



Business trends further strengthen

**DBS Group Holdings
2Q 2010 financial results
Jul 30, 2010**

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Business trends further strengthen

- One-time goodwill impairment charge**
- Better operating results underpinned by broad-based business volume growth**
- Lower contribution from Hong Kong due to non-recurring expense**
- Asset quality improves**

One-time goodwill impairment charge

Carrying value as at June 30, 2010 (before impairment)	9,453
NTA	3,804
Goodwill	5,649
Recoverable value as at June 30, 2010	8,435
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Goodwill impairment charge	1,018

One-time goodwill impairment charge

Discounted cash flow method

- Detailed earnings projections for 2010-2014
- Long-term growth rate of 4.5% from 2015
- Discount rate of 9.5%

Structural changes have increased likelihood of interest margin compression for DBS Hong Kong

We remain positive on prospects, with previously-announced initiatives to strengthen franchise making progress

No impact on cash flow, liquidity or regulatory capital

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Net earnings before one-time charge up 35% on quarter

(S\$m)	2Q 2010	2Q 2009	YoY %	1Q 2010	QoQ %
Net interest income	1,067	1,112	(4)	1,066	0
Fee income	358	358	0	341	5
Trading income	278	172	62	230	21
Other income	112	150	(25)	76	47
Non-interest income	748	680	10	647	16
Income	1,815	1,792	1	1,713	6
Staff expenses	362	330	10	338	7
Other expenses	355	301	18	364	(2)
Expenses	717	631	14	702	2
Profit before allowances	1,098	1,161	(5)	1,011	9
Allowances	204	466	(56)	355	(43)
Net profit	718	552	30	532	35

Excluding one-time items

First-half net profit up 18% from previous half

(S\$m)	1H 2010	1H 2009	YoY %	2H 2009	HoH %
Net interest income	2,133	2,188	(3)	2,267	(6)
Fee income	699	675	4	719	(3)
Trading income	508	322	58	111	>100
Other income	188	269	(30)	52	>100
Non-interest income	1,395	1,266	10	882	58
Income	3,528	3,454	2	3,149	12
Staff expenses	700	657	7	635	10
Other expenses	719	612	17	700	3
Expenses	1,419	1,269	12	1,335	6
Profit before allowances	2,109	2,185	(3)	1,814	16
Allowances	559	880	(36)	649	(14)
Net profit	1,250	1,008	24	1,056	18

Excluding one-time items

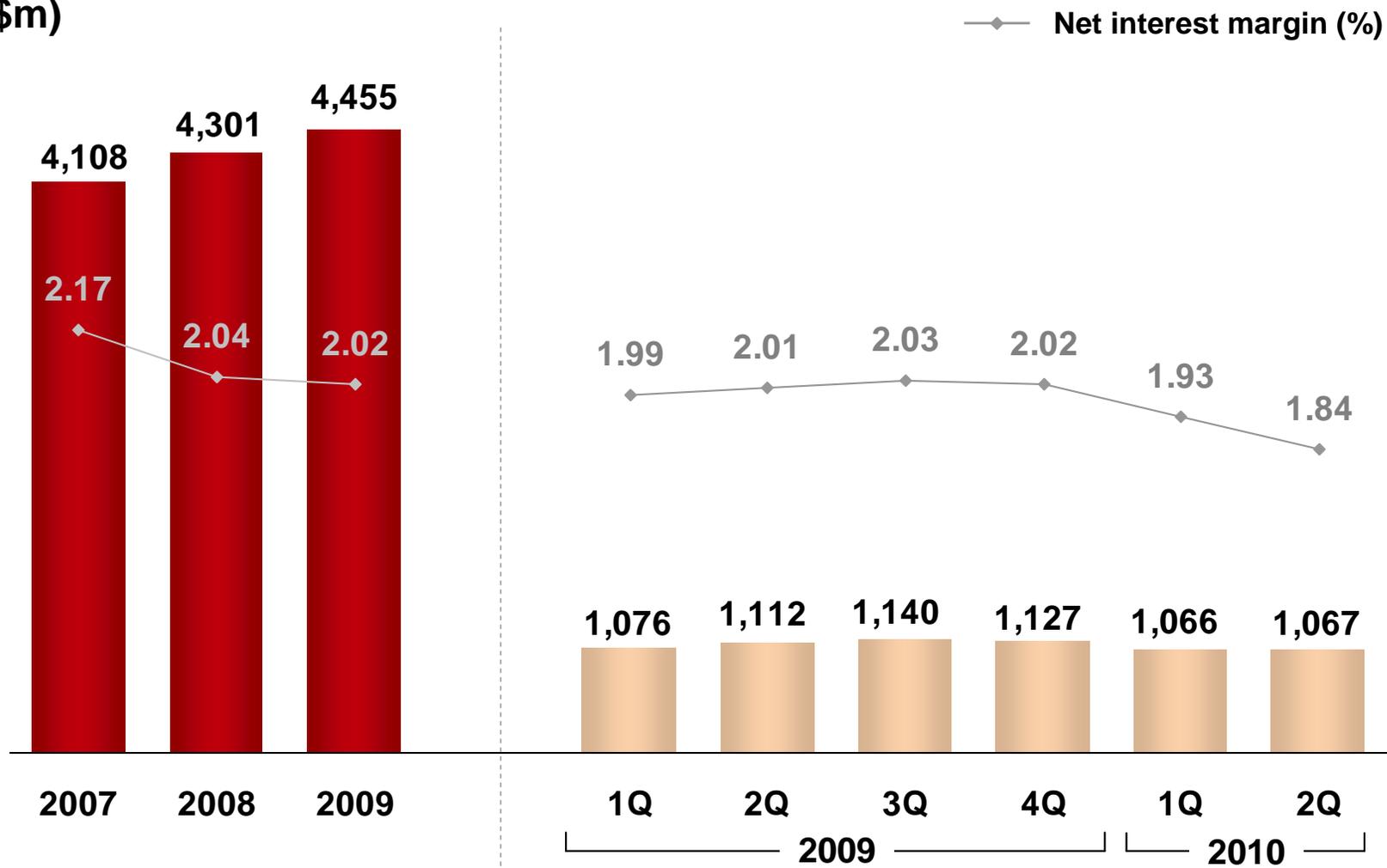
Operating ratios improve

(%)	2Q 2010	1Q 2010	2Q 2009	1H 2010	2H 2009	1H 2009
Net interest margin	1.84	1.93	2.01	1.88	2.03	2.01
Fee income/total income	20	20	20	20	23	20
Non-interest income/total income	41	38	38	40	28	37
Cost/income	40	41	35	40	42	37
ROE	11.1	8.2	9.1	9.8	8.4	8.5
Loans/deposits	79	74	71	79	71	71
SP/average loans (bp)	19	97	83	56	93	77
NPL ratio	2.3	2.7	2.8	2.3	2.9	2.8

Excluding one-time items

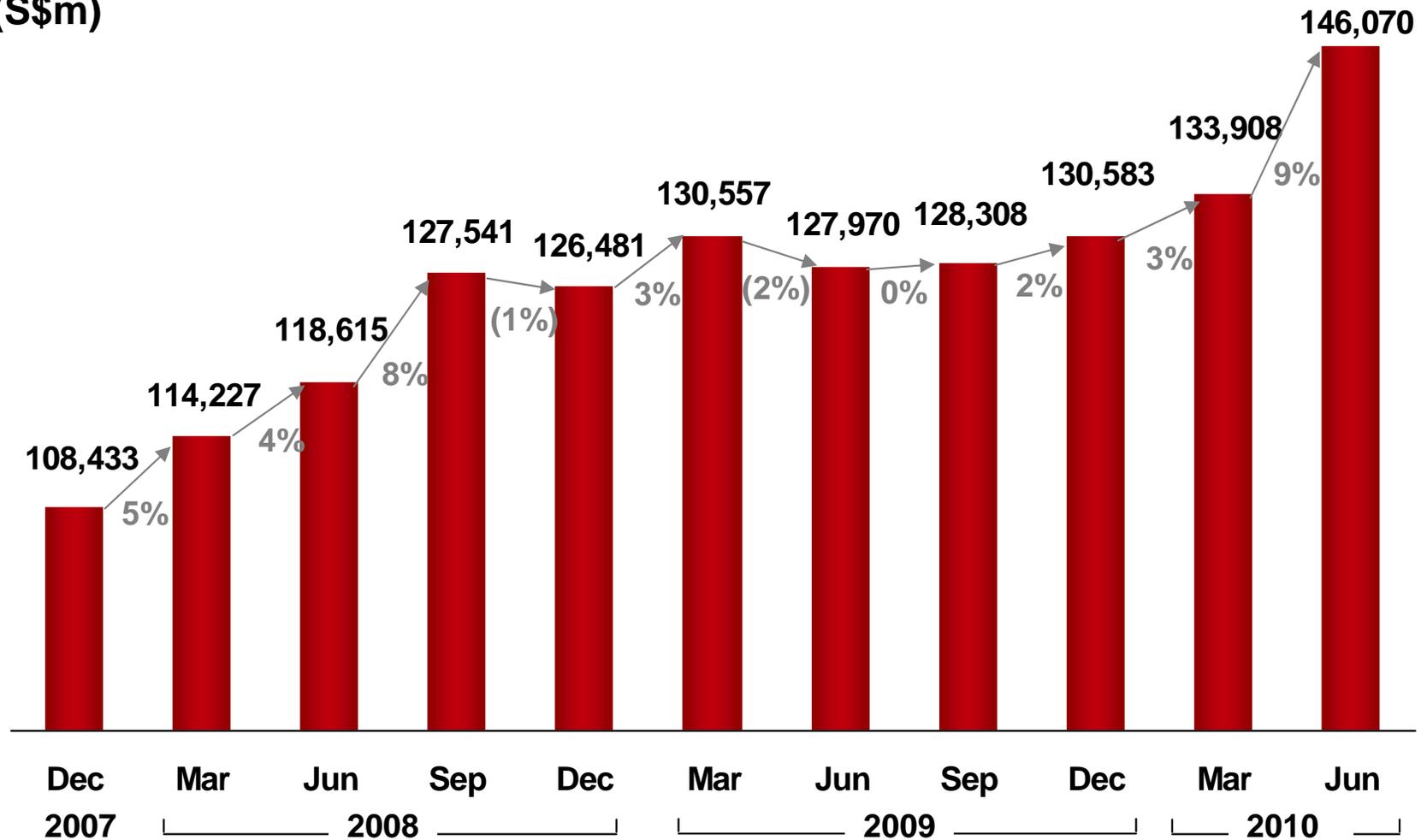
Net interest income flat as margins decline

(S\$m)

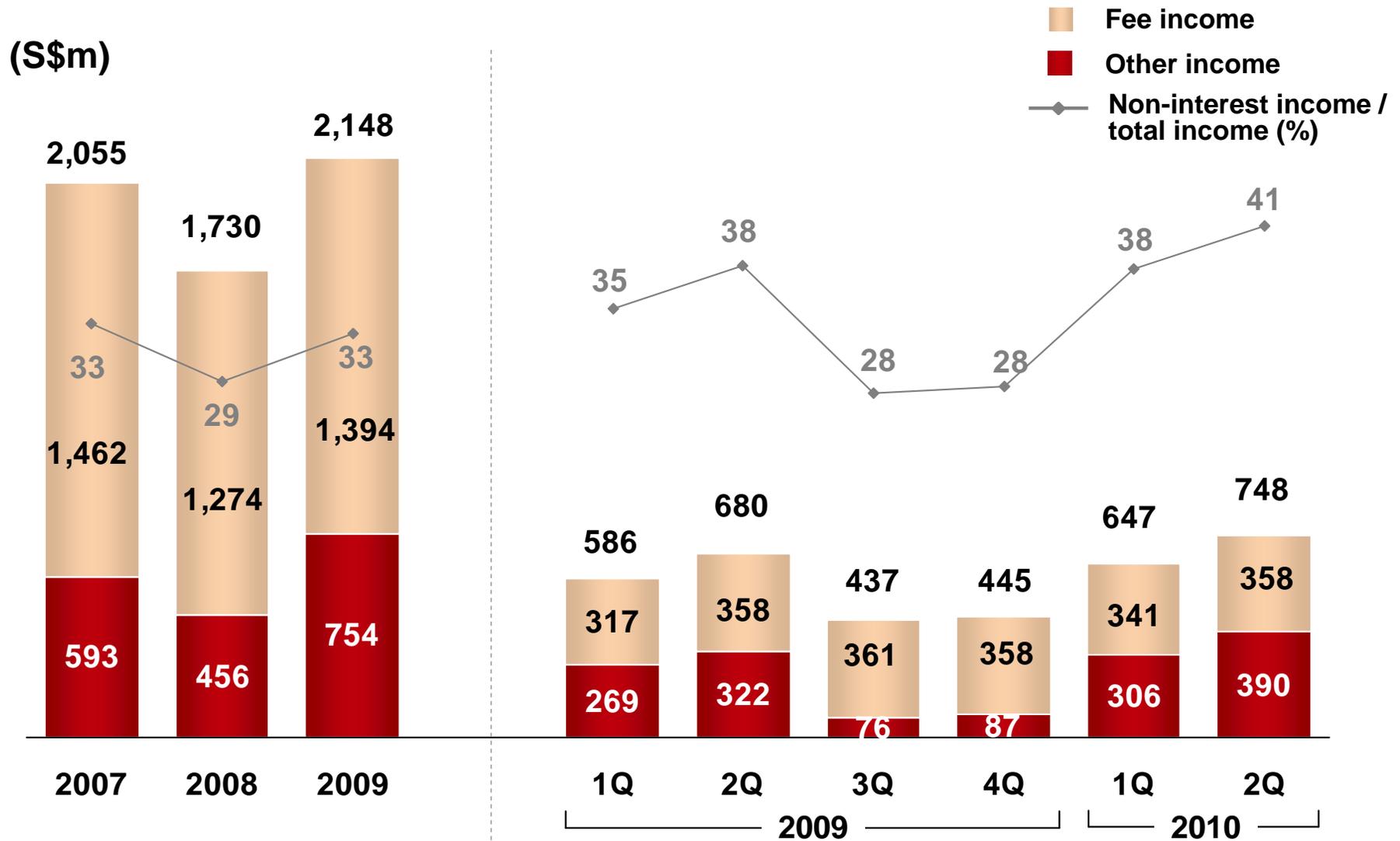


Loans up 9% on quarter

(S\$m)

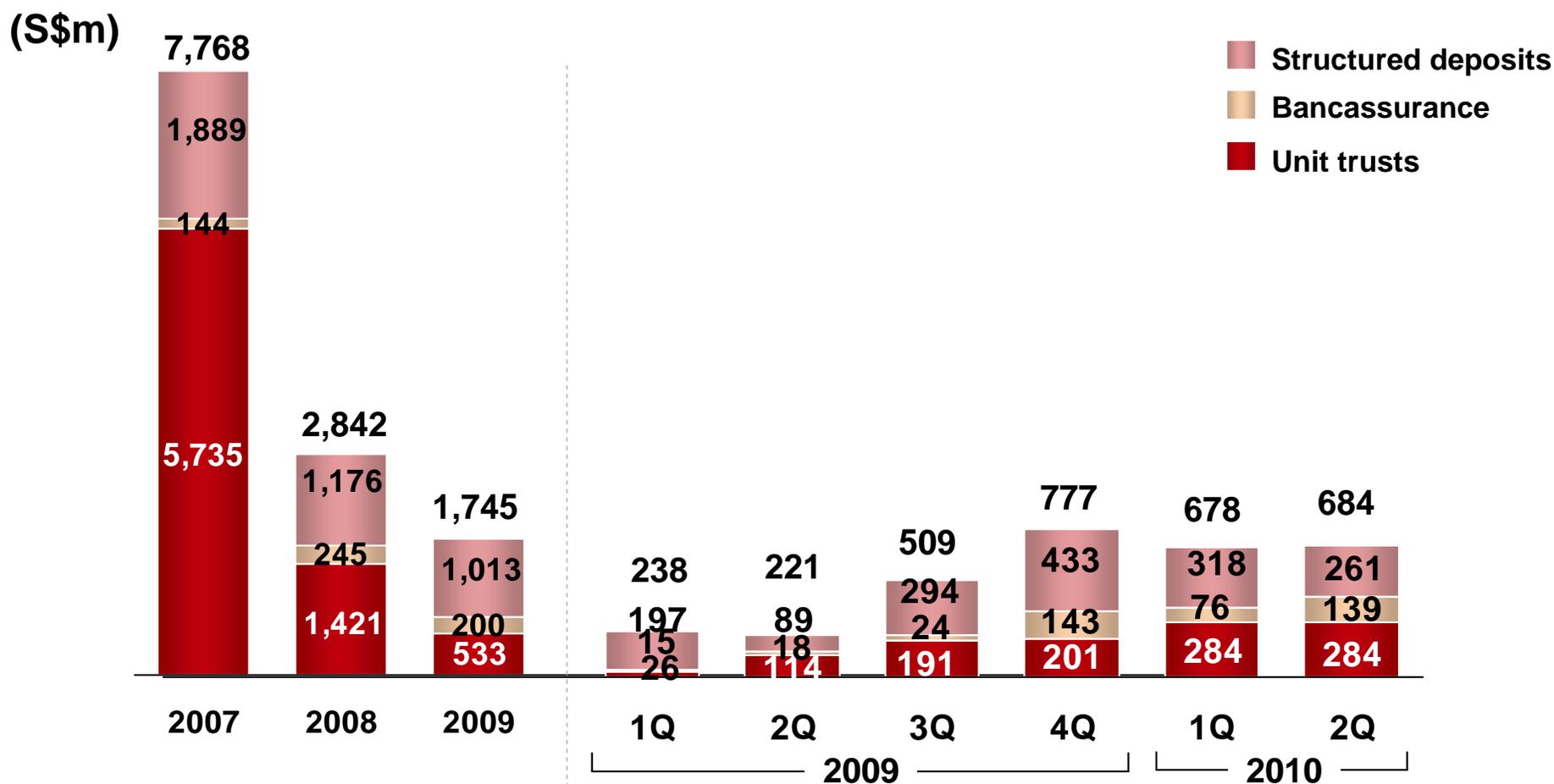


Non-interest income higher



Excluding one-time items

Wealth management fees improve



Sales (all products)

S'pore	3,924	1,587	775	123	112	238	303	385	390
HK	3,844	1,255	970	115	109	271	474	293	294

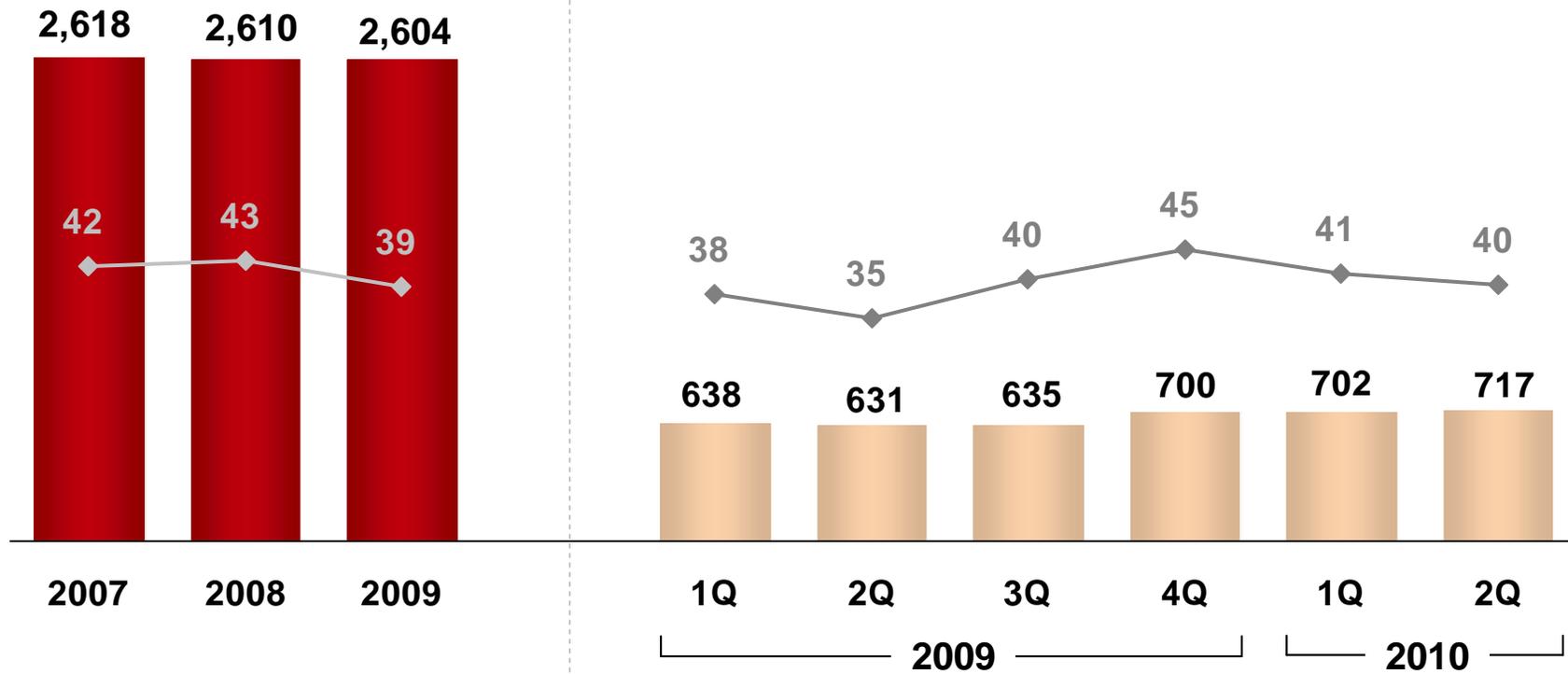
Fees (unit trusts and bancassurance only)

S'pore + HK	249	137	101	16	21	34	30	27	34
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Expenses rise slightly on quarter

(S\$m)

—◆— Cost/Income (%)



Excluding one-time items

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Hong Kong's earnings decline due to non-recurring expense

(S\$m)	2Q 2010	2Q 2009	YoY %	1Q 2010	QoQ %
Net interest income	198	222	(11)	202	(2)
Non-interest income	165	120	38	165	0
Income	363	342	6	367	(1)
Expenses	249	151	65	147	69
Profit before allowances	114	191	(40)	220	(48)
Allowances	32	71	(55)	7	>100
Net profit	65	99	(34)	180	(64)

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

Hong Kong's first-half net profit up 27% on year

(S\$m)	1H 2010	1H 2009	YoY %	2H 2009	HoH %
Net interest income	400	446	(10)	442	(10)
Non-interest income	330	247	34	231	43
Income	730	693	5	673	8
Expenses	396	301	32	299	32
Profit before allowances	334	392	(15)	374	(11)
Allowances	39	159	(75)	51	(24)
Net profit	245	193	27	271	(10)

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

Hong Kong's key ratios less favourable

(%)	2Q 2010	1Q 2010	2Q 2009	1H 2010	2H 2009	1H 2009
Net interest margin	1.68	1.80	1.94	1.73	1.92	1.92
Non-interest income/total income	46	45	35	45	35	36
Cost/income	69	40	43	54	45	43
ROA	0.64	1.40	0.77	0.93	1.02	0.73
Loans/deposits	104	91	81	104	90	81

Contributions from regional operations higher than previous half

(S\$m)	1H 2010	1H 2009	YoY %	2H 2009	HoH %
Net interest income	433	414	5	415	4
Non-interest income	183	244	(25)	173	6
Income	616	658	(6)	588	5
Expenses	281	233	21	259	8
Profit before allowances	335	425	(21)	329	2
Allowances	94	123	(24)	162	(42)
Net profit	218	232	(6)	182	20

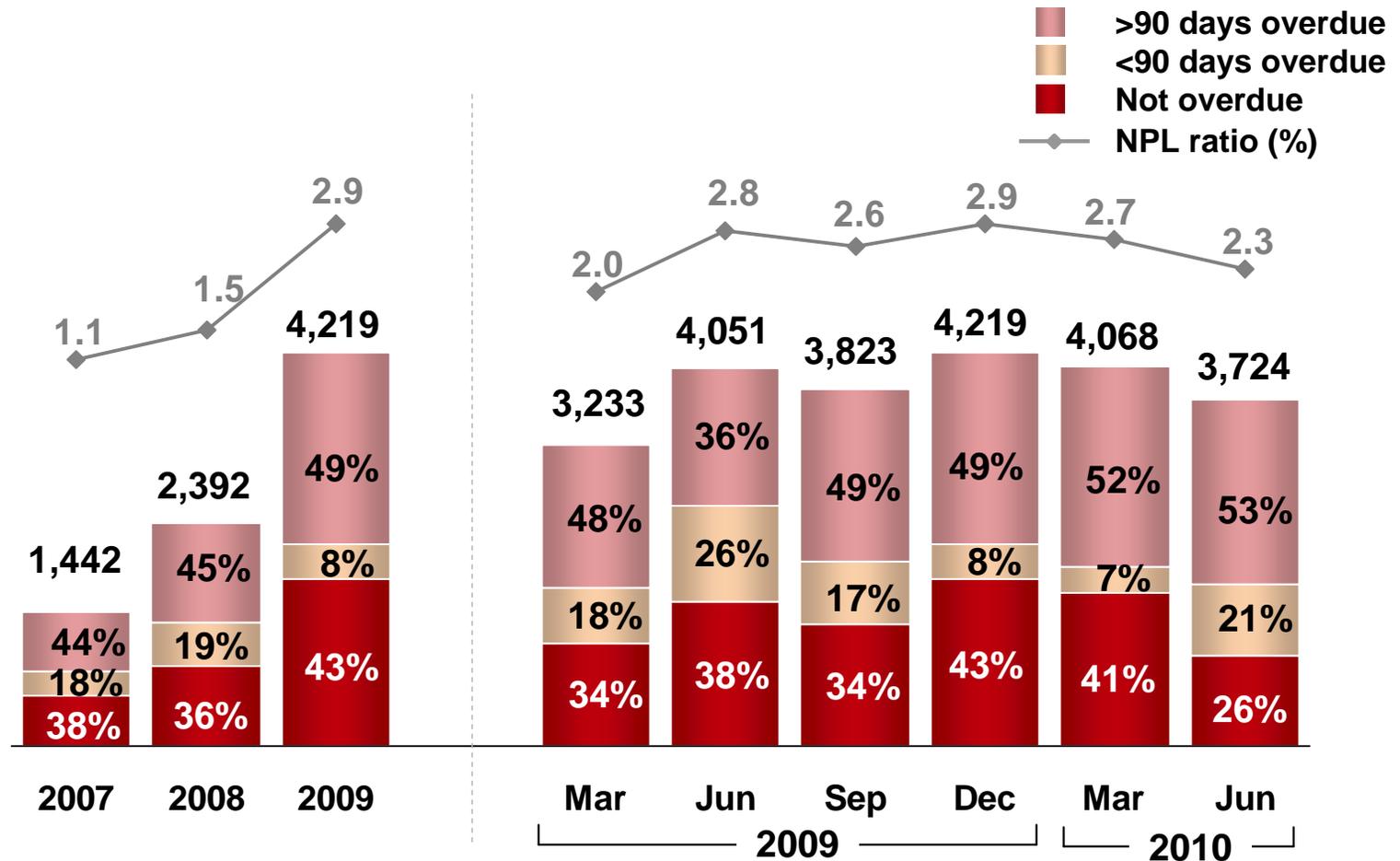
Figures for operations outside of Singapore and Hong Kong. Excluding one-time items

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NPL rate falls to 2.3% while allowance coverage rises

(S\$m)



SP / Loans (bp) 9 35 85 70 83 70 116 97 19

Cumulative general and specific allowances as % of:

NPAs 135 114 83 97 81 90 83 92 101

Unsecured NPAs 245 176 108 156 119 128 108 119 126



Rate of new NPA formation falls

(S\$m)	2Q 2010	1Q 2010	2Q 2009
NPAs at start of period	4,068	4,219	3,233
New NPAs	115	207	1,451
Net recoveries of existing NPAs	(268)	(246)	(313)
Write-offs	(191)	(112)	(320)
NPAs at end of period	3,724	4,068	4,051

Specific allowances for new and existing NPLs decrease

(S\$m)	2Q 2010	1Q 2010	2Q 2009
<u>Add charges for</u>			
New NPLs	29	73	176
Existing NPLs	104	311	153
	133	384	329
<u>Subtract charges for</u>			
Upgrading	0	0	0
Settlements	54	53	50
Recoveries	11	7	7
	65	60	57
Total SP charges	68	324	272
SP / Average loans (bp)	19	97	83

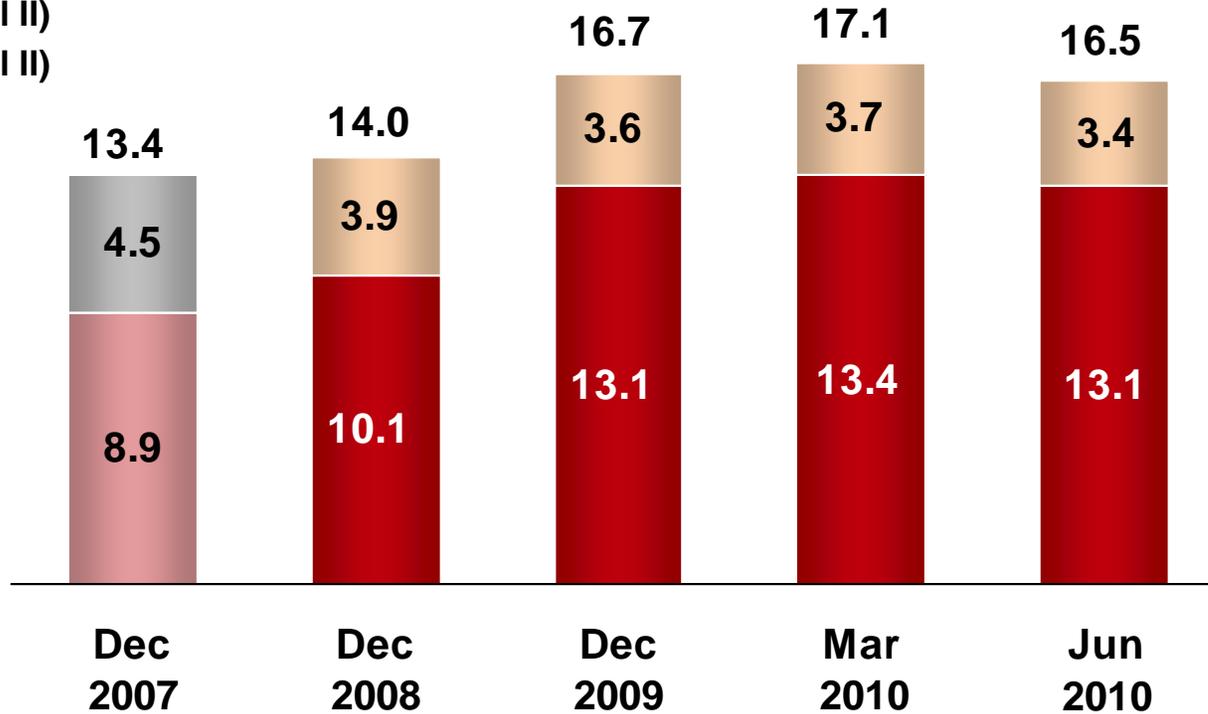
AFS portfolio well-balanced between investment-grade government and corporate debt

	Jun 10 (S\$m)	Mar 10 (S\$m)
Singapore government securities	10,087	9,461
Other government securities	10,351	7,160
Corporate debt securities	10,027	10,081
Equities	1,040	1,050
Total	31,505	27,752

CAR declines as RWA increases due to strong loan growth

(%)

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



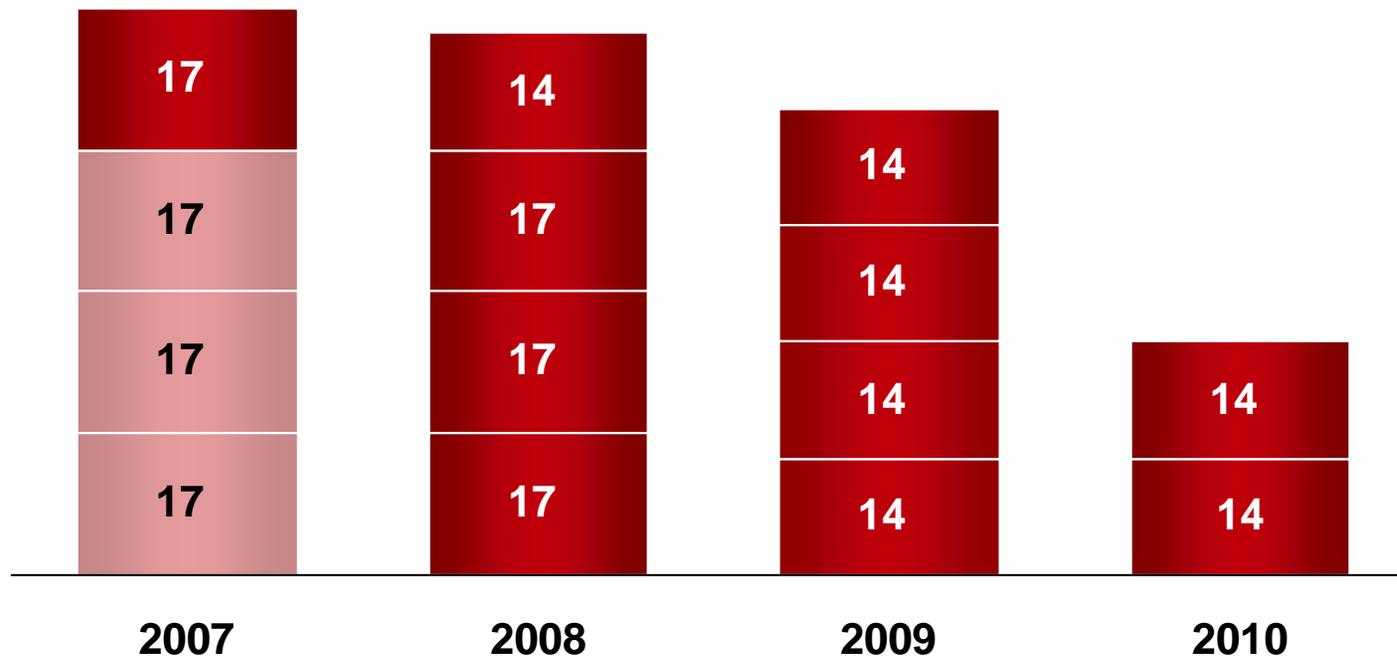
(S\$bn)

	Dec 2007	Dec 2008	Dec 2009	Mar 2010	Jun 2010
Tier-1 capital	16.4	18.4	23.3	23.6	24.2
RWA	184.6	182.7	177.2	175.9	184.8

2Q dividend of 14 cents per share

(S¢)

■ Ordinary (gross)
■ Ordinary (one-tier)



In summary – operating trends further strengthen

Higher revenues from sustained business volume growth

Lower allowance charges as asset quality improves; allowance coverage exceeds 100%

Strong balance sheet, continued focus on execution of strategy



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