



Well-positioned to weather uncertainties

DBS Group Holdings
4Q 2008 financial results
Feb 13, 2009

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Well-positioned to weather uncertainties

- Customer business resilient amid challenging environment**
- Lower earnings from Hong Kong compensated by stronger contributions from other regions**
- Balance sheet remains strong**

4Q net profit down 5% on quarter and 31% on year

(S\$m)	4Q 2008	YoY %	QoQ %
Net interest income	1,115	5	4
Fee income	263	(31)	(17)
Trading income	(25)	nm	nm
Other income	118	2	>100
Non-interest income	356	(25)	9
Income	1,471	(4)	5
Staff expenses	346	7	84
Other expenses	343	6	(12)
Expenses	689	6	19
Profit before allowances	782	(12)	(5)
Allowances for credit & other losses	269	48	(16)
Net profit	383	(31)	(5)

Excluding one-time gains and impairment charges



Full-year profit affected by market dislocations and tougher economic environment

(S\$m)	FY 2008	YoY %
Net interest income	4,301	5
Fee income	1,274	(13)
Trading income	23	(76)
Other income	433	(13)
Non-interest income	1,730	(16)
Income	6,031	(2)
Staff expenses	1,256	(9)
Other expenses	1,354	10
Expenses	2,610	(0)
Profit before allowances	3,421	(3)
Allowances for credit & other losses	784	82
Net profit	2,056	(17)

Excluding one-time gains and impairment charges

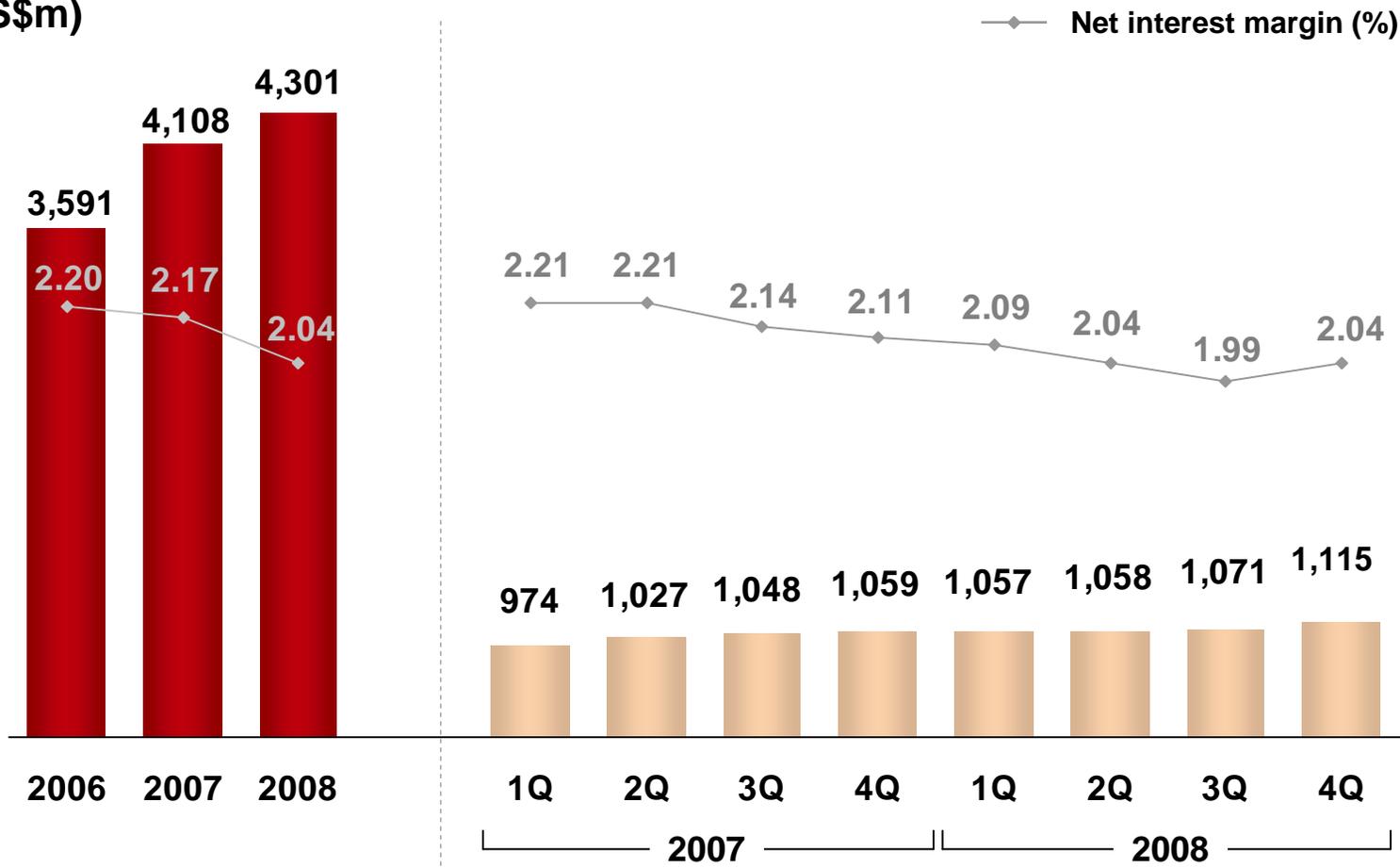
Most ratios affected by weaker operating conditions

(%)	4Q 2008	3Q 2008	4Q 2007	FY 2008	FY 2007
Net interest margin	2.04	1.99	2.11	2.04	2.17
Fee income/total income	18	23	25	21	24
Non-interest income/total income	24	23	31	29	33
Cost/income	47	41	42	43	42
ROE	7.6	7.9	10.9	10.1	12.7
Loans/deposits	74	77	71	74	71
NPL ratio	1.5	1.3	1.1	1.5	1.1

Excluding one-time gains and impairment charges

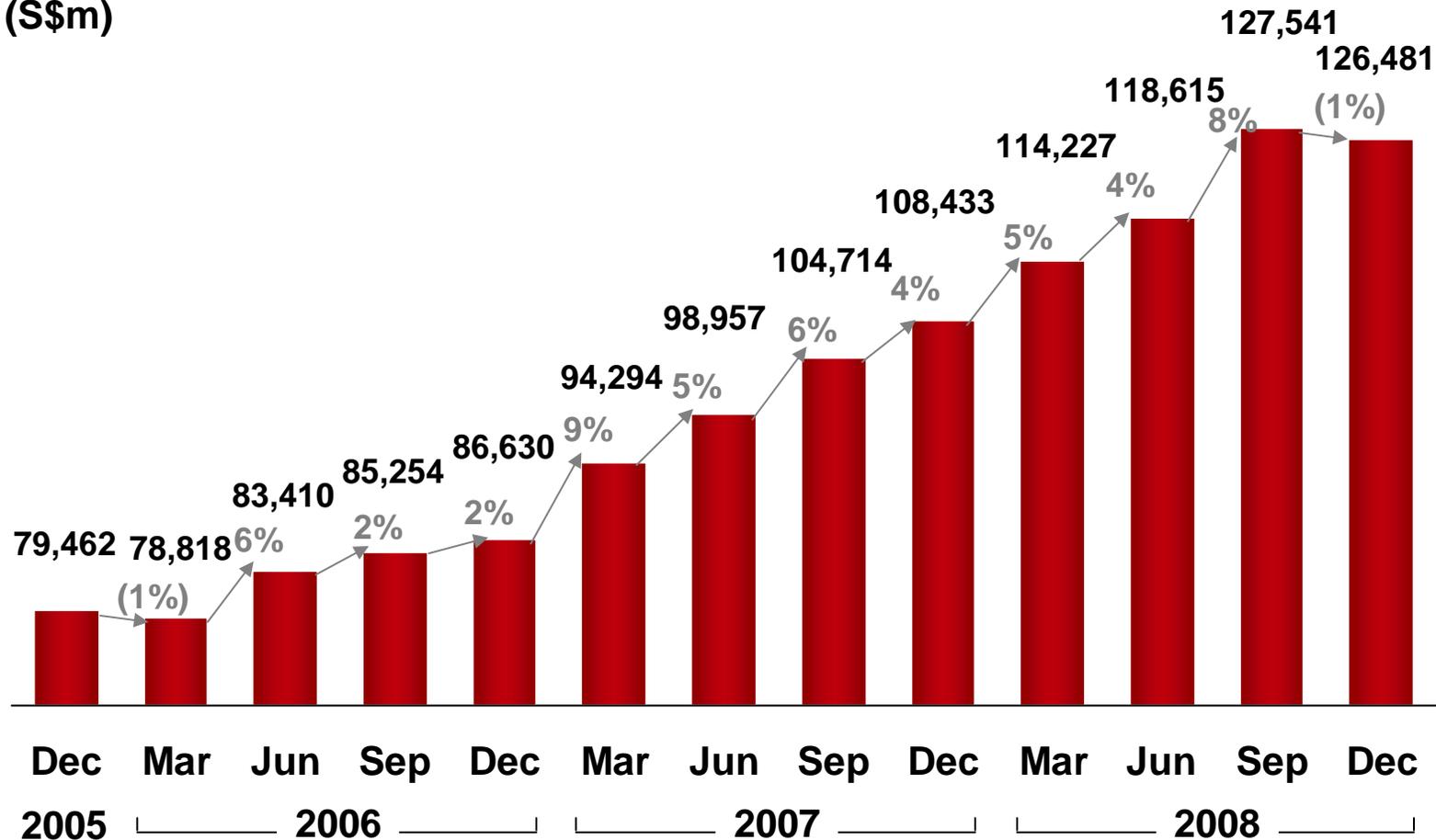
Net interest margin improved on quarter as interest income continued to grow

(S\$m)



Loans down 1% on quarter, up 17% on year

(S\$m)

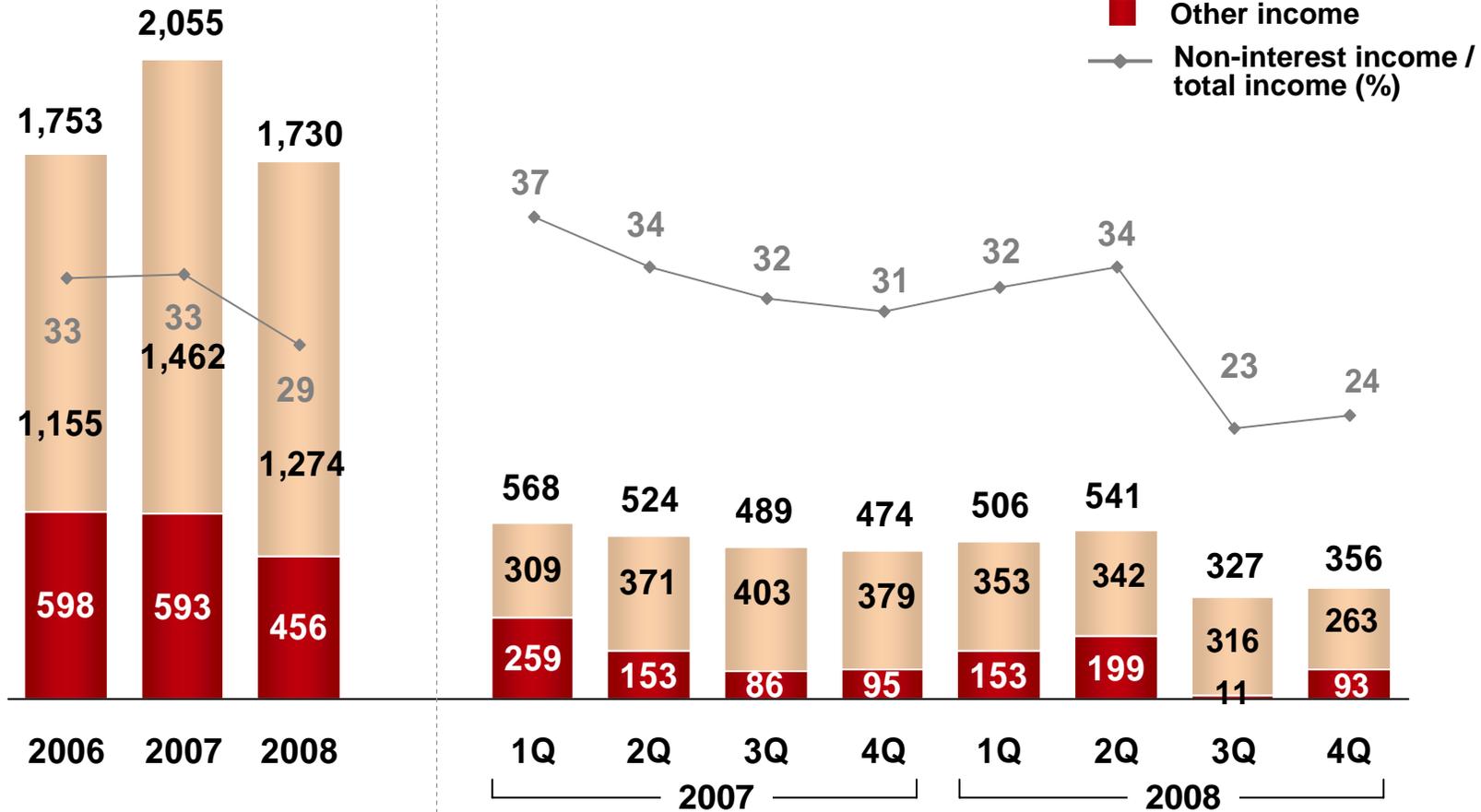


Prudent approach to loan growth

	S\$m	% mix	% growth since			% contribution to growth since		
			Dec 05	Dec 06	Dec 07	Dec 05	Dec 06	Dec 07
By industry								
Manufacturing	15,958	12	87	47	10	16	13	8
Construction	17,931	14	100	65	38	19	17	27
Housing	29,375	23	17	17	12	9	11	17
Commerce	13,075	10	51	46	30	9	10	16
Transport	12,457	10	81	62	12	12	12	7
Financials	14,490	11	48	47	4	10	12	3
Individuals	10,478	8	45	29	7	7	6	4
Others	14,601	11	>100	>100	31	18	20	19
Total	128,365	100	59	46	17	100	100	100

Non-interest income remains affected by weakness in market activities

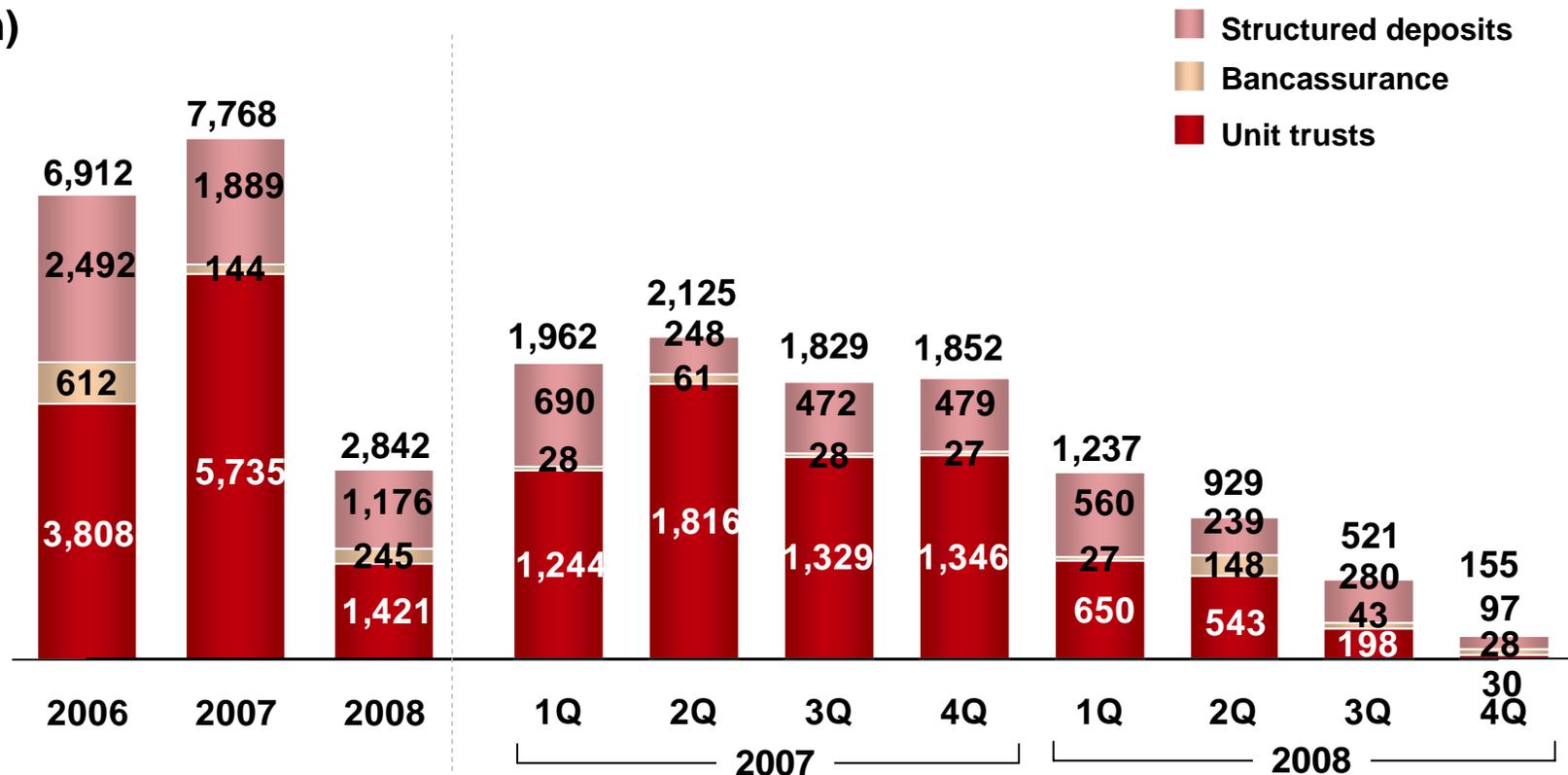
(S\$m)



Excluding one-time gains

Wealth management sales and fees decline

(S\$m)



Sales (all products)

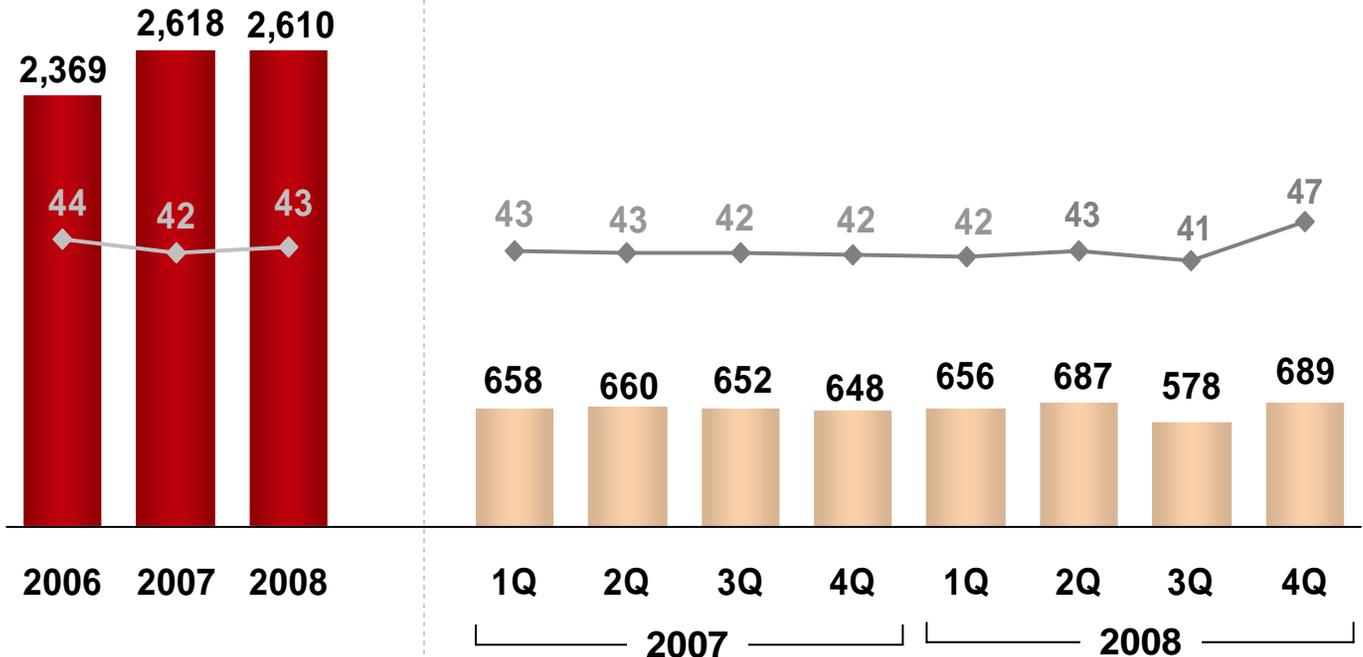
S'pore	3,477	3,924	1,587	993	1,116	958	857	662	480	334	111
HK	3,435	3,844	1,255	969	1,009	871	995	575	449	187	44

Fees (unit trusts and bancassurance only)

S'pore + HK	170	249	137	47	68	64	70	40	45	35	17
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Cost-income ratio for year at 43%

(S\$m)



Headcount	12,907	14,523	14,683	13,177	13,364	13,842	14,523	14,551	15,219	15,591	14,683
Staff costs (S\$m)	1,244	1,384	1,256	360	354	347	323	352	370	188	346

Cost-income ratio excluding one-time gains



Well-positioned to weather uncertainties

- ❑ **Customer business resilient amid challenging environment**

- ❑ **Lower earnings from Hong Kong compensated by stronger contributions from other regions**

- ❑ **Balance sheet remains strong**

Hong Kong's earnings fall on quarter from higher expenses and allowances

(S\$m)	4Q 2008	YoY %	QoQ %
Net interest income	221	(12)	4
Non-interest income	114	(27)	5
Income	335	(18)	4
Expenses	205	8	21
Profit before allowances	130	(40)	(14)
Allowances for credit & other losses	112	>100	81
Net profit	16	(90)	(79)

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 full-year earnings down 43% in Singapore-dollar terms

(S\$m)

	2008	YoY %
Net interest income	873	(18)
Non-interest income	538	(3)
Income	1,411	(13)
Expenses	723	4
Profit before allowances	688	(25)
Allowances for credit & other losses	233	>100
Net profit	390	(43)

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 impacted by challenging conditions

(%)	4Q 2008	3Q 2008	4Q 2007	2008	2007
Net interest margin	1.82	1.81	2.03	1.86	2.21
Non-interest income/total income	34	34	38	38	34
Cost/income	62	53	47	51	43
ROA	0.11	0.58	1.15	0.74	1.28
Loans/deposits	84	86	72	84	72

Excluding one-time gains

Regional operations deliver strong profit growth

(S\$m)	2008	YoY %
Net interest income	559	72
Non-interest income	389	40
Income	948	57
Expenses	420	36
Profit before allowances	528	80
Allowances for credit & other losses	128	(14)
Net profit	322	94

(%)	2008	2007
Cost/income	44	51
Net profit contribution to Group	16	7

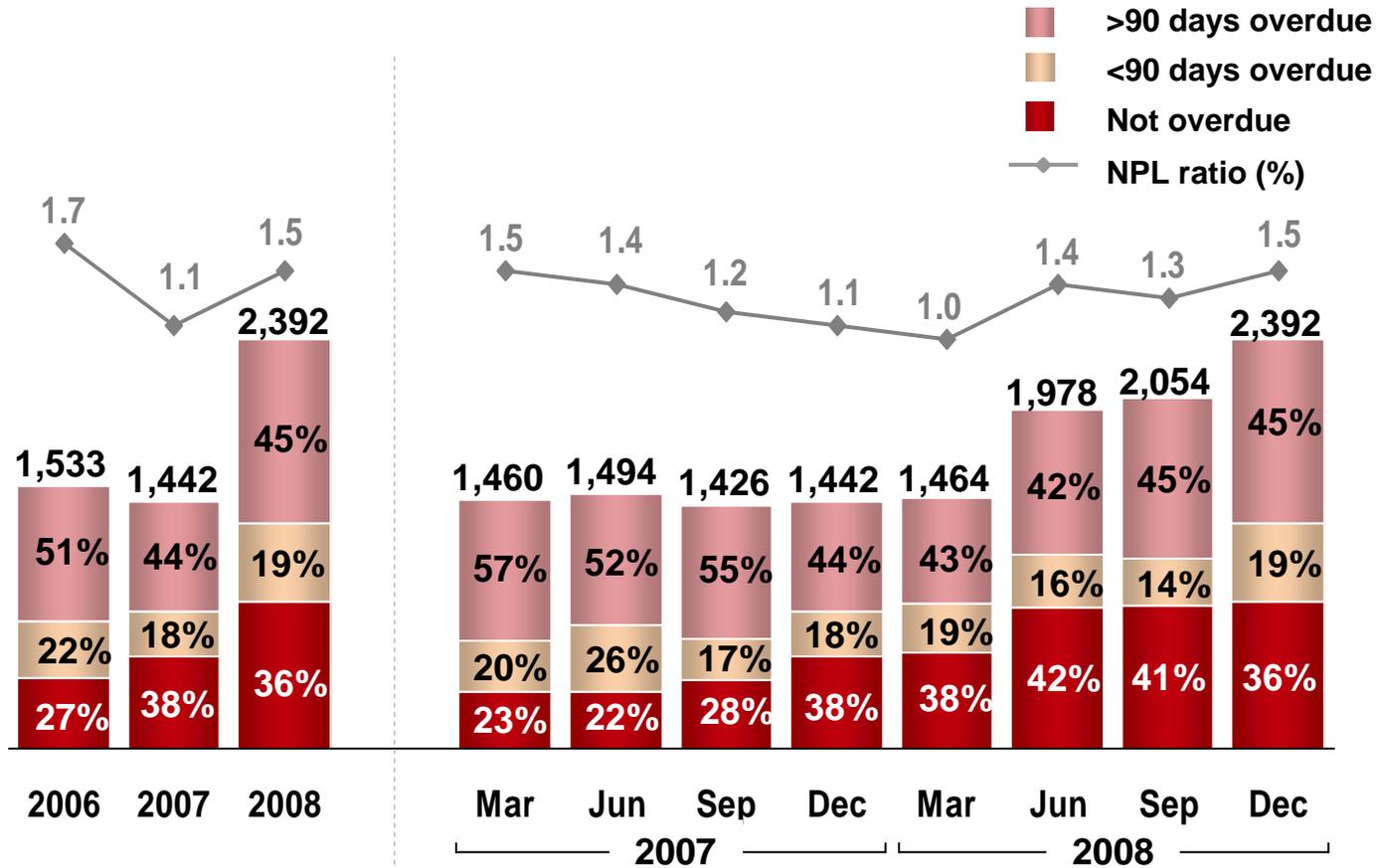
Figures for operations outside of Singapore and Hong Kong. Excluding one-time gains

Well-positioned to weather uncertainties

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- ❑ **Lower earnings from Hong Kong compensated by stronger contributions from other regions**
- ❑ **Balance sheet remains strong**

Allowance coverage ratio at 114%, with 36% of NPAs still current

(S\$m)



Cumulative general and specific allowances as % of:

NPAs	115	135	114	125	124	130	135	138	116	123	114
Unsecured NPAs	237	245	176	254	254	256	245	241	195	209	176

Non-performing assets up on weaker credit conditions

(S\$m)

	4Q 2008	3Q 2008	4Q 2007
NPAs at start of period	2,054	1,978	1,426
New NPAs	539	311	270
Net recoveries of existing NPAs	(117)	(91)	(162)
Write-offs	(84)	(144)	(92)
NPAs at end of period	2,392	2,054	1,442

NPL rise due to SME and private banking loans

	Gross loans Dec 08 (S\$bn)	NPL rate (%)	
		Dec 08	Sep 08
Consumer Banking	34.8	0.8	0.9
- Singapore	24.4	0.7	0.7
- Hong Kong	8.7	0.7	0.7
- Others	1.7	3.9	5.7
Institutional Banking	87.4	1.7	1.3
- Singapore	45.6	1.0	0.8
- Hong Kong	22.9	2.1	1.6
- Others	18.9	2.7	2.1
Others	6.2	3.3	2.8
- Singapore	3.7	2.0	2.2
- Hong Kong	1.0	10.1	5.8
- Others	1.5	1.8	1.3
Total	128.4	1.5	1.3

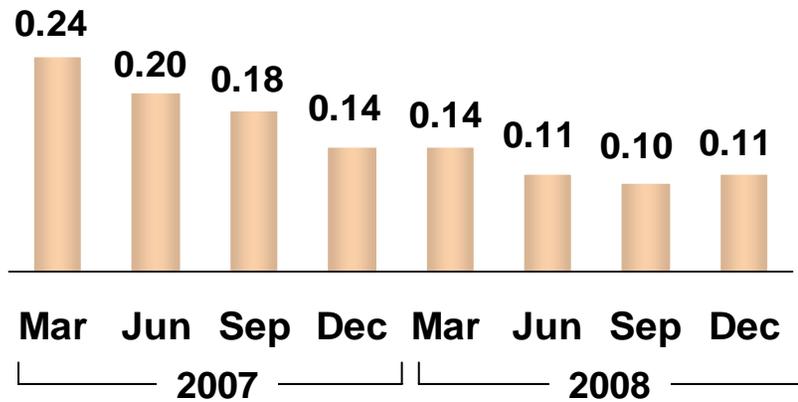
Specific allowances for loans higher

(S\$m)

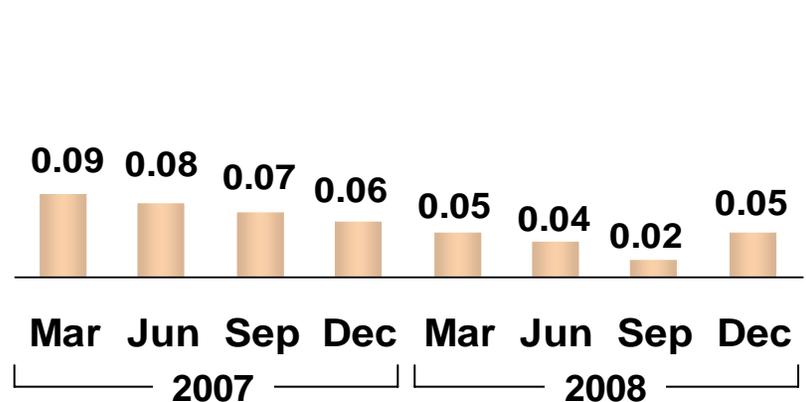
	4Q 2008	3Q 2008	4Q 2007
<u>Add charges for</u>			
New NPLs	198	74	42
Existing NPLs	109	65	38
	307	139	80
<u>Subtract charges for</u>			
Upgrading	0	1	1
Settlements	62	28	55
Recoveries	21	4	8
	83	33	63
Total SP charges	224	106	16

Housing loan credit quality remains strong

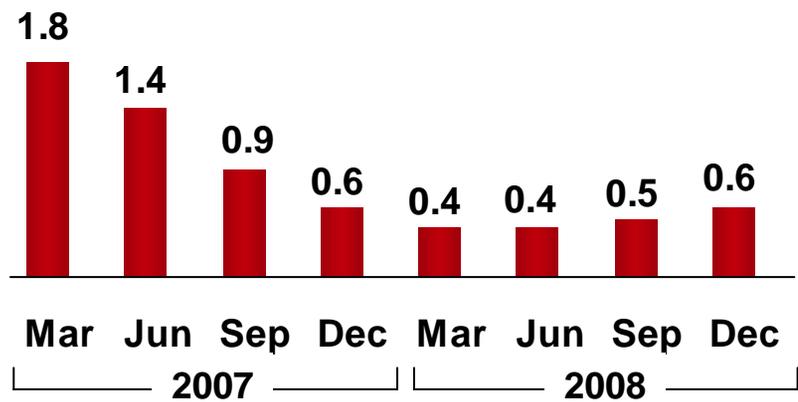
Delinquency rate – Singapore (%)



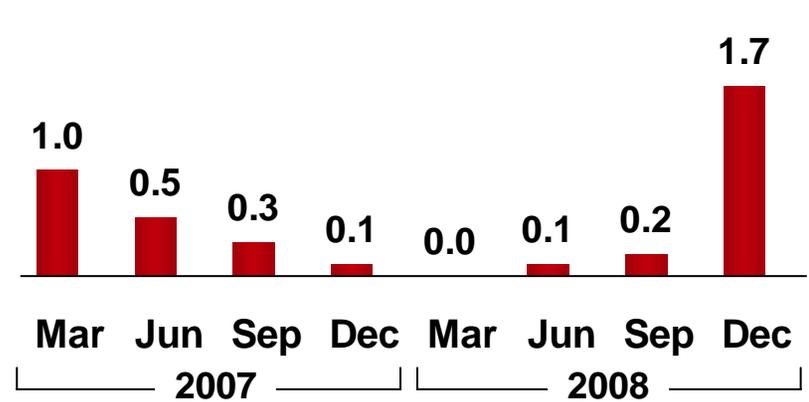
Delinquency rate – Hong Kong (%)



Negative equity – Singapore (%)



Negative equity – Hong Kong (%)



Delinquency defined as past due for 90 days

AFS portfolio well-balanced between investment-grade government and corporate debt

(S\$m)	Dec 08	Sep 08
Singapore government securities	11,734	10,684
Other government securities	4,549	3,748
Corporate debt	11,986	15,241
Others	1,144	1,484
Total	29,413	31,157

Corporate debt securities with fair value of S\$1,621 million as at 31 December were reclassified from AFS to L&R in the fourth quarter

CDO allowance coverage adequate

(S\$m)	Amount as at		Cumulative allowances	% coverage
	31 Dec	30 Sep		
Investment portfolio	1,056	1,134	459	43
ABS CDOs	264	263	246	93
Non-ABS CDOs	792	871	213	27
– CLOs	691	700	193	28
– Others	101	171	20	20
Trading portfolio	206	291	–	–
Total	1,262	1,425	459	–

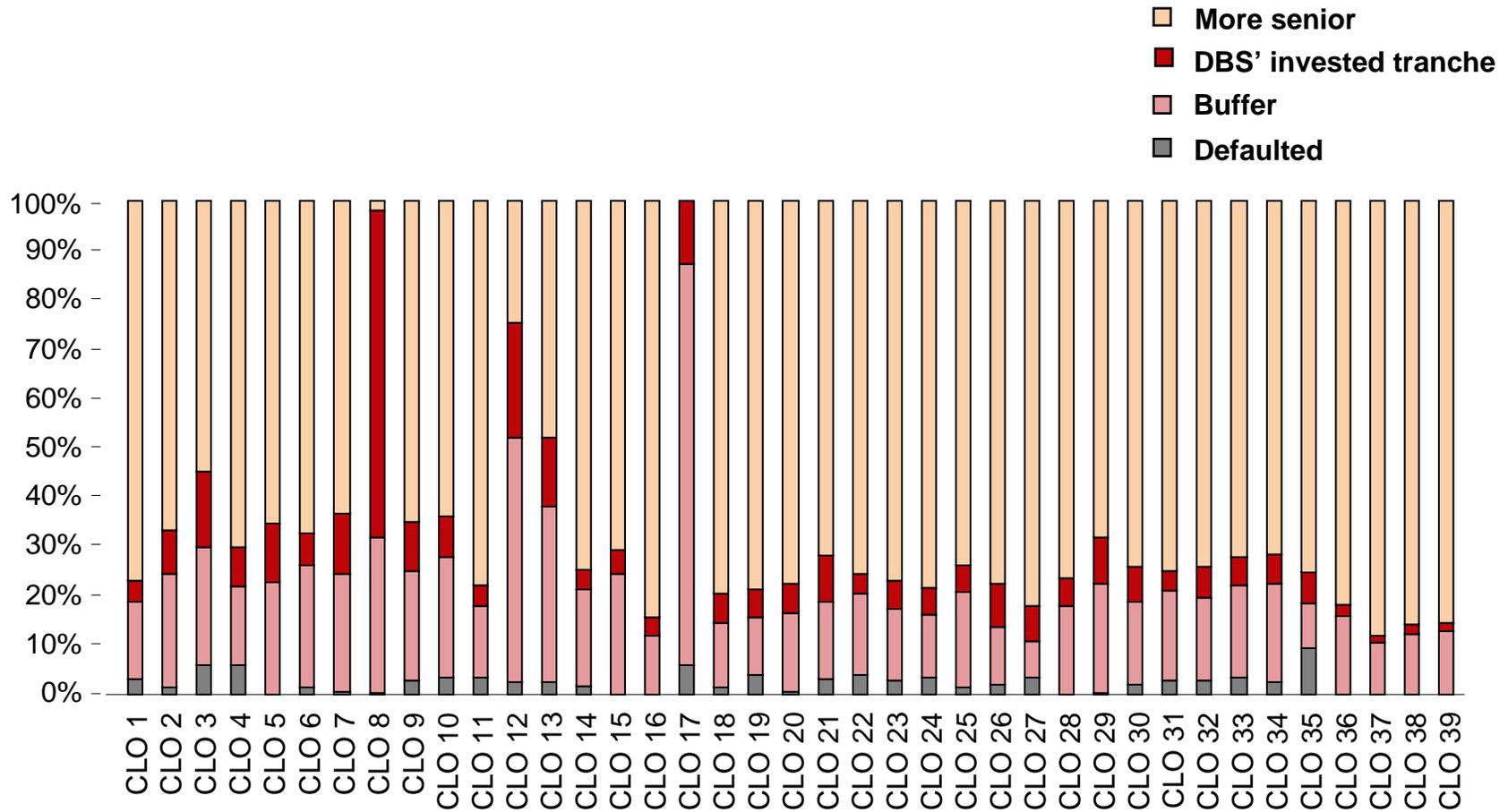
Non-ABS CDOs in investment portfolio

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

Amount under "Others" reduced by another S\$72 million after balance sheet date, increasing allowance coverage for total non-ABS CDO portfolio to 30%

Hedges amounting to S\$266m of exposure in place

CLO portfolio remains healthy



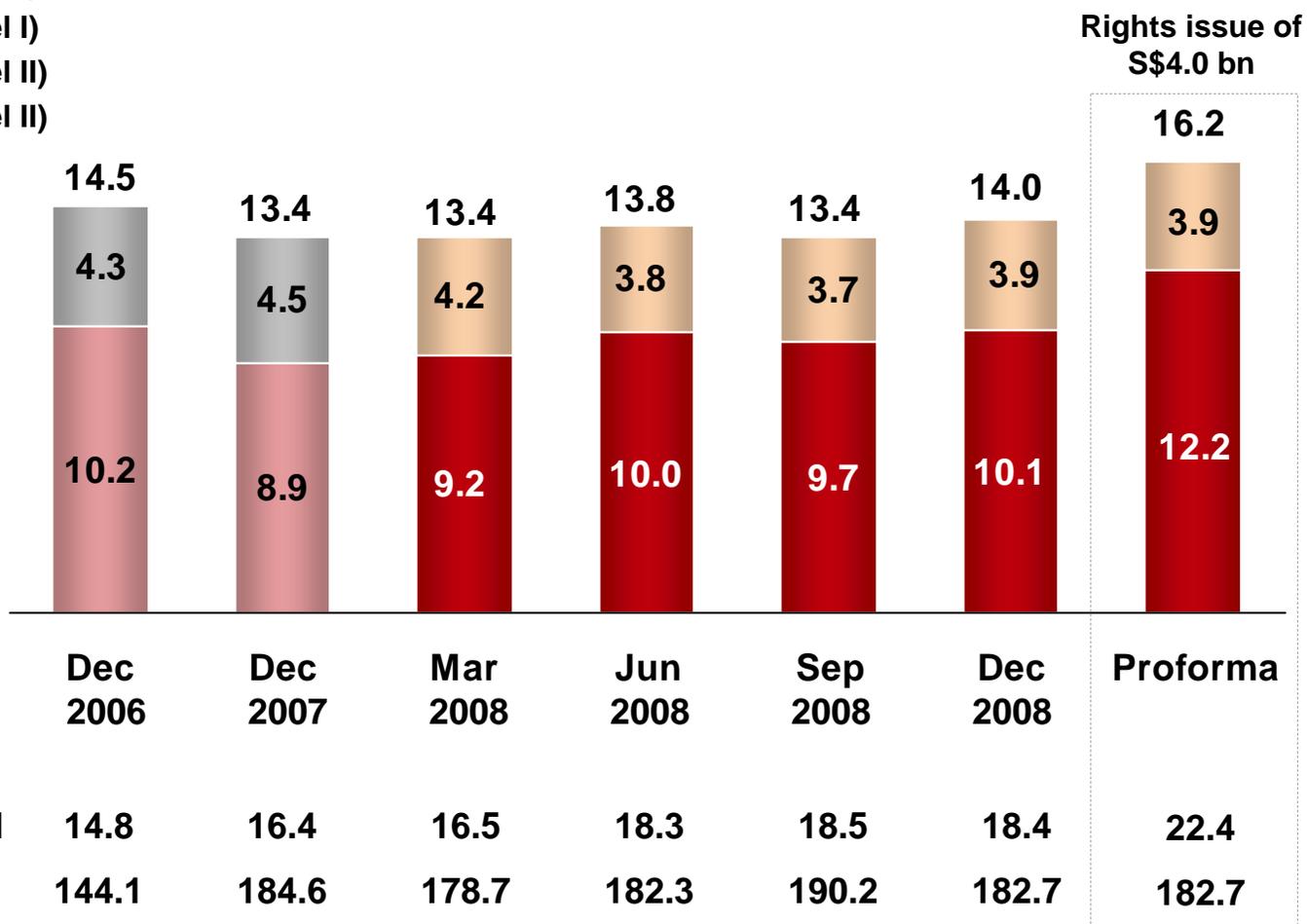
Derivative counterparty risks carefully managed

Counterparty	Nominal (S\$m)	Positive MTM (S\$m)	Negative MTM (S\$m)	Net MTM (S\$m)
US bank	24,599	1,152	(659)	493
S'pore corporate	10,040	557	(236)	321
Asian corporate	613	180	(2)	178
Asian corporate	733	166	(0)	166
Asian corporate	2,985	339	(196)	142
Australian bank	10,788	202	(61)	142
Asian bank	1,644	170	(34)	136
Asian corporate	376	129	0	129
UK bank	77,290	1,183	(1,067)	117
Asian bank	550	102	(1)	101
Asian corporate	327	92	0	92
S'pore bank	40,345	469	(379)	90
Asian bank	3,435	231	(144)	87
US bank	4,213	306	(219)	86
Asian bank	2,711	196	(111)	85
Other entities	1,524,068	26,853	(28,809)	(1,955)
Total	1,704,717	32,328	(31,918)	410

Capital base strengthened by rights issue

(%)

- Tier 2 (Basel I)
- Tier 1 (Basel I)
- Tier 2 (Basel II)
- Tier 1 (Basel II)



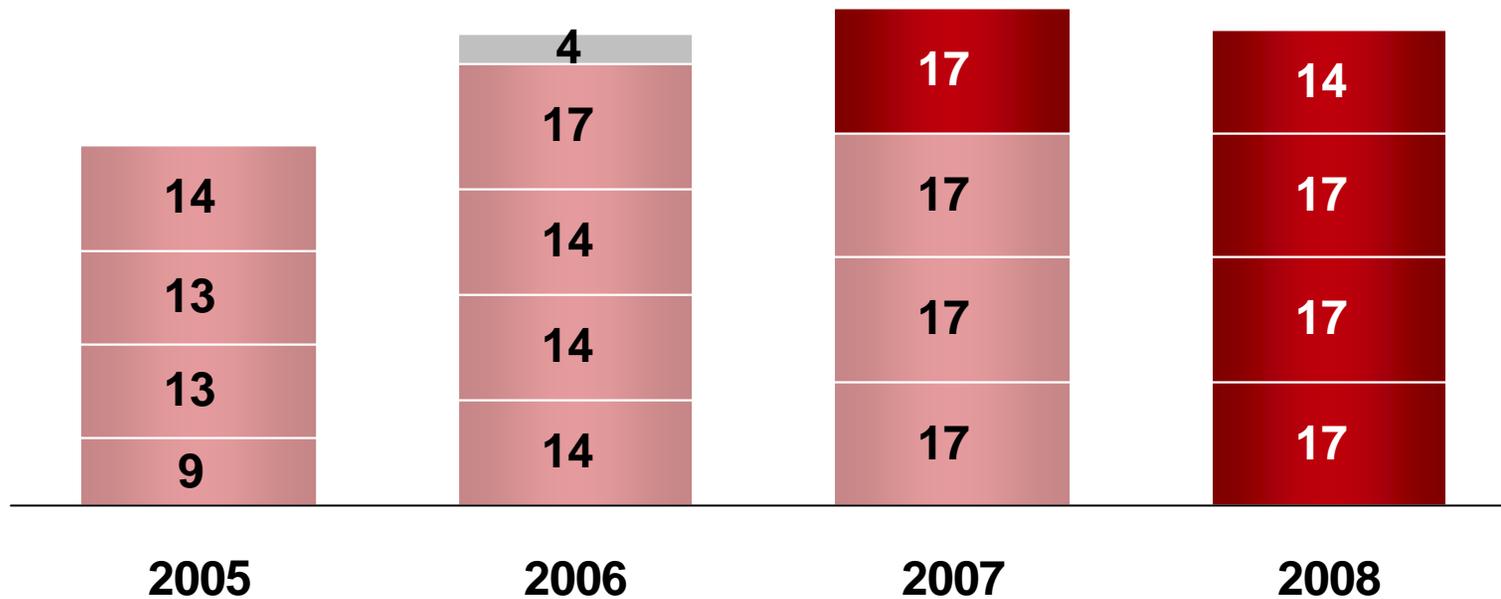
(S\$bn)

Tier-1 capital	14.8	16.4	16.5	18.3	18.5	18.4	22.4
RWA	144.1	184.6	178.7	182.3	190.2	182.7	182.7

Proposed final dividend of 14 cents

(S¢)

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



Adjusted for rights issue

In summary – well-positioned to weather uncertainties

Conservative approach in recognising non-performing loans and taking allowances early

Adequate allowance coverage on CDOs

Extensive review of off-balance sheet exposures

Balance sheet strengthened by rights issue – pro-forma Tier 1 CAR of 12.2% and total CAR of 16.2%

Group remains profitable amid low interest rate environment and challenging operating conditions



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