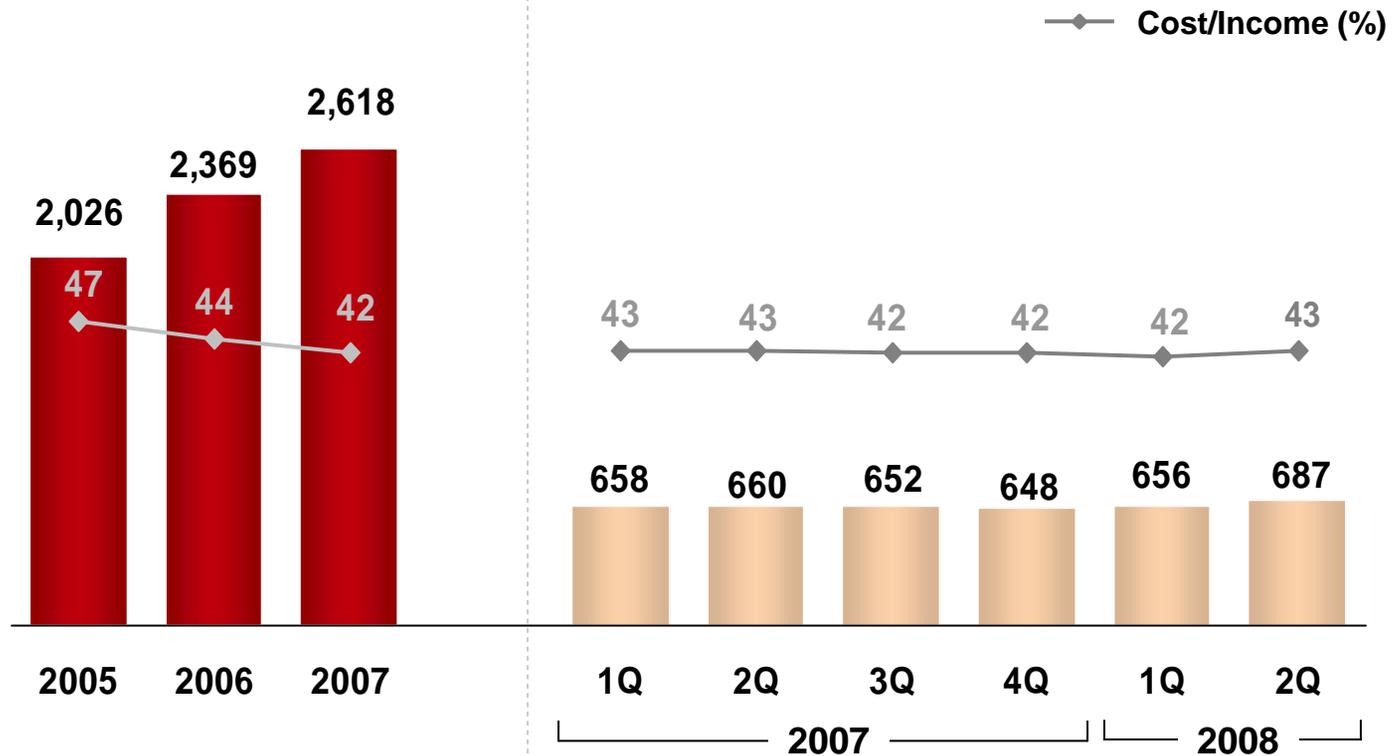
S'pore	3,560	3,477	3,924	993	1,116	958	857	662	480
HK	3,868	3,435	3,844	969	1,009	871	995	575	449

Fees (unit trusts and bancassurance only)

S'pore + HK	129	170	249	47	68	64	70	40	45
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Cost-income ratio of 43% similar to year ago

(S\$m)



Headcount	12,728	12,907	14,523	13,177	13,364	13,842	14,523	14,551	15,219*
Staff costs (S\$m)	1,052	1,244	1,384	360	354	347	323	352	370

Cost-income ratio excluding one-time gains

* Including 843 staff from Bowa



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Hong Kong's net profit falls as revenues decline

(S\$m)	2Q 2008	YoY %	QoQ %
Net interest income	214	(23)	(5)
Non-interest income	138	9	(22)
Income	352	(13)	(12)
Expenses	175	7	1
Profit before allowances	177	(27)	(23)
Allowances for credit & other losses	40	90	>100
Net profit	118	(36)	(34)

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 first-half net profit down 17% on year in Singapore-dollar terms

(S\$m)

	1H 2008	YoY %	HoH %
Net interest income	439	(20)	(15)
Non-interest income	315	20	8
Income	754	(7)	(7)
Expenses	348	5	(5)
Profit before allowances	406	(15)	(8)
Allowances for credit & other losses	59	37	11
Net profit	298	(17)	(8)

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 less favourable

(%)	2Q 2008	1Q 2008	2Q 2007	1H 2008	2H 2007	1H 2007
Net interest margin	1.92	1.90	2.34	1.90	2.09	2.34
Non-interest income/total income	39	44	31	42	26	32
Cost/income	50	43	40	46	45	41
ROA	0.93	1.32	1.40	1.13	1.17	1.40
Loans/deposits	85	78	77	85	72	77

Excluding one-time gains

Regional operations deliver strong profit growth

(S\$m)	1H 2008	HoH %	YoY %
Net interest income	246	28	85
Non-interest income	210	94	24
Income	456	52	50
Expenses	182	10	27
Profit before allowances	274	>100	71
Allowances for credit & other losses	29	(61)	(61)
Net profit	212	>100	>100

(%)	1H 2008	2H 2007	1H 2007
Cost/income	40	55	47
Net profit contribution to Group	17	8	6

Figures for operations outside of Singapore and Hong Kong. Excluding one-time gains

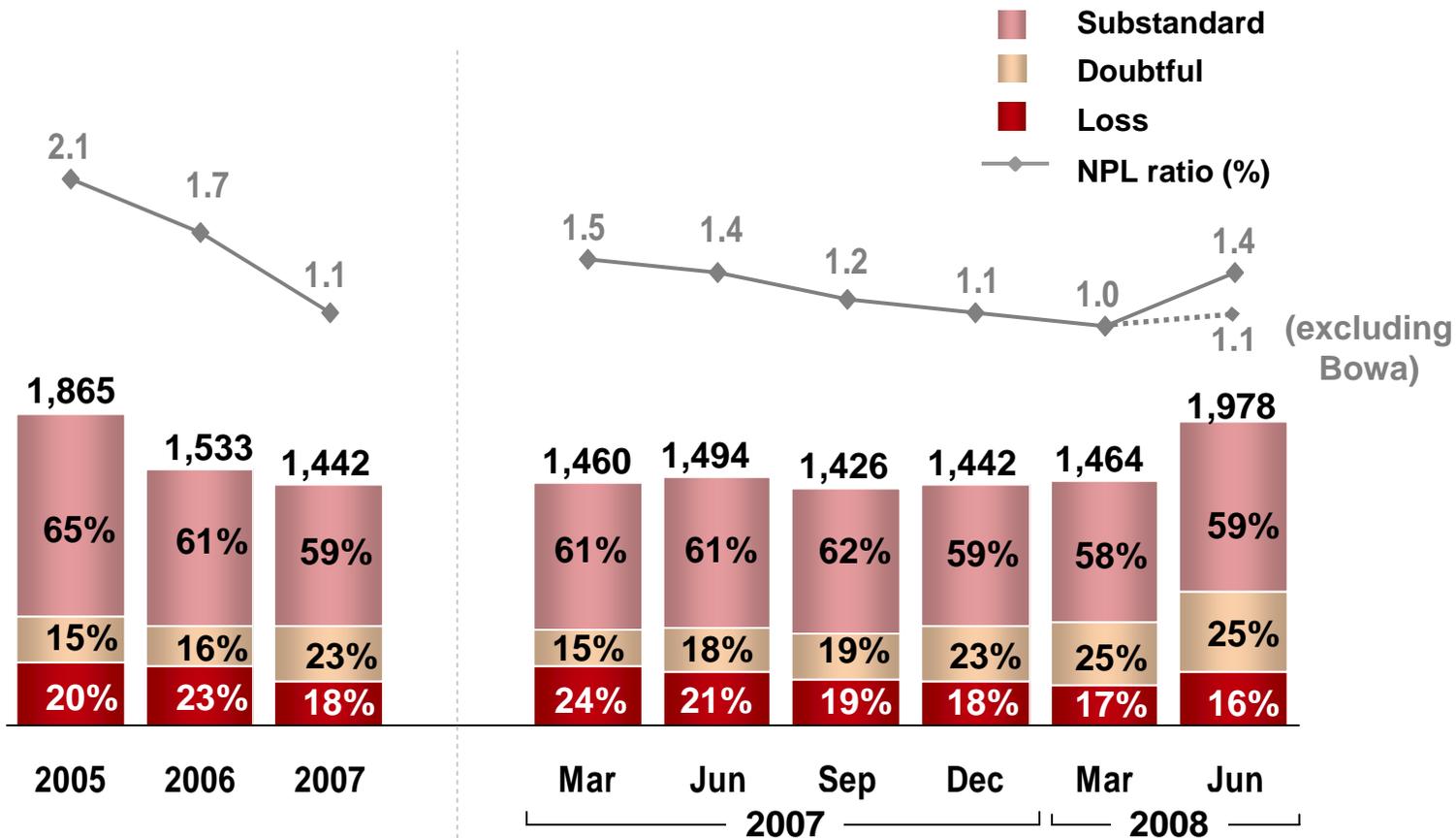


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Non-performing loans increase due mainly to Bowa

(S\$m)



Cumulative general and specific allowances as % of:

NPAs	97	115	135	125	124	130	135	138	116
Unsecured NPAs	198	237	245	254	254	256	245	241	195

Non-performing assets up due mainly to Bowa

(S\$m)	2Q 2008	1Q 2008	2Q 2007
NPAs at start of period	1,464	1,442	1,460
NPAs from Bowa	385	-	-
New NPAs	284	195	260
Net recoveries of existing NPAs	(128)	(146)	(166)
Write-offs	(27)	(27)	(60)
NPAs at end of period	1,978	1,464	1,494

Specific allowances for loans similar to year ago

(S\$m)

	2Q 2008	1Q 2008	2Q 2007
<u>Add charges for</u>			
New NPLs	46	26	84
Existing NPLs	40	51	18
	86	77	102
<u>Subtract charges for</u>			
Upgrading	1	1	2
Settlements	29	33	45
Recoveries	4	6	8
	34	40	55
Total SP charges	52	37	47

CDO exposure rises due to marked-to-market gains

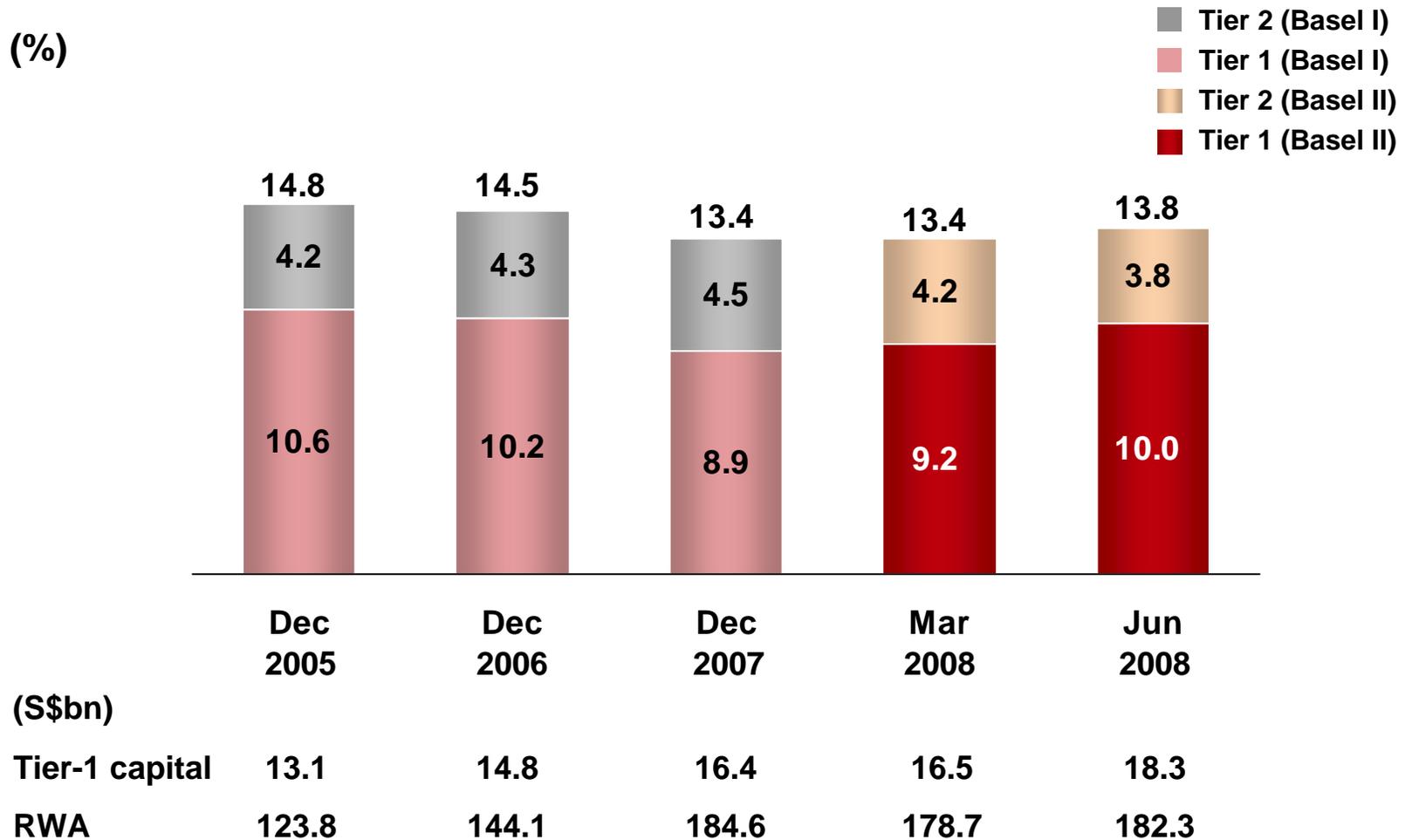
(S\$m)	Amount as at:		Cumulative allowances	% coverage
	30 Jun	31 Mar		
ABS CDOs (with US sub-prime)	255	259	232	91
Non-ABS CDOs	1,200	1,178	50	--
of which in:				
Investment portfolio	859	875	50	6
Trading portfolio	341	303	--	--
Total	1,455	1,437	282	--

Ratings distribution for non-ABS CDOs in investment portfolio:

Moody's -- 10% Aaa, 28% Aa, 58% A, 2% Caa-Ca, 2% rated by the other

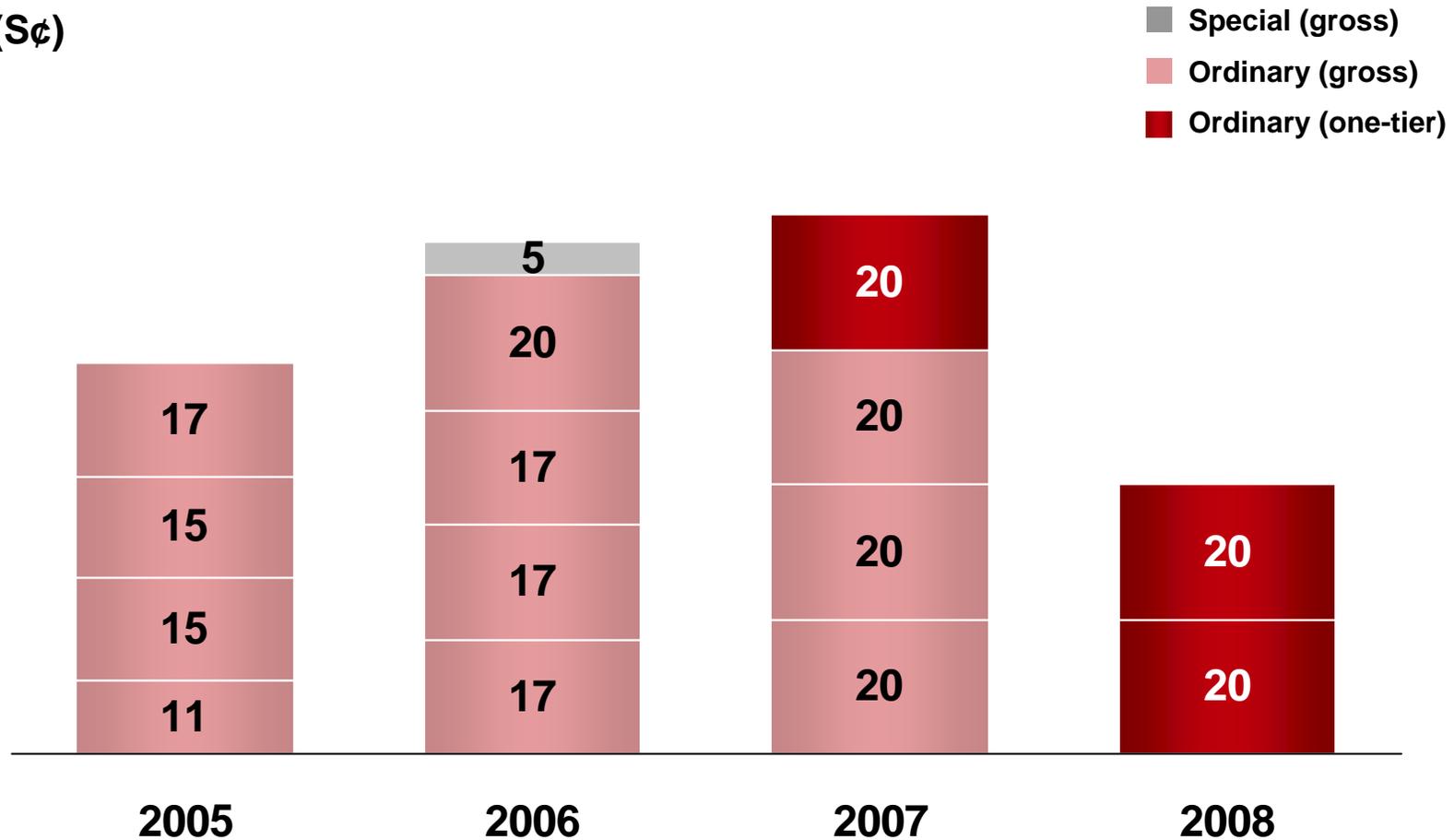
S&P -- 13% AAA, 19% AA, 37% A, 31% rated by the other

CAR rises on quarter from new hybrid Tier-1 issue



2Q one-tier dividends of 20 cents

(S¢)



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