

Earnings affected by market dislocations

DBS Group Holdings
3Q 2008 financial results
Nov 7, 2008

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Earnings affected by market dislocations

- Lower market income partially offset by cost discipline
- Lower contribution from Hong Kong
- Balance sheet remains strong and clean

Lower market income partially offset by cost discipline

(S\$m)	3Q 2008	YoY %	QoQ %
Net interest income	1,071	2	1
Fee income	316	(22)	(8)
Trading income	(13)	nm	nm
Other income	24	(83)	(61)
Non-interest income	327	(33)	(40)
Income	1,398	(9)	(13)
Staff expenses	188	(46)	(49)
Other expenses	390	28	23
Expenses	578	(11)	(16)
Profit before allowances	820	(7)	(10)
Allowances for credit & other losses	319	>100	>100
Net profit	402	(38)	(40)

Excluding one-time gains and impairment charges

9M profit before allowances stable as operating jaw maintained

(S\$m)	9M 2008	YoY %
Net interest income	3,186	4
Fee income	1,011	(7)
Trading income	48	(58)
Other income	315	(18)
Non-interest income	1,374	(13)
Income	4,560	(2)
Staff expenses	910	(14)
Other expenses	1,011	11
Expenses	1,921	(2)
Profit before allowances	2,639	(1)
Allowances for credit & other losses	515	>100
Net profit	1,673	(13)

Excluding one-time gains and impairment charges

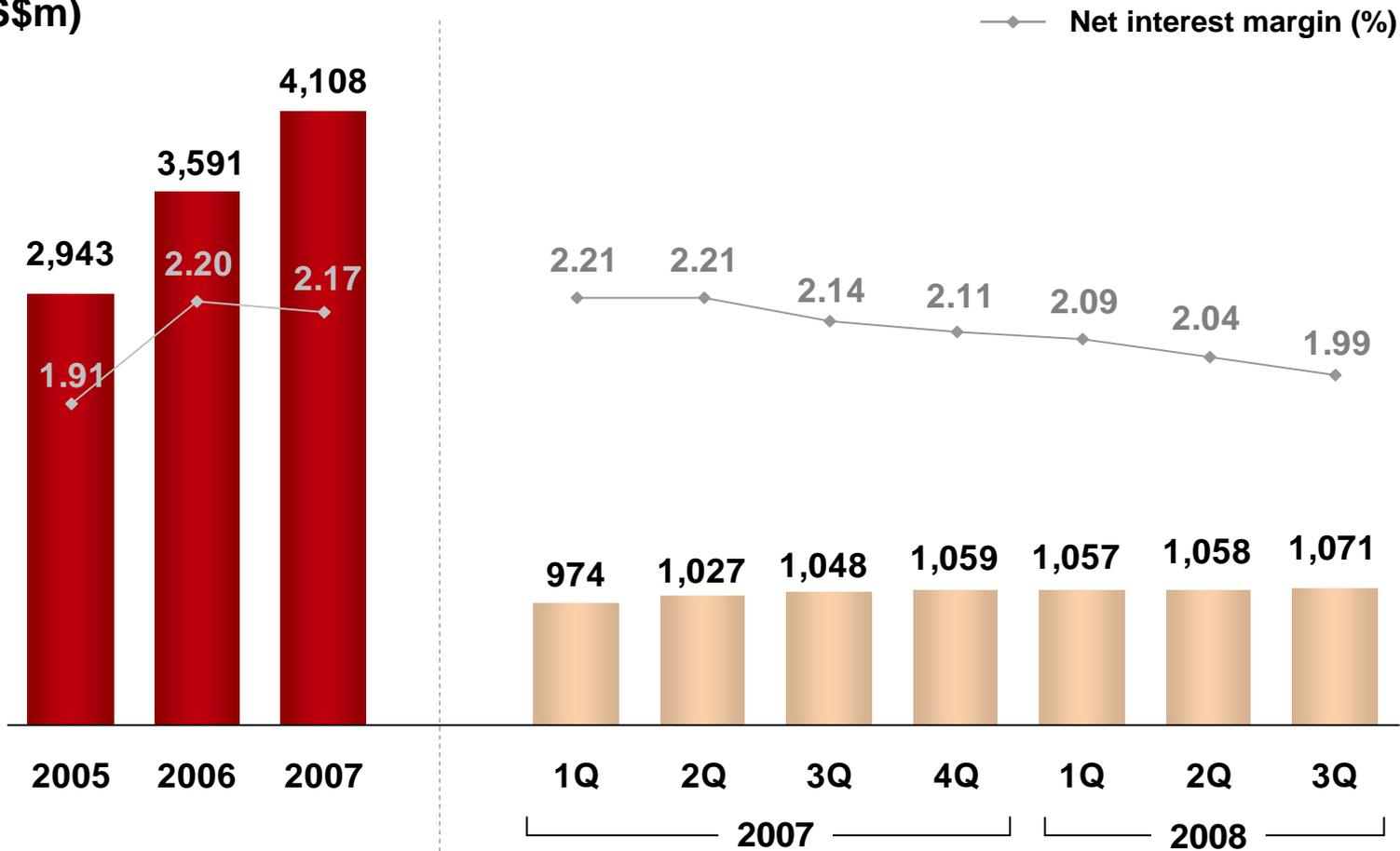
Efficiency, liquidity and asset quality ratios steady

(%)	3Q 2008	2Q 2008	3Q 2007	9M 2008	9M 2007
Net interest margin	1.99	2.04	2.14	2.04	2.19
Fee income/total income	23	21	26	22	23
Non-interest income/total income	23	34	32	30	34
Cost/income	41	43	42	42	43
ROE	7.9	13.0	13.0	10.9	13.2
Loans/deposits	77	75	73	77	73
NPL ratio	1.3	1.4	1.2	1.3	1.2

Excluding one-time gains and impairment charges

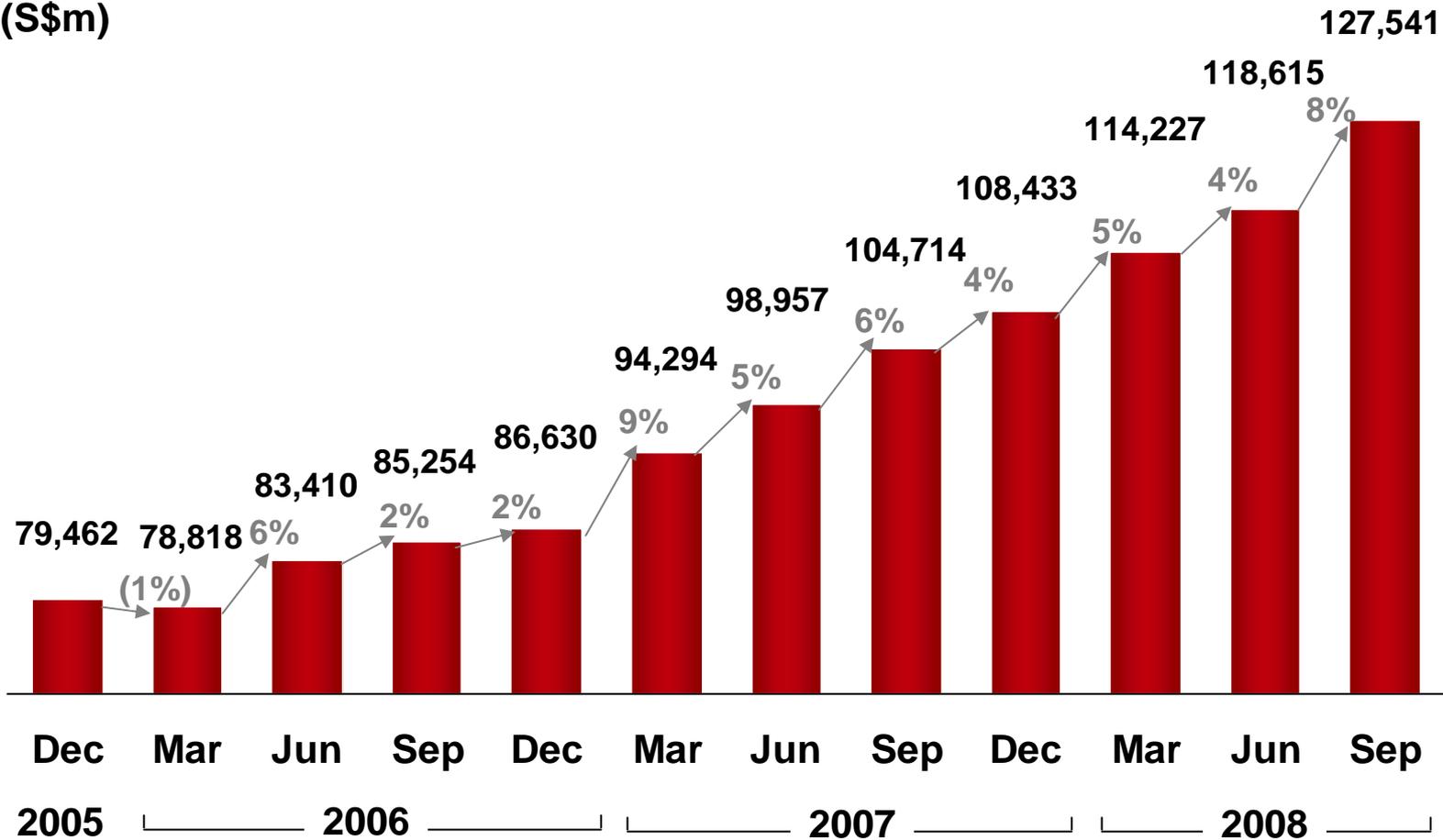
Net interest income continues to grow

(S\$m)



Loans up 8% on quarter

(S\$m)

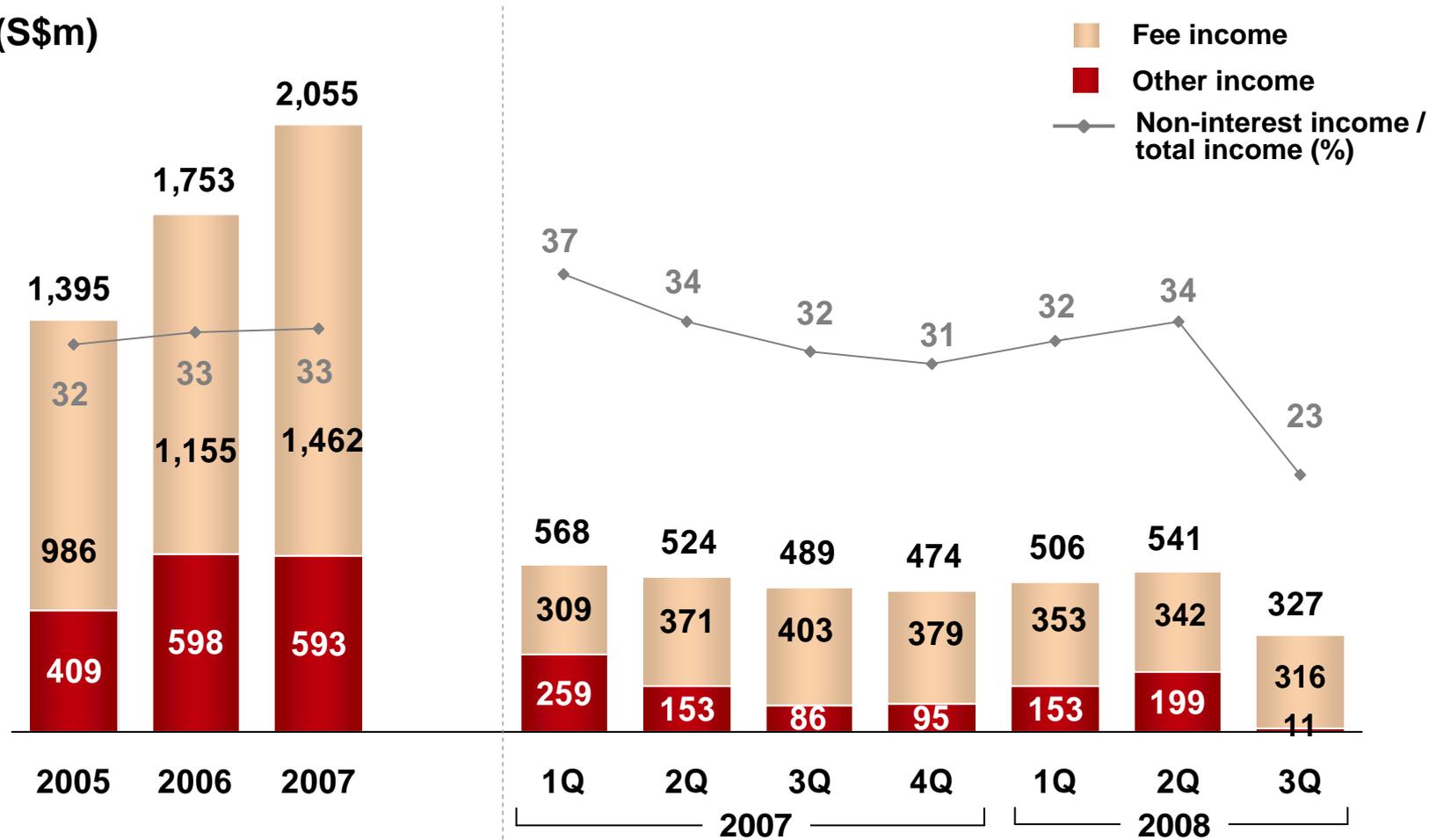


Past loan growth has been prudent

	S\$m	% mix	% growth since			% contribution to growth since		
			Sep 08	Dec 05	Dec 06	Dec 07	Dec 05	Dec 06
<u>By industry</u>								
Manufacturing	17,108	13	>100	59	19	18	15	14
Construction	17,445	13	95	60	34	18	16	23
Housing	28,843	22	14	14	9	8	9	13
Commerce	12,588	10	46	41	25	8	9	13
Transport	12,878	10	87	67	15	12	13	9
Financials	14,695	11	50	50	6	10	12	4
Individuals	10,685	8	47	31	9	7	6	5
Others	15,013	12	>100	>100	37	19	20	20
Total	129,255	100	60	47	18	100	100	100
<u>By business</u>								
CBG	34,111	26	15	15	9	9	11	15
EB	27,995	22	46	39	25	18	19	29
CIB	60,105	47	>100	78	23	70	64	57
Others	7,044	5	27	51	(3)	3	6	(1)
Total	129,255	100	60	47	18	100	100	100

Non-interest income lower from market activities

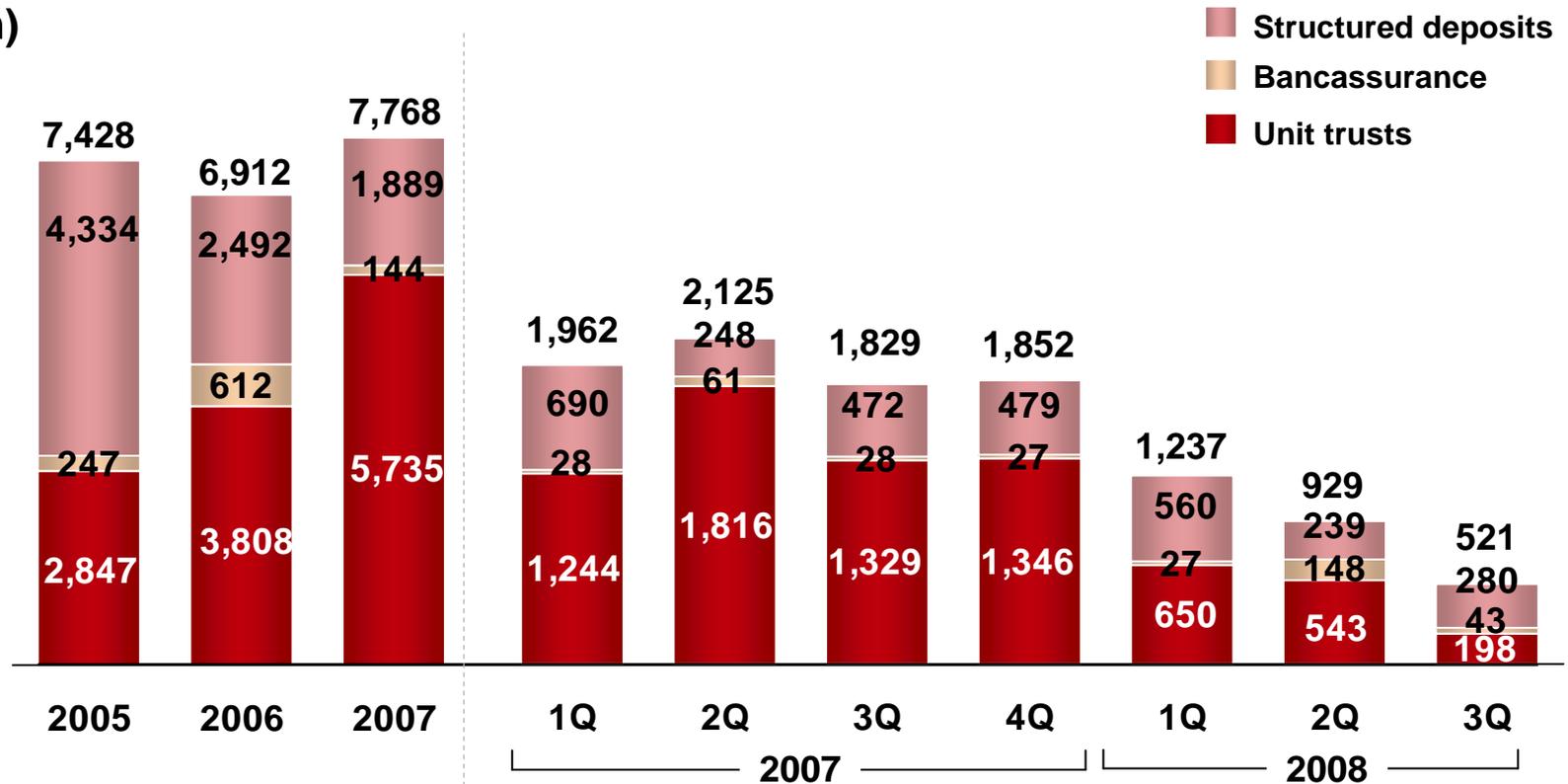
(S\$m)



Excluding one-time gains

Wealth management sales and fees decline

(S\$m)



Sales (all products)

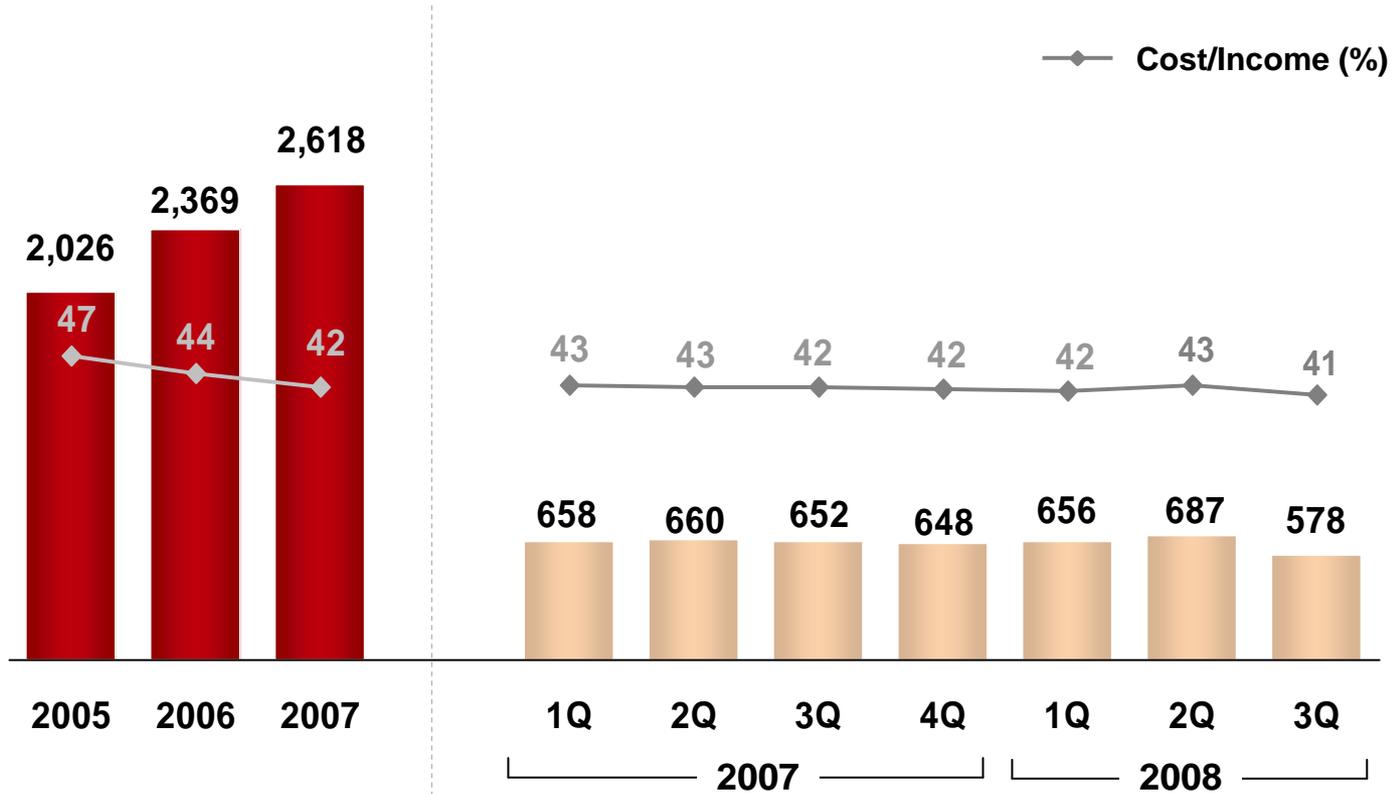
S'pore	3,560	3,477	3,924	993	1,116	958	857	662	480	334
HK	3,868	3,435	3,844	969	1,009	871	995	575	449	187

Fees (unit trusts and bancassurance only)

S'pore + HK	129	170	249	47	68	64	70	40	45	35
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Cost-income ratio improves to 41%

(S\$m)



Headcount	12,728	12,907	14,523
Staff costs (S\$m)	1,052	1,244	1,384

13,177	13,364	13,842	14,523	14,551	15,219	15,591
360	354	347	323	352	370	188

Cost-income ratio excluding one-time gains

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Hong Kong's net profit falls on lower revenues and higher allowances

(S\$m)	3Q 2008	YoY %	QoQ %
Net interest income	213	(20)	(0)
Non-interest income	109	(20)	(21)
Income	322	(20)	(9)
Expenses	170	(3)	(3)
Profit before allowances	152	(32)	(14)
Allowances for credit & other losses	62	>100	55
Net profit	76	(54)	(36)

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 down 29% on year in Singapore-dollar terms

(S\$m)

	9M 2008	YoY %
Net interest income	652	(20)
Non-interest income	424	7
Income	1,076	(11)
Expenses	518	2
Profit before allowances	558	(21)
Allowances for credit & other losses	121	75
Net profit	374	(29)

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

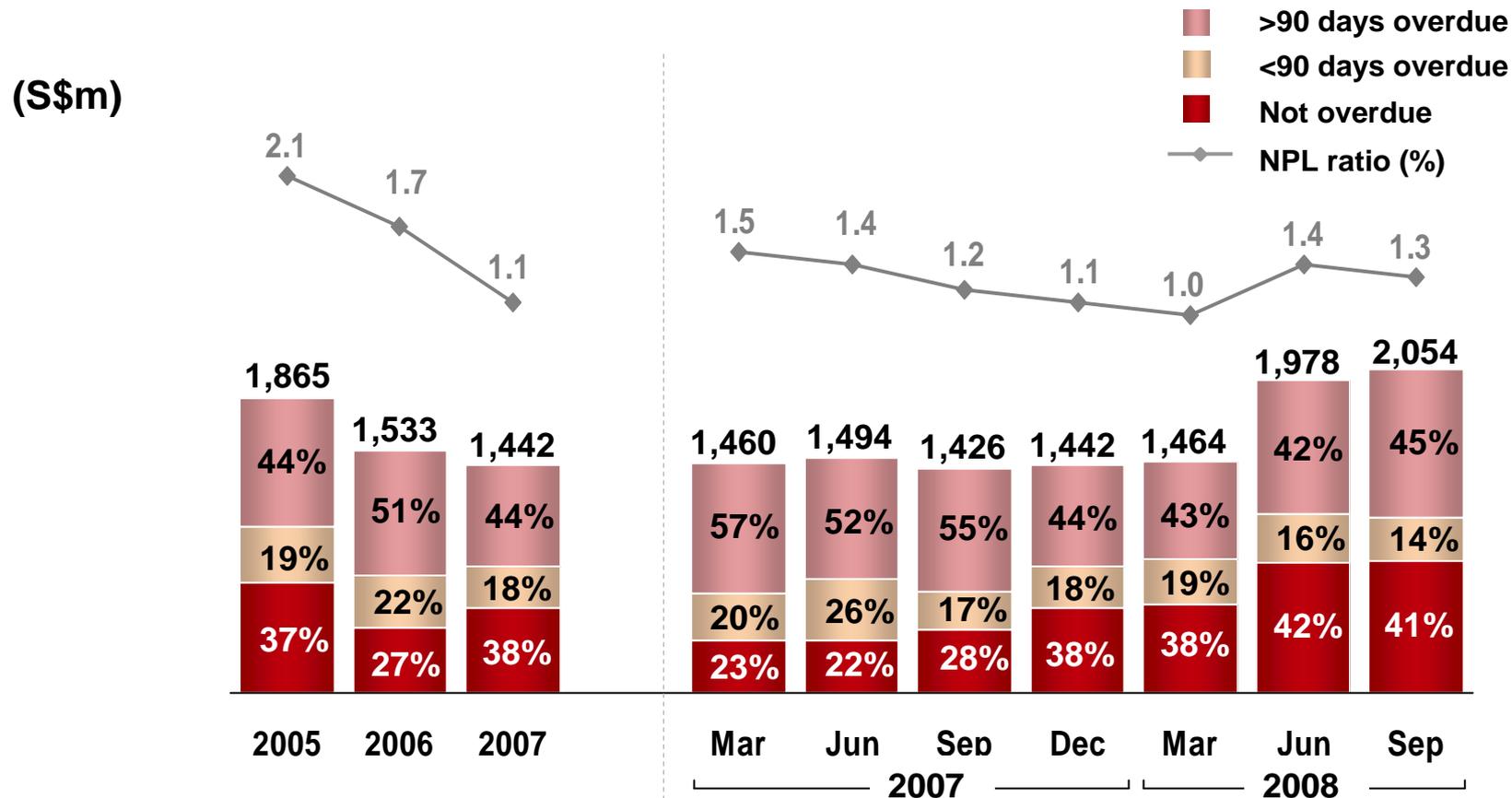
(%)	3Q 2008	2Q 2008	3Q 2007	9M 2008	9M 2007
Net interest margin	1.81	1.92	2.16	1.86	2.27
Non-interest income/total income	34	39	34	40	33
Cost/income	53	50	44	48	42
ROA	0.58	0.93	1.20	0.94	1.33
Loans/deposits	86	85	79	86	79

Excluding one-time gains

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Asset quality and coverage ratios remain healthy



Cumulative general and specific allowances as % of:

NPAs	97	115	135	125	124	130	135	138	116	123
Unsecured NPAs	198	237	245	254	254	256	245	241	195	209

Non-performing assets up in line with larger asset base

(S\$m)

	3Q 2008	2Q 2008	3Q 2007
NPAs at start of period	1,978	1,464	1,494
Consolidation of Bowa	–	385	–
New NPAs	311	284	188
Net recoveries of existing NPAs	(91)	(128)	(177)
Write-offs	(144)	(27)	(79)
NPAs at end of period	2,054	1,978	1,426

Specific allowances for loans higher

(S\$m)

	3Q 2008	2Q 2008	3Q 2007
<u>Add charges for</u>			
New NPLs	74	46	40
Existing NPLs	65	40	50
	139	86	90
<u>Subtract charges for</u>			
Upgrading	1	1	2
Settlements	28	29	51
Recoveries	4	4	9
	33	34	62
Total SP charges	106	52	28

Property exposure well managed

Developer loans

Average LTVs for Singapore developments are 51% for commercial projects and 59% for residential projects

Borrowers are large, established developers with long track records

Housing loans

Singapore

80% owner occupation

Average LTV < 60%

Negative equity 0.5% currently, expected to be mid single digit % if prices fall 20%

Hong Kong

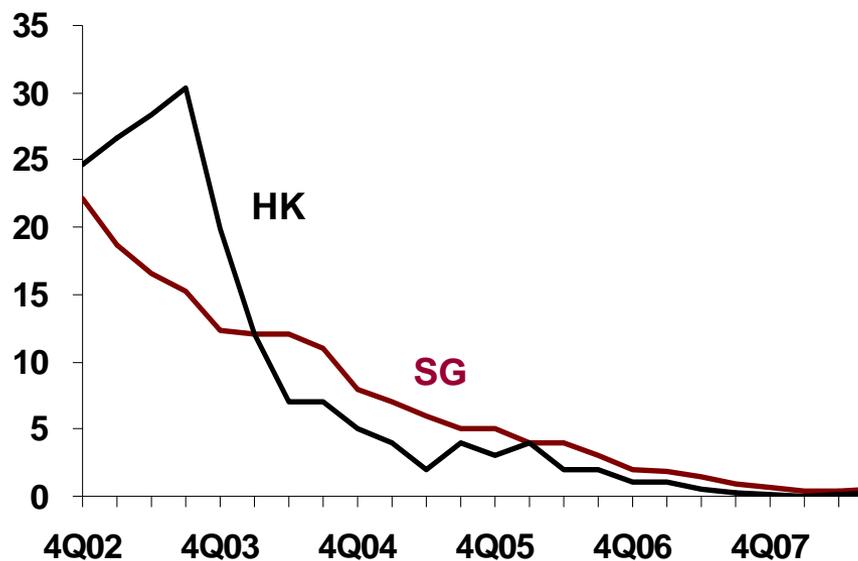
90% owner occupation

Average LTV < 70%

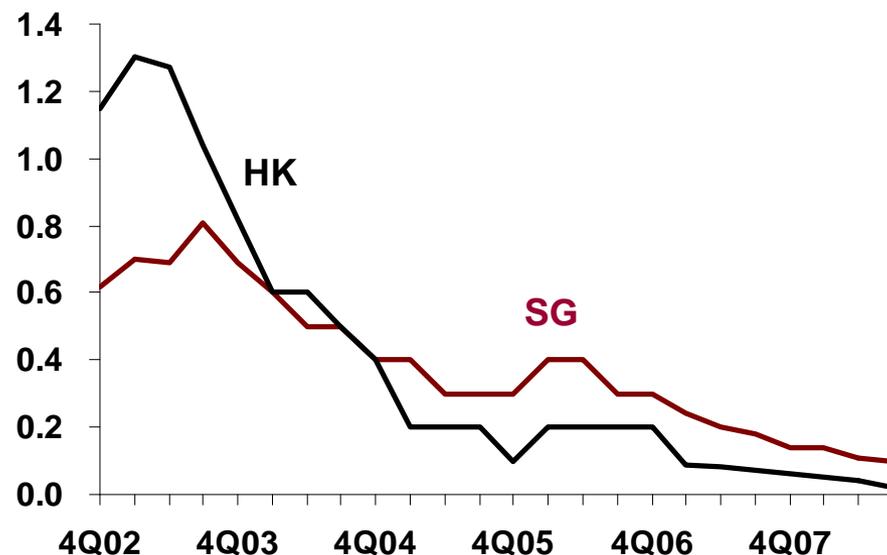
Negative equity 0.2% currently, expected to be low single digit % if prices fall 20%

Housing NPL rate has been significantly below negative equity rate

Negative equity as % of outstanding



>90-days past due as % of outstanding



Increased general allowances for CDOs

(S\$m)	Amount as at:		Cumulative allowances	% coverage
	30 Sep	30 Jun		
ABS CDOs	263	255	235	90
Non-ABS CDOs	1,162	1,200	213	–
of which in:				
Investment portfolio	871	859	213	25
Trading portfolio	291	341	–	–
Total	1,425	1,455	448	–

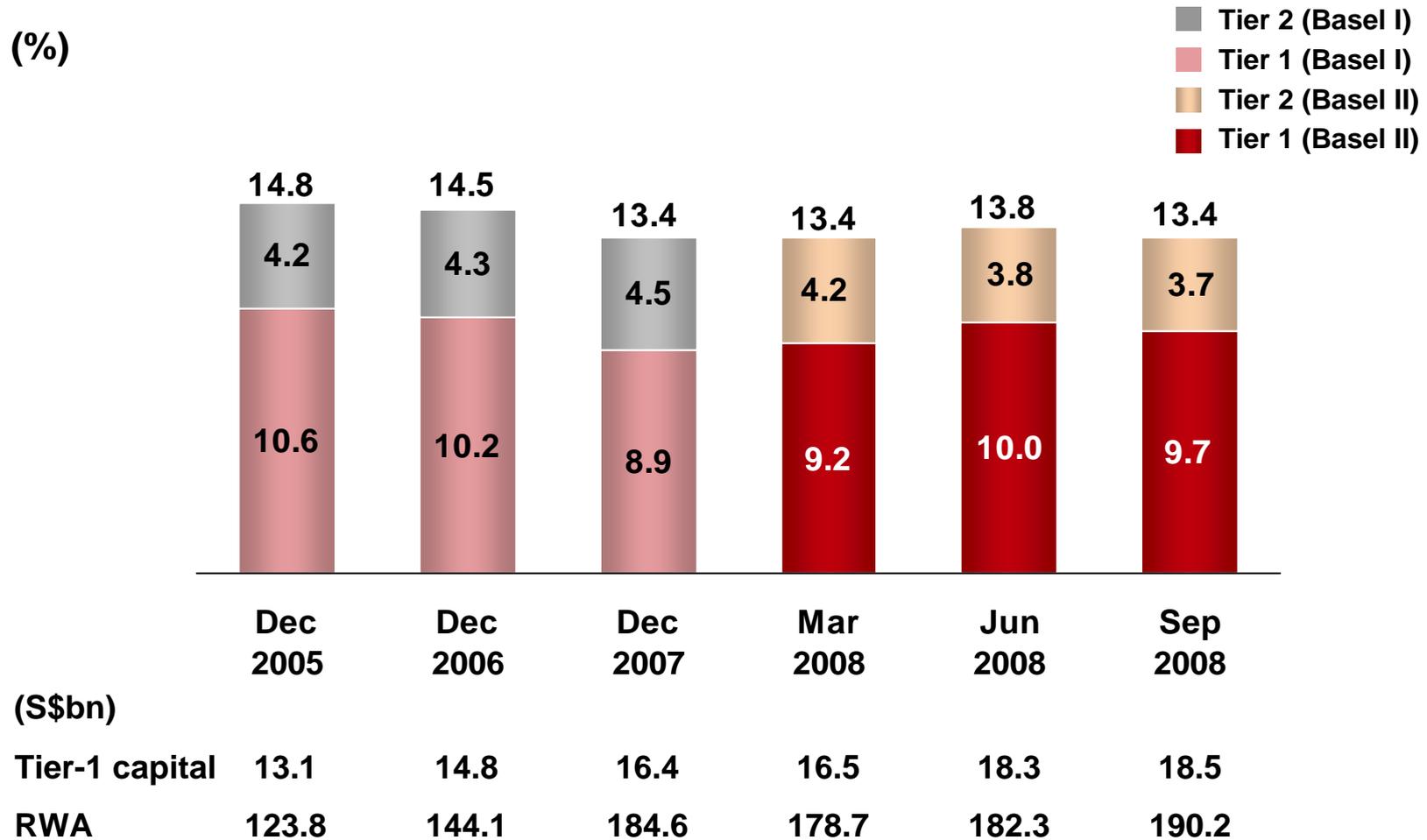
Non-ABS CDOs in investment portfolio

97% rated A or above by Moody's or S&P

Repayments of S\$143m expected in near term

Hedges amounting to S\$264m of exposure taken

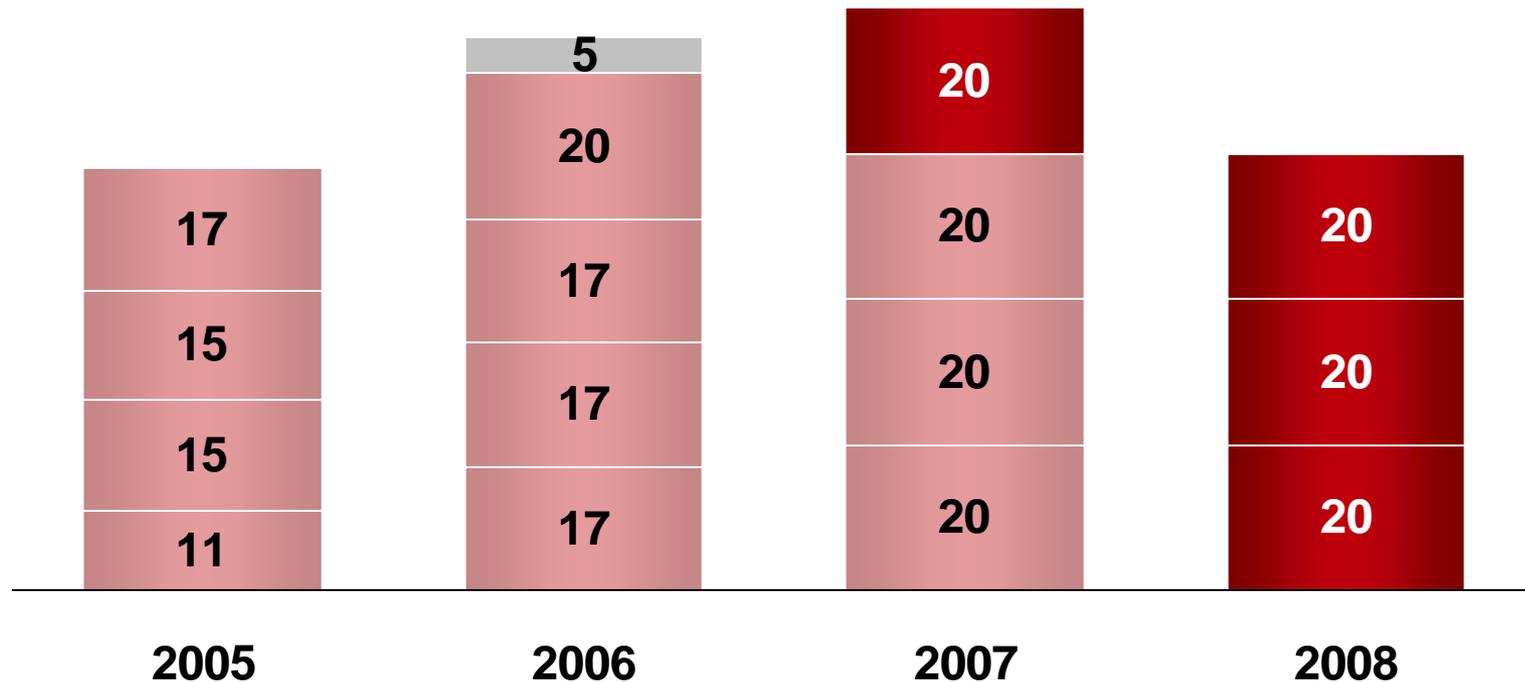
CAR remains healthy



One-tier dividend of 20 cents maintained

(S¢)

- Special (gross)
- Ordinary (gross)
- Ordinary (one-tier)



In summary – well-positioned for challenging environment

Balance sheet strengthened by general allowances

Strong capital position under Basel II: Tier 1 CAR of 9.7% and Total CAR of 13.4%

Strong liquidity position

Extensive review of risk exposures

Disciplined expense management with flexible cost structure

Broad-based customer franchise performing well in current conditions

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