

Strong operating performance in challenging environment

**DBS Group Holdings
1Q 2009 financial results
May 8, 2009**

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Strong operating performance in challenging environment

- Record revenues and cost discipline reflect franchise strength
- Earnings from Hong Kong improve on quarter; growth momentum in other regions sustained
- Balance sheet prudently buffered against risks

Net profit up 19% on quarter, down 24% on year

(S\$m)	1Q 2009	YoY %	QoQ %
Net interest income	1,076	2	(3)
Fee income	317	(10)	21
Trading income	150	nm	nm
Other income	119	(48)	1
Non-interest income	586	16	65
Income	1,662	6	13
Staff expenses	327	(7)	(5)
Other expenses	311	2	(9)
Expenses	638	(3)	(7)
Profit before allowances	1,024	13	31
Allowances for credit & other losses	414	>100	54
Net profit	456	(24)	19

Excluding one-time gains and impairment charges

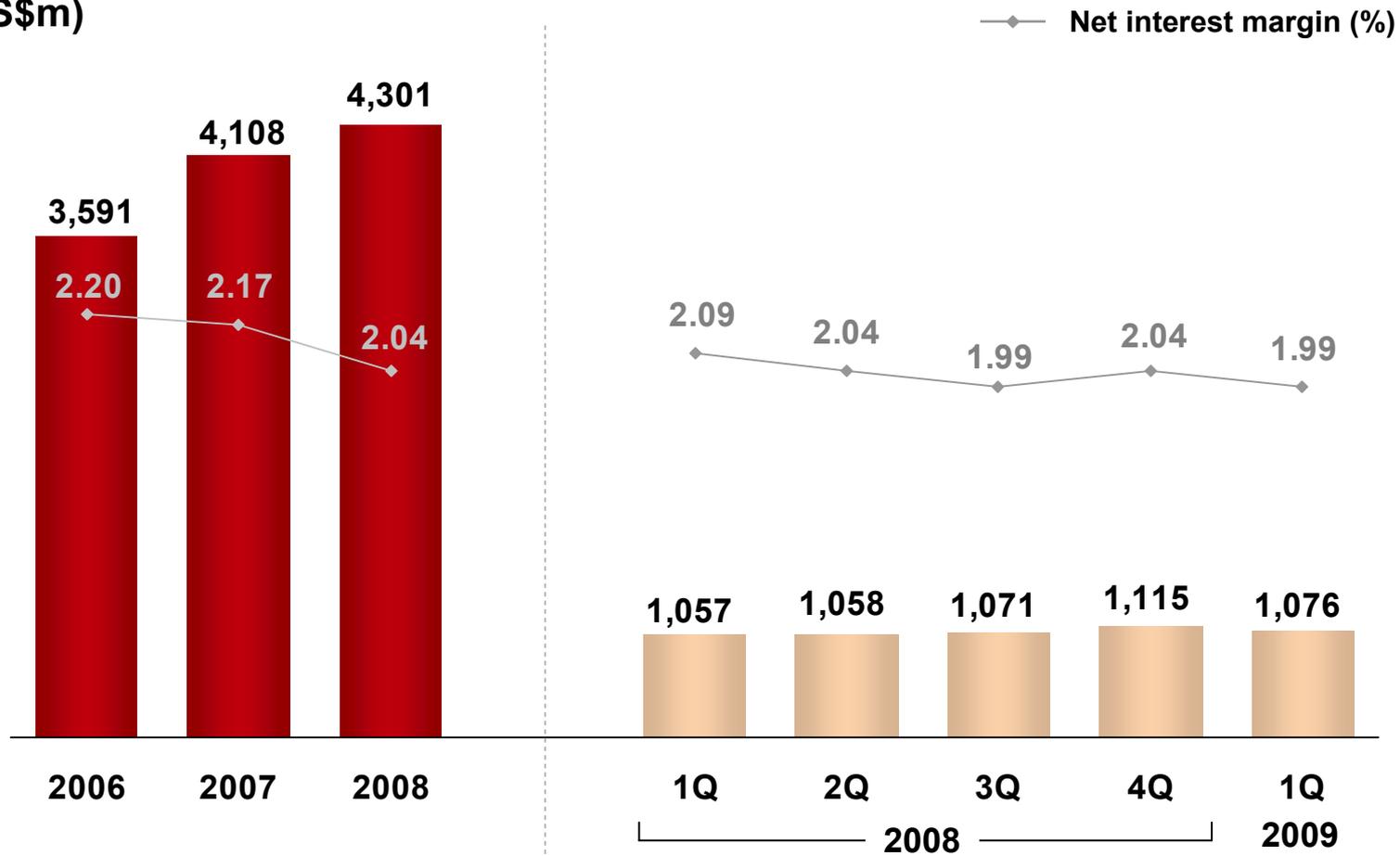
Several key ratios improve

(%)	1Q 2009	4Q 2008	1Q 2008
Net interest margin	1.99	2.04	2.09
Fee income/total income	19	18	23
Non-interest income/total income	35	24	32
Cost/income	38	47	42
ROE	8.0	7.6	11.6
Loans/deposits	73	74	73
NPL ratio	2.0	1.5	1.0

Excluding one-time gains and impairment charges

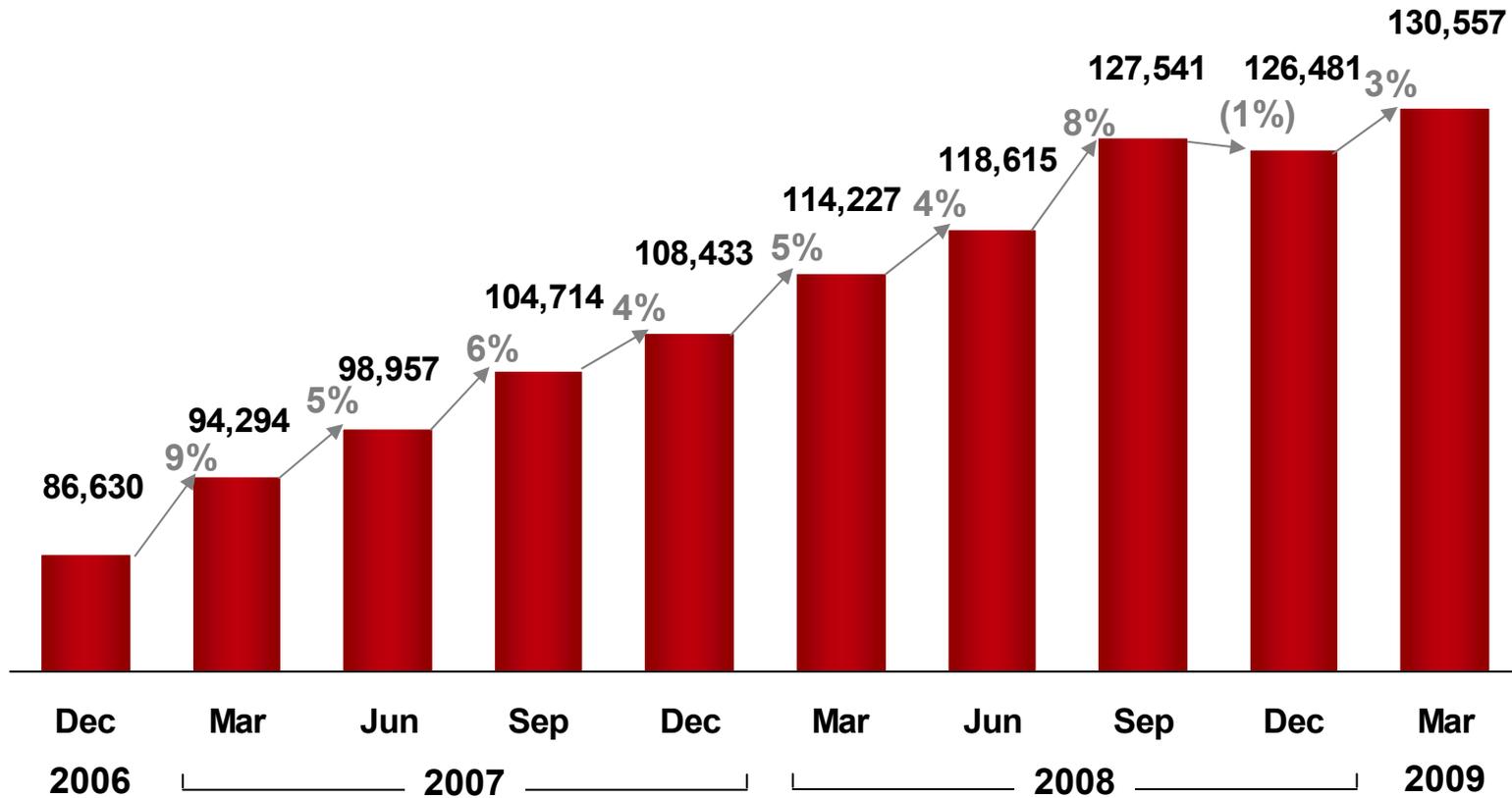
Net interest income maintained at recent levels

(S\$m)



Loans up 3% on quarter and 14% on year

(S\$m)

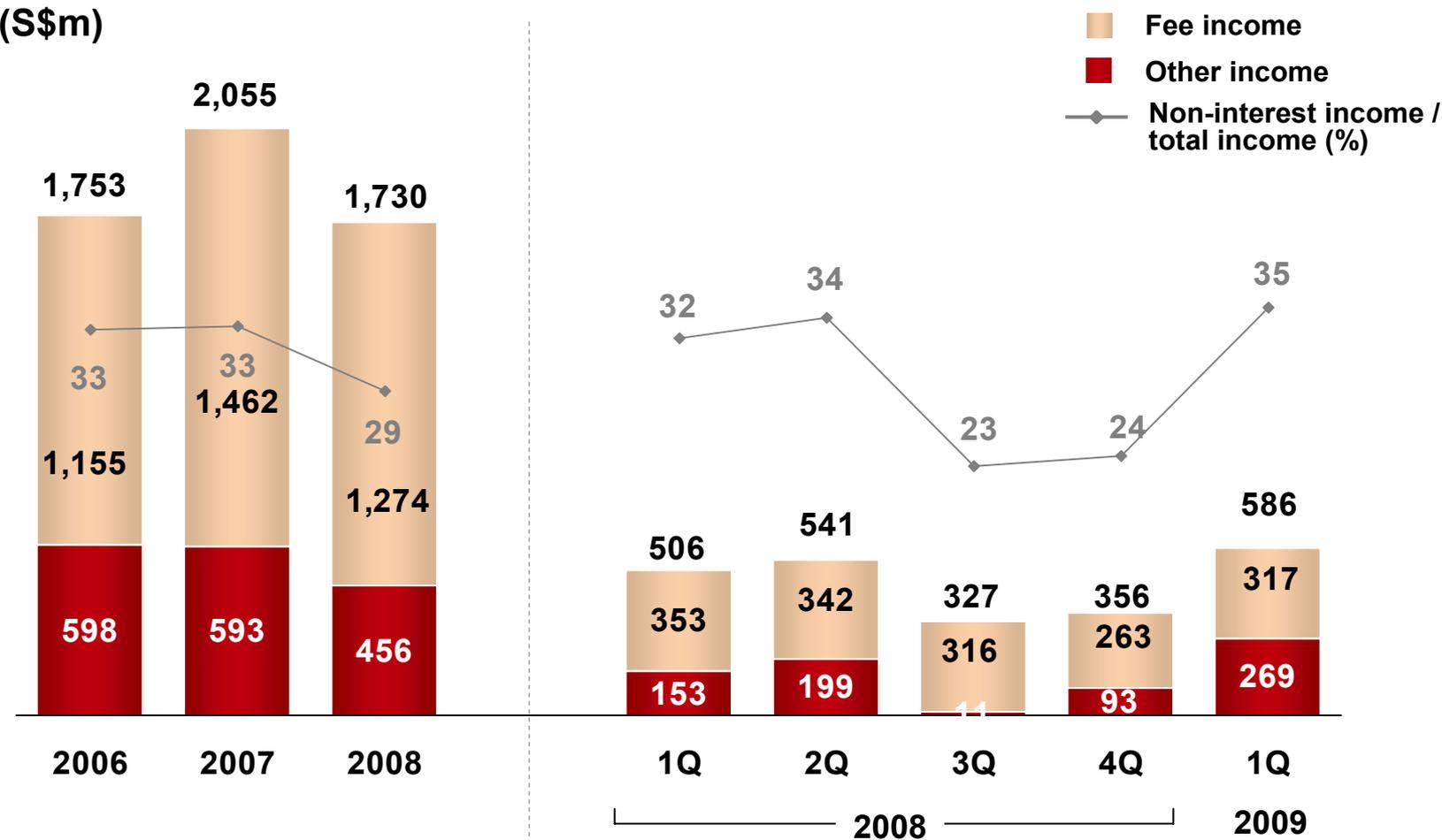


Prudent approach to loan growth

	S\$m	% mix	% growth since			% contribution to growth since		
	Mar 09	Mar 09	Dec 06	Dec 07	Dec 08	Dec 06	Dec 07	Dec 08
<u>By industry</u>								
Manufacturing	16,946	13	56	17	6	13	11	22
Construction	18,786	14	73	44	5	18	25	19
Housing	29,882	22	19	14	2	11	16	11
Commerce	12,426	9	39	24	(5)	8	10	(14)
Transport	13,073	10	70	17	5	12	8	14
Financials	16,988	13	73	22	17	16	13	57
Individuals	10,346	8	28	6	(1)	5	3	(3)
Others	14,337	11	>100	29	(2)	17	14	(6)
Total	132,784	100	51	21	3	100	100	100

Non-interest income up 65% on quarter as fee and trading incomes rise

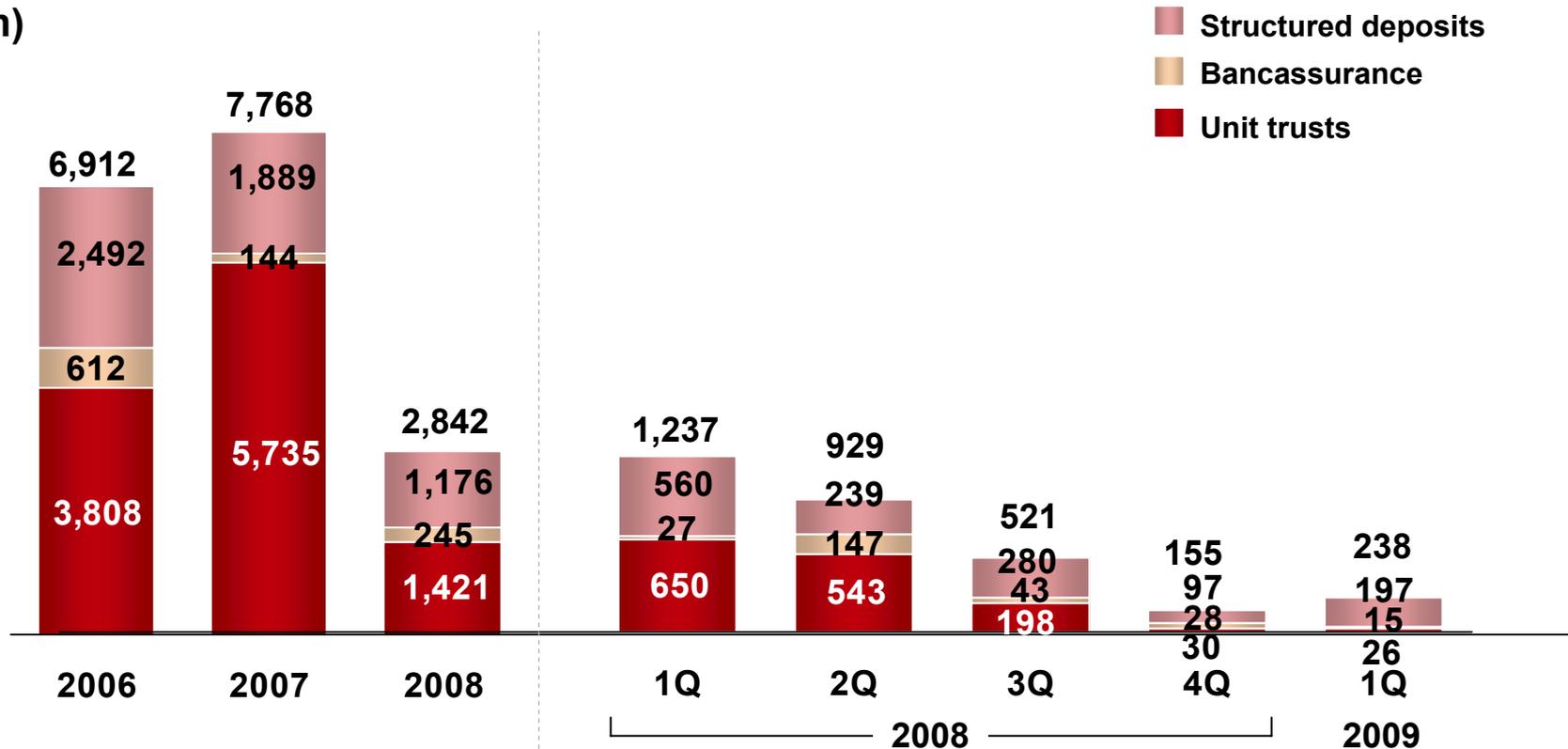
(S\$m)



Excluding one-time gains

Wealth management sales remain weak

(S\$m)



Sales (all products)

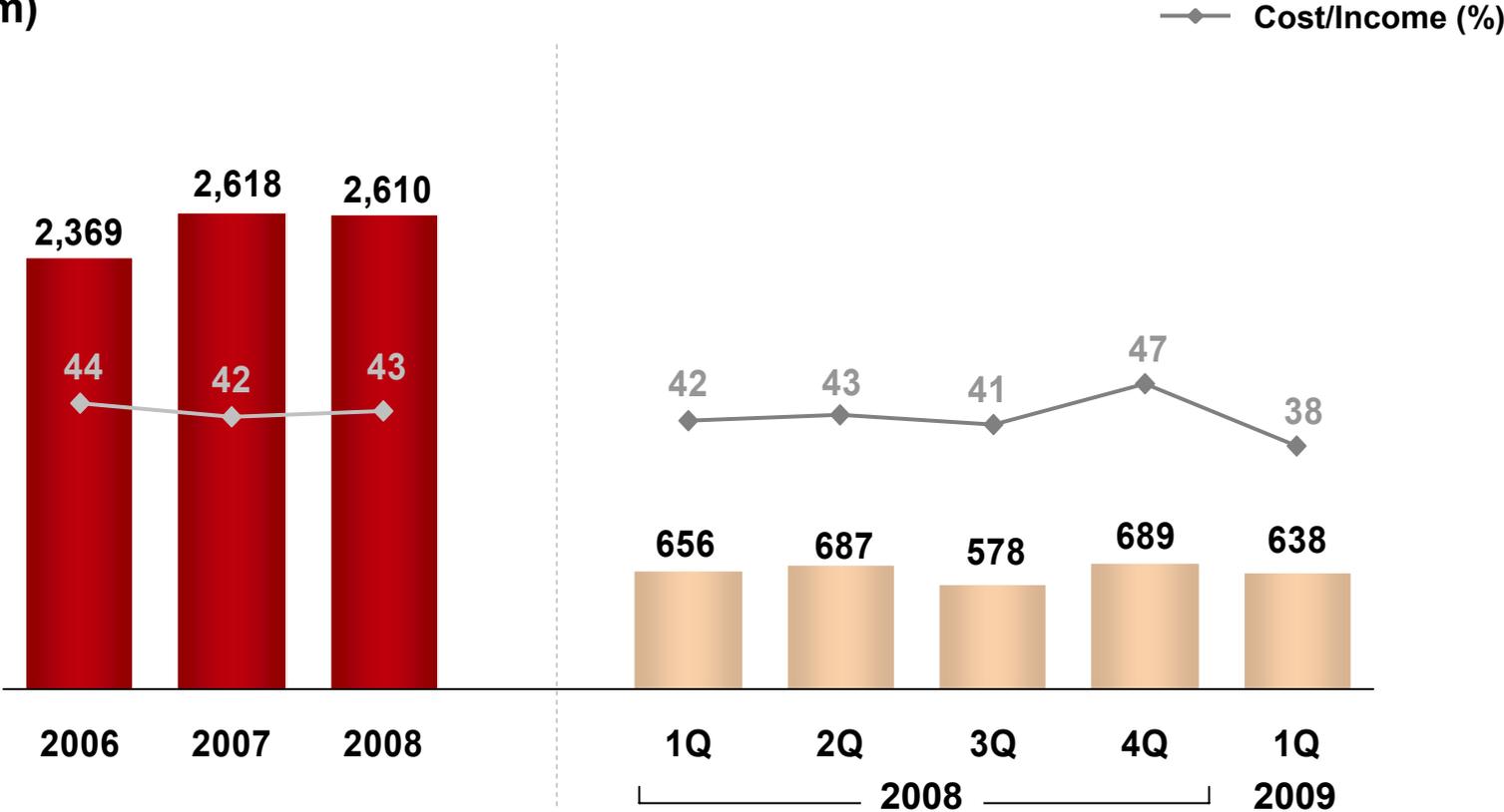
S'pore	3,477	3,924	1,587	662	480	334	111	123
HK	3,435	3,844	1,255	575	449	187	44	115

Fees (unit trusts and bancassurance only)

S'pore + HK	170	249	137	40	45	35	17	16
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Cost-income ratio improves to 38%

(S\$m)



Cost-income ratio excluding one-time gains

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Hong Kong's earnings up on quarter on lower expenses and allowances

(S\$m)	1Q 2009	YoY %	QoQ %
Net interest income	224	(0)	1
Non-interest income	127	(28)	11
Income	351	(13)	5
Expenses	150	(13)	(27)
Profit before allowances	201	(12)	55
Allowances for credit & other losses	88	>100	(21)
Net profit	94	(48)	>100

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

Hong Kong ratios improve on quarter

(%)	1Q 2009	4Q 2008	1Q 2008
Net interest margin	1.91	1.82	1.90
Non-interest / total income	36	34	44
Cost/income ratio	43	62	43
ROA	0.70	0.11	1.32
Loans/deposit	80	84	78

Excluding one-time gains

Regional operations deliver strong profit growth

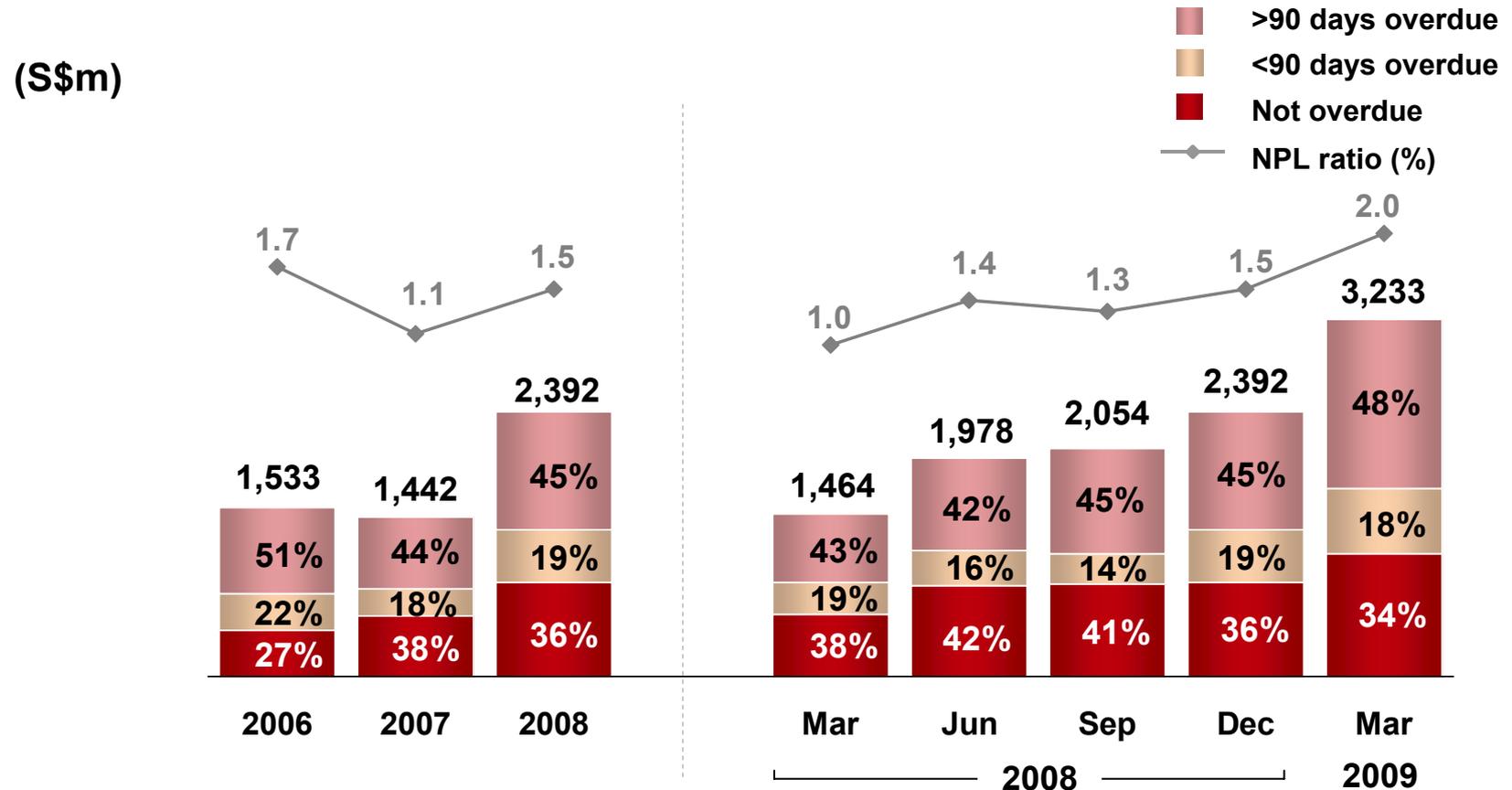
(S\$m)	1Q 2009	YoY %	QoQ %
Net interest income	197	77	30
Non-interest income	155	89	4
Income	352	82	17
Expenses	113	38	(3)
Profit before allowances	239	>100	30
Allowances for credit & other losses	100	>100	79
Net profit	103	36	21

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

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NPA rise with weaker economy; allowance coverage ratio remains sound



Cumulative general and specific allowances as % of:

NPAs	115	135	114	138	116	123	114	97
Unsecured NPAs	237	245	176	241	195	209	176	156

New NPAs rise and recoveries decline on weaker economic conditions

(S\$m)

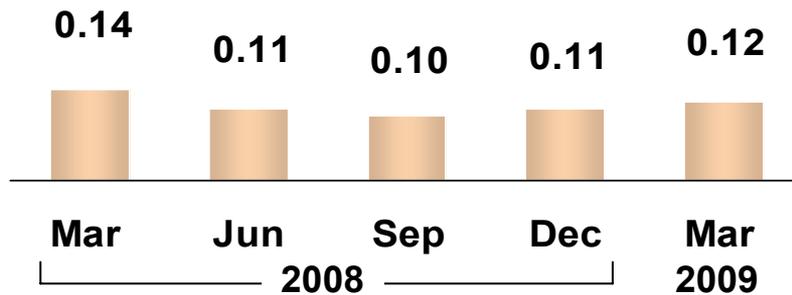
	1Q 2009	4Q 2008	1Q 2008
NPAs at start of period	2,392	2,054	1,442
New NPAs	926	539	195
Net recoveries of existing NPAs	(11)	(117)	(146)
Write-offs	(74)	(84)	(27)
NPAs at end of period	3,233	2,392	1,464

NPL rise due to SME and corporate loans

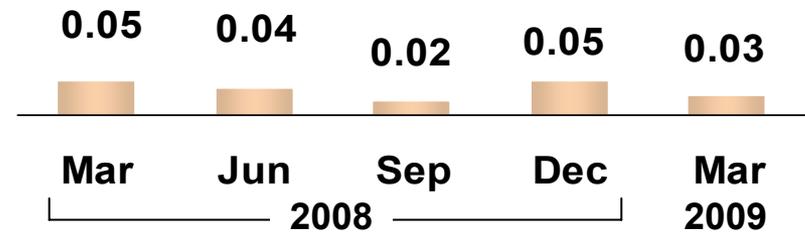
	Gross loans	NPL rate (%)	
	Mar 09 (S\$bn)	Mar 09	Dec 08
Consumer Banking	35.2	0.9	0.8
- Singapore	24.4	0.8	0.7
- Hong Kong	9.1	0.8	0.7
- Others	1.7	4.0	3.9
Institutional Banking	91.2	2.2	1.7
- Singapore	46.0	1.3	1.0
- Hong Kong	22.5	3.1	2.1
- Others	22.7	3.2	2.7
Others	6.4	5.8	3.3
- Singapore	4.6	5.7	2.0
- Hong Kong	1.2	8.6	10.1
- Others	0.6	2.1	1.8
Total	132.8	2.0	1.5

Housing loan credit quality remains strong

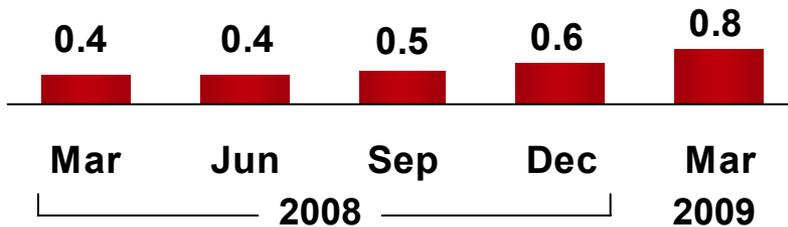
Delinquency rate – Singapore (%)



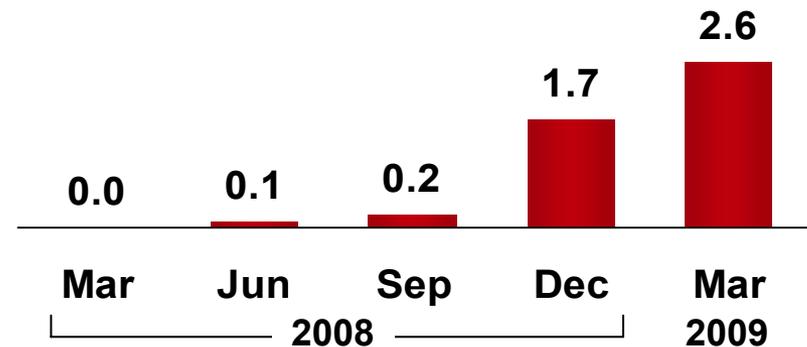
Delinquency rate – Hong Kong (%)



Negative equity – Singapore (%)



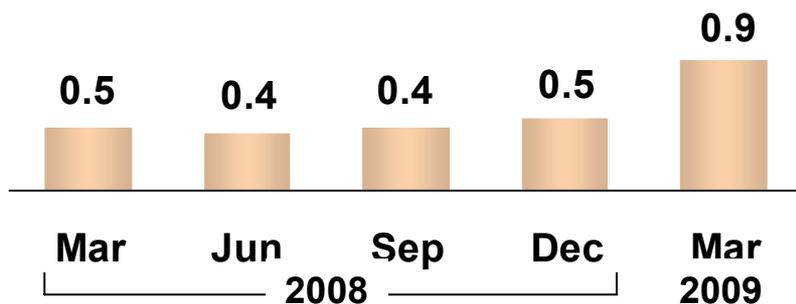
Negative equity – Hong Kong (%)



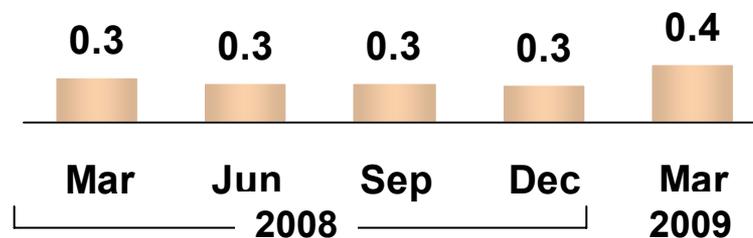
Delinquency defined as past due for 90 days

Credit card delinquencies remain low despite modest increase

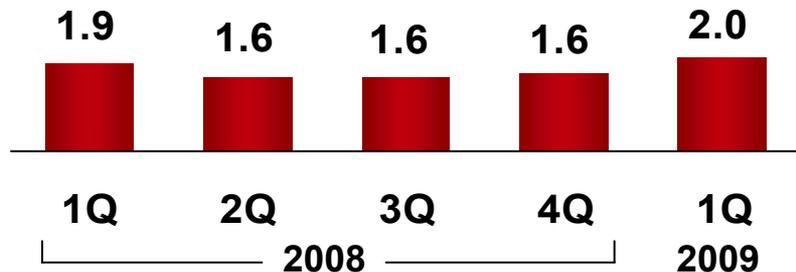
Delinquency rate – Singapore (%)



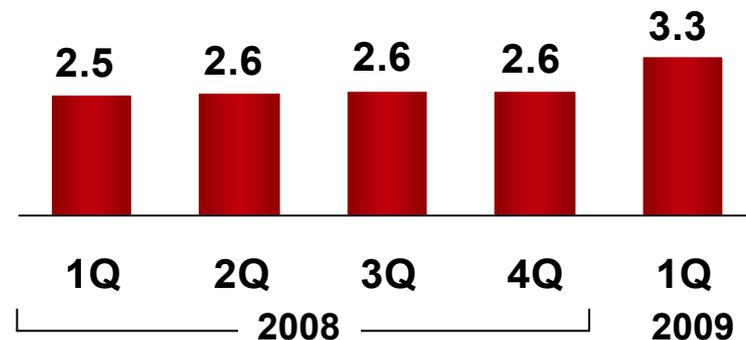
Delinquency rate – Hong Kong (%)



Charge-off rate – Singapore (%)



Charge-off rate – Hong Kong (%)



Delinquency defined as past due for 90 days

Specific allowances for loans little changed from the previous quarter

(S\$m)

	1Q 2009	4Q 2008	1Q 2008
<u>Add charges for</u>			
New NPLs	160	198	26
Existing NPLs	111	109	51
	271	307	77
<u>Subtract charges for</u>			
Upgrading	0	0	1
Settlements	37	62	33
Recoveries	9	21	6
	46	83	40
Total SP charges	225	224	37

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

	Mar 09 (S\$m)	Dec 08 (S\$m)
Singapore government securities	11,179	11,734
Other government securities	6,915	4,549
Corporate debt securities	12,366	11,986
Equities	1,081	1,144
Total	31,541	29,413

CDO allowance coverage adequate

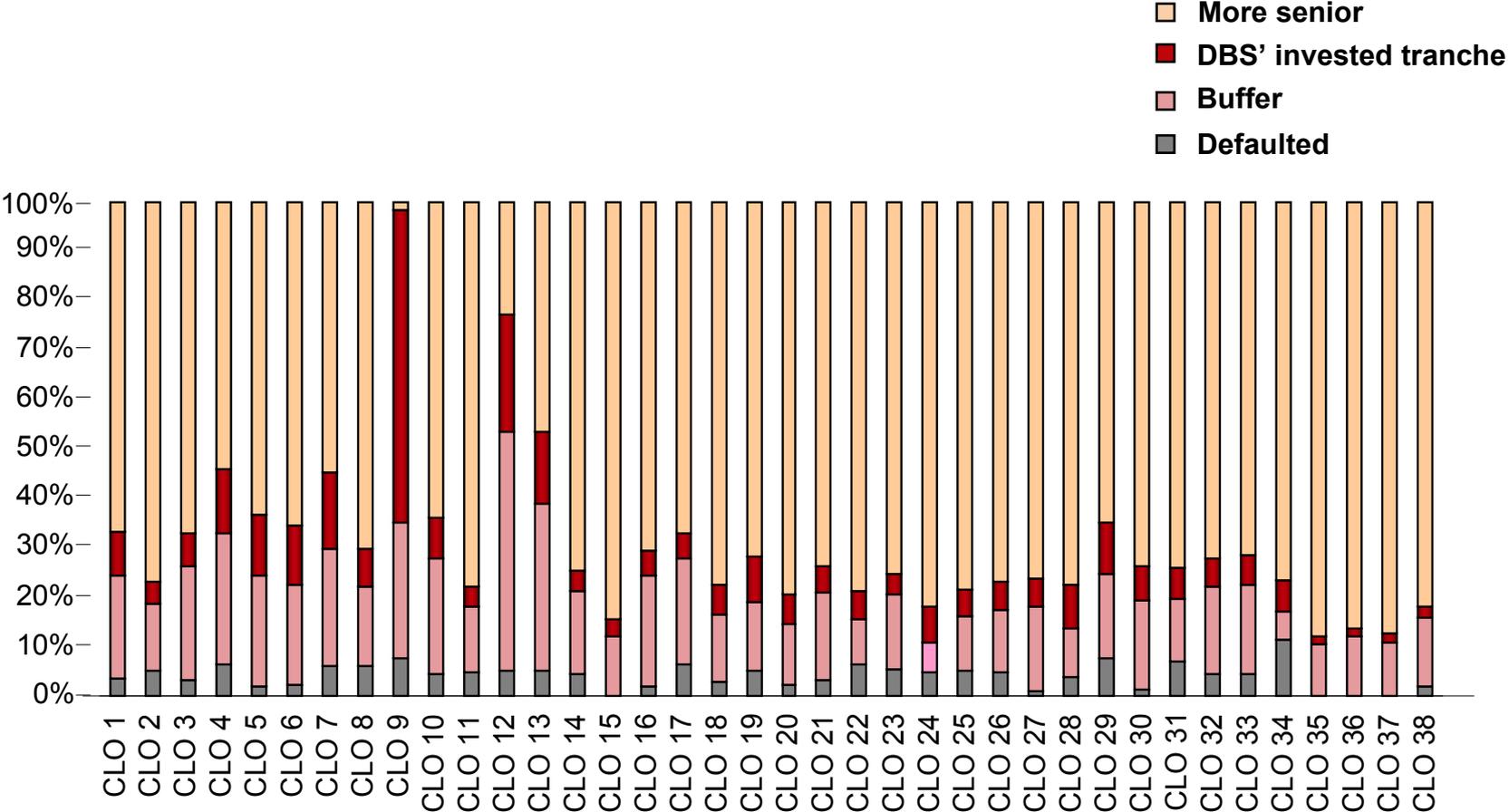
(S\$m)	Amount as at		Cumulative allowances	% coverage
	Mar 09	Dec 08		
Investment portfolio	1,012	1,056	520	51
ABS CDOs	276	264	257	93
Non-ABS CDOs	736	792	263	36
– CLOs	706	691	243	34
– Others	30	101	20	67
Trading portfolio	218	206	–	–
Total	1,230	1,262	520	–

Non-ABS CDOs in investment portfolio

75% are investment grade under Moody's revised methodology

Hedges amounting to S\$252m of exposure in place

CLO portfolio remains healthy



Derivatives largely in interest rates and foreign exchange

Instrument type	Notional (S\$m)	Positive MTM (S\$m)	Negative MTM (S\$m)
Interest rate	929,499	13,220	(13,552)
Foreign exchange	637,734	11,297	(9,858)
Credit	123,476	5,485	(5,766)
Equity	5,937	146	(226)
Commodity	532	5	(4)
Total	1,697,178	30,153	(29,406)

Derivative counterparty risks carefully managed

Counterparty	Notional (S\$m)	Positive MTM (S\$m)	Negative MTM (S\$m)	Net MTM (S\$m)
US bank	27,746	1,043	(618)	425
Singapore corporate	10,061	461	(203)	258
Asian corporate	557	223	(0)	223
Asian corporate	635	207	0	207
Asian corporate	2,798	345	(166)	179
Asian corporate	346	163	0	163
Asian bank	3,552	260	(121)	139
Asian bank	600	107	(1)	106
Middle Eastern bank	751	92	0	92
Asian bank	3,152	187	(106)	81
Asian bank	715	92	(14)	79
Asian corporate	168	72	0	72
Asian bank	2,037	165	(94)	71
Asian bank	5,495	98	(28)	70
Asian bank	250	71	(1)	70
Other entities	1,638,315	26,566	(28,055)	(1,488)
Total	1,697,178	30,153	(29,406)	747

Few CDS counterparties with net positive MTM of more than S\$20 million

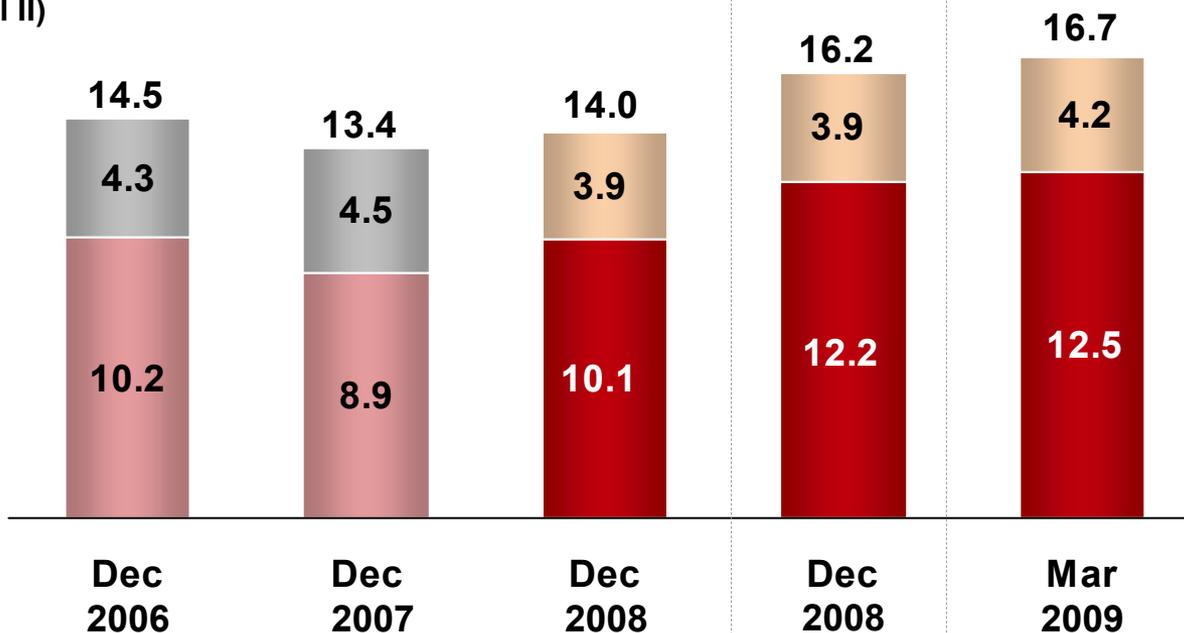
Counterparty	Notional (S\$m)	Positive MTM (S\$m)	Negative MTM (S\$m)	Net MTM (S\$m)
US bank	3,189	250	(157)	93
US bank	5,387	341	(295)	45
US bank	15,391	1,025	(1,001)	24
European bank	11,656	318	(295)	23
European bank	1,901	86	(66)	20

Capital ratios remain strong

(%)

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

Proforma
including rights
issue of S\$4.0 bn



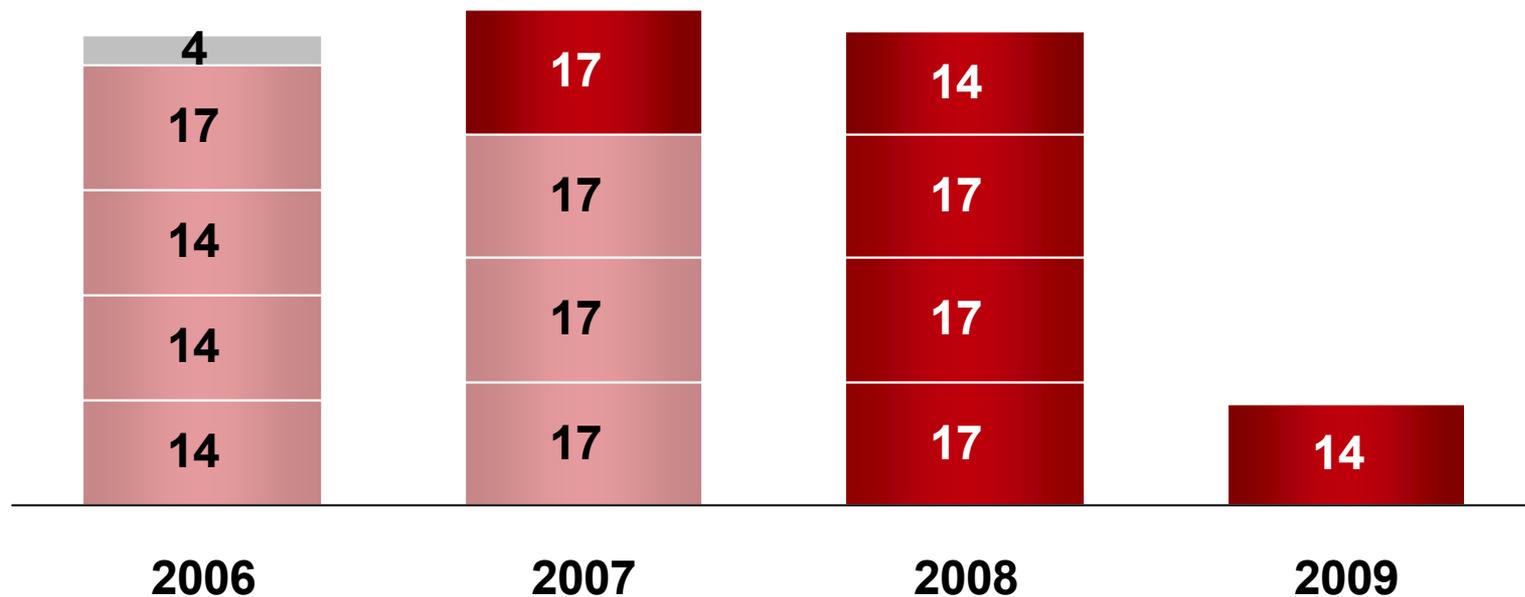
(S\$bn)

	Dec 2006	Dec 2007	Dec 2008	Dec 2008	Mar 2009
Tier-1 capital	14.8	16.4	18.4	22.4	22.8
RWA	144.1	184.6	182.7	182.7	181.9

1Q dividend of 14 cents per share

(S¢)

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



Adjusted for rights issue

In summary – balance sheet fortified against further headwinds

Operating outlook remains uncertain, with NPLs expected to increase in line with economic weakness

Higher general allowances taken to insure against credit risks

Capital position remains strong

Strong revenues amid challenging conditions and cost discipline attest to underlying franchise strength

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