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DBS RAISES CAPITAL TO STRENGTHEN FRANCHISE AND SEIZE GROWTH OPPORTUNITIES

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Rights issue to raise SGD 4 billion

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Proactive capital raising, initiated from position of strength, will make DBS one of the best capitalised banks in Asia

SINGAPORE, 22 December 2008 - DBS Group Holdings Ltd ("DBS") today announced a rights issue ("Rights Issue") to raise net proceeds of approximately SGD 4 billion on the basis of one new ordinary share ("Rights Share") for every two existing shares held as at 5.00 p.m. on 31 December 2008.

The capital-raising exercise will further strengthen DBS' balance sheet at a time when investor preference globally has shifted in favour of banks with higher capital levels, especially core capital levels. Following the Rights Issue, DBS' stronger capital position will provide the bank with a competitive advantage to strengthen existing customer relationships, seek out new customers, and selectively grow its loan book to increase market share and profitability.

Said DBS Chief Executive Officer Richard Stanley: "DBS is initiating this capital-raising exercise from a position of strength. Our business continues to perform well despite the challenges of the global economic downturn. We have a robust balance sheet characterised by strong liquidity, capital adequacy ratios and asset quality. The rights issue will enable DBS to capture opportunities to entrench our market position in key Asian markets and confidently weather the economic uncertainties ahead."

DBS said organic growth remains a priority and the capital raising is not intended for any merger and acquisition activity or extraordinary provisions.

The bank continues to experience strong deposit growth, high quality loan demand and better loan spreads, all of which will strengthen profitability in the core lending franchise.

DBS is confident that the prospects in its core markets, while not immune to the global economic slowdown, remain attractive over the medium to long term. The asset quality of DBS is healthy with a non-performing loans ratio of 1.3% and non-performing assets allowance coverage ratio of 123% as at 30 September 2008. DBS also has a strong liquidity position underpinned by a loan to deposit ratio of 76.6% in the same period. (Please refer to Trading Update released today for additional information.)

DBS has a strong capital position with capital ratios well above the minimum regulatory requirements. As of 30 September 2008, the consolidated core Tier 1¹ and Tier 1 ratios of the Group were 7.8% and 9.7%, respectively, while the total capital ratio

¹ Core Tier 1 refers to Tier 1 capital less qualifying preferred and hybrid instruments

was 13.4%. After adjusting for the estimated net proceeds of the Rights Issue, the *pro forma* consolidated core Tier 1 and Tier 1 ratios of the Group as at 30 September 2008 would have increased to 9.9% and 11.8%, respectively.

The Rights Issue is underwritten in full by Citigroup Global Markets Singapore Pte. Ltd., Goldman Sachs (Singapore) Pte., J.P. Morgan (S.E.A.) Limited, Morgan Stanley Asia (Singapore) Pte. and UBS AG, acting through its business division, UBS Investment Bank. DBS has also appointed DBS Bank Ltd and the Underwriters as joint lead managers of the Rights Issue. DBS' largest shareholder, Temasek Holdings (Private) Limited ("Temasek"), has agreed to subscribe for up to one-third of the Rights Issue through a sub-underwriting arrangement. This includes Temasek taking up its rights entitlement of 27.6%. The Directors of DBS intend to take up their entitlements under the Rights Issue in full.

The Rights Issue price of SGD 5.42 per share represents approximately 45% discount to the last traded share price of SGD 9.85 on 19 December 2008 and approximately 35% discount to the theoretical ex-rights share price of SGD 8.37 per share.

DBS intends to declare and pay a final dividend for the quarter ending 31 December 2008, amounting to the same absolute cash amount as it would have done had there been no Rights Issue. Going forward, DBS' dividend policy will reflect its long-term sustainable earnings growth and capital requirements, as well as general prevailing financial and business conditions.

Further details of the Rights Issue are set out in the announcement issued today by DBS, which can be found on the SGX website.

About DBS

DBS is one of the largest financial services groups in Asia with operations in 16 markets. DBS' "AA-" and "Aa1" credit ratings are among the highest in the Asia-Pacific region.

As a bank that specialises in Asia, DBS leverages its deep understanding of the region, local culture and insights to serve and build lasting relationships with its clients. DBS provides the full range of services in corporate, SME, consumer and wholesale banking activities across Asia and the Middle East. The bank is committed to expand its pan-Asia franchise by leveraging its growing presence in mainland China, Hong Kong and Taiwan to intermediate the increasing trade and investment flows between these markets. Likewise, DBS is focused on extending its end-to-end services to facilitate capital within fast-growing countries in Indonesia and India.

DBS acknowledges the passion, commitment and can-do spirit in each of its 15,000 staff, representing over 30 nationalities. For more information, please visit www.dbs.com.

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Neither the content of DBS' website nor any website accessible by hyperlinks on DBS' website is incorporated in, or forms part of, this News Release.

This News Release contains or incorporates by reference 'forward-looking statements' regarding the belief or current expectations of DBS, its directors and other members of its senior management about the businesses of DBS and its subsidiaries ("Group") and the transactions described in this News Release. Generally, words such as "may", "could", "will", "expect", "intend", "estimate", "anticipate", "believe", "plan", "seek", "continue" or similar expressions identify forward-looking statements. These forward-looking statements are not guarantees of future performance. Rather, they are based on current views and assumptions and involve known and unknown risks, uncertainties and other factors, many of which are outside the control of DBS and are difficult to predict, that may cause actual results to differ materially from any future results or developments expressed or implied from the forward-looking statements. Such risks and uncertainties include the effects of continued or increasing volatility in international financial markets, economic conditions both internationally and in individual markets in which the Group operates, and other factors affecting the level of the Group's business activities and the costs and availability of financing for the Group's activities. Any forward-looking statement contained in this News Release based on past or current trends and/or activities of the Group should not be taken as a representation that such trends or activities will continue in the future. No statement in this News Release is intended to be a profit forecast or to imply that the earnings of DBS for the current year or future years will necessarily match or exceed the historical or published earnings of DBS. Each forward-looking statement speaks only as of the date of the particular statement. DBS expressly disclaims any obligation or undertaking to News Release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in DBS' expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

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