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**DBS GROUP HOLDINGS LTD.**

(Registration No. 199901152M)

(Incorporated in the Republic of Singapore)

**RIGHTS ISSUE TO RAISE SGD4 BILLION**

**Introduction**

DBS Group Holdings Ltd. ("**DBS**") today announces a rights issue ("**Rights Issue**") to raise net proceeds of approximately SGD4 billion.

Pursuant to the Rights Issue, 760,480,229 Rights Shares will be offered at SGD5.42 per Rights Share ("**Rights Issue Price**") on the basis of one Rights Share for every two Shares held as at 5.00 p.m. (Singapore time) on 31 December 2008 ("**Books Closure Date**").

The Rights Issue is underwritten in full by Citi, Goldman Sachs, J.P. Morgan, Morgan Stanley and UBS ("**Underwriters**"). DBS' largest shareholder, Temasek Holdings (Private) Limited ("**Temasek**"), which holds in aggregate 27.6% of the issued share capital of DBS, is supportive of the Rights Issue and is sub-underwriting 33.3% of the Rights Issue.

The directors of DBS intend to take up their entitlements under the Rights Issue in full.

DBS has also appointed DBS Bank Ltd and the Underwriters as joint lead managers of the Rights Issue ("**Joint Lead Managers**").

**Rationale and Financial Effects of Rights Issue**

DBS is undertaking this capital raising from a position of strength. DBS' business continues to perform well despite the challenges of the global economic downturn. DBS has proactively evaluated its capital position in light of its business strategy and determined that the Rights Issue would address market expectations for higher capital levels for financial institutions globally.

A stronger capital position will provide DBS and its subsidiaries ("**Group**") with a critical source of differentiation, allowing it to take advantage of attractive growth opportunities in the current environment. This includes strengthening its customer relationships, seeking out new customers and selectively growing its loan book to increase market share and profitability. Organic growth remains a priority for DBS; the capital raising is not intended for any merger and acquisition activity or any extraordinary provisions.

As at 30 September 2008, the consolidated core Tier 1<sup>1</sup> and Tier 1 ratios of the Group were 7.8% and 9.7%, respectively. 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 are expected to increase to 9.9% and 11.8%, respectively.

The board of directors of DBS ("**Board**") considers the Rights Issue to be in the best interest of the Group and its shareholders as a whole. The Rights Issue would offer DBS' shareholders the opportunity to subscribe on a pre-emptive basis for Rights Shares at a price of SGD5.42 per Rights Share, representing a discount of approximately 45% to the closing price of SGD9.85 per Share on 19 December 2008, the last SGX-ST market day before the date of this Announcement, and a discount of approximately 35% to the theoretical ex-rights price of SGD8.37 per Share.

### **Trading Update**

DBS has today released a trading update as of the date hereof, details of which are contained in a separate announcement.

### **Dividends**

Given that the Rights Issue is announced near the end of, and the Rights Shares will be allotted and issued after, the financial year ending 31 December 2008, DBS intends to declare and pay a final dividend for the quarter ending 31 December 2008 the same absolute cash amount as it would have done had there been no Rights Issue. Going forward, DBS' dividend policy will reflect the long-term sustainable growth of the Group's business and depend upon, among other things, the expected future earnings and capital requirements of the Group and general prevailing financial and business conditions.

### **Principal Terms of Rights Issue**

The new ordinary shares in the capital of DBS to be issued pursuant to the Rights Issue (such new ordinary shares, "**Rights Shares**"; and such new and existing ordinary shares, "**Shares**") will be issued under the share issue mandate approved by shareholders of DBS at the Annual General Meeting held on 2 April 2008.

Pursuant to the Rights Issue, 760,480,229 Rights Shares will be offered on the basis of one new Rights Share for every two Shares held as at the Books Closure Date. Entitlements to subscribe for the Rights Shares ("**Rights**") will be renounceable and will be tradeable on the Main Board of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") from 6 January 2009 to 14 January 2009. The last date and time for acceptance of the Rights Shares is expected to be 20 January 2009 at 5 p.m. (or 9.30 p.m. for electronic applications).

The Rights Shares will, when issued and fully paid, rank *pari passu* in all respects with the then existing Shares, except that they will not rank for any dividends or other distributions the record date for which falls before the date of issue of the Rights Shares. The Rights Shares are expected to be allotted and issued on 30 January 2009, well before the books closure date for the final dividend for the quarter ending 31 December 2008 (such books closure date typically falling in late April or early May).

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<sup>1</sup> Core Tier 1 capital refers to Tier 1 capital less qualifying preferred and hybrid instruments.

Fractional entitlements to the Rights Shares will be disregarded and will, together with provisional allotments of Rights Shares which are not taken up for any reason, be aggregated and allotted to satisfy excess applications for Rights Shares (if any) or be disposed of or otherwise dealt with in such manner as the Board may in its absolute discretion deem fit in the interests of DBS. In the allotment of excess Rights Shares, preference will be given for the rounding of odd lots and substantial shareholders and the directors of DBS will rank last in priority.

Full details of the terms and conditions of the Rights Issue will be set out in an offer information statement ("**OIS**") to be lodged by DBS with the Monetary Authority of Singapore ("**MAS**") in connection with the Rights Issue and to be despatched to entitled shareholders (comprising Entitled Depositors and Entitled Scripholders referred to below).

## **Underwriting**

The Rights Issue is underwritten in full by Citigroup Global Markets Singapore Pte. Ltd. ("**Citi**"), Goldman Sachs (Singapore) Pte. ("**Goldman Sachs**"), J.P. Morgan (S.E.A.) Limited ("**J.P. Morgan**"), Morgan Stanley Asia (Singapore) Pte. ("**Morgan Stanley**") and UBS AG, acting through its business division, UBS Investment Bank ("**UBS**"), severally, on the terms and subject to the conditions of an underwriting agreement dated the date hereof ("**Underwriting Agreement**") made between DBS, the Joint Lead Managers and the Underwriters.

In consideration of the Underwriters' agreement to underwrite the Rights Shares, DBS will pay the Underwriters an underwriting commission of (1) 1.75% of the Rights Issue Price multiplied by that number of Rights Shares which is equal to the number of *Pro Rata* Shares referred to below and (2) 2.25% of the Rights Issue Price multiplied by the total number of Rights Shares (less the number of *Pro Rata* Shares). This commission will be shared by the Underwriters in proportion to their respective underwriting commitments.

The Underwriters may arrange sub-underwriting for some, all or none of the Rights Shares other than those Rights Shares to be subscribed by Temasek, directly or indirectly, as described below.

## **Temasek Subscription and Sub-Underwriting**

As at the date hereof, Temasek holds directly and through its wholly-owned subsidiary, Maju Holdings Pte Ltd ("**Maju**"), approximately 27.6% of the issued share capital of DBS in aggregate and is DBS' largest shareholder.

In support of the Rights Issue, Temasek, through its wholly-owned subsidiary Temasek Capital (Private) Limited, has undertaken with DBS and the Underwriters ("**Undertaking**") that Temasek and Maju will subscribe for their respective *pro rata* 27.6% entitlements under the Rights Issue in full ("**Pro Rata Shares**").

Temasek has, through its wholly-owned subsidiary Ixora Investments Pte. Ltd. ("**Ixora**"), also entered into a sub-underwriting agreement ("**Sub-Underwriting Agreement**") with the Underwriters, pursuant to which Ixora has agreed to subscribe for up to 33.3% of the Rights Issue to the extent that such Rights Shares are not validly subscribed for under the Rights Issue less the number of *Pro Rata* Shares which Temasek and Maju would have subscribed for under the Rights Issue ("**Sub-Underwriting Commitment**"). Under the Sub-Underwriting Agreement, Ixora will take up any unsubscribed Rights Shares in the proportion which the Sub-Underwriting Commitment bears to the

aggregate underwriting commitment of the Underwriters (excluding that representing the *Pro Rata* Shares).

In consideration of Ixora's commitment under the Sub-Underwriting Agreement, the Underwriters have agreed to pay (1) 1.75% of the Rights Issue Price multiplied by that number of Rights Shares which is equal to the number of *Pro Rata* Shares and (2) 2.25% of the Rights Issue Price multiplied by the balance number of Rights Shares comprised within the Sub-Underwriting Commitment. This fee will be paid by each Underwriter in proportion to the respective underwriting commitments under the Underwriting Agreement.

In the event that Temasek and Maju subscribe for the *Pro Rata* Shares and Ixora is called upon to subscribe for its entire Sub-Underwriting Commitment, Temasek's aggregate shareholdings (directly and through its designated wholly-owned subsidiaries) in the resultant issued share capital of DBS immediately after the Rights Issue will remain under 30%, assuming the issuance of all the Rights Shares. In the event that allotment and issuance of the Rights Shares or part thereof is delayed, the Undertaking and the Sub-Underwriting Agreement contain provisions which defer the allotment and issuance of Rights Shares to Temasek, Maju and Ixora to the extent that such allotment and issuance would cause Temasek to have an aggregate interest in 30% or more of the Shares in issue after the Rights Issue.

Accordingly, Temasek would not incur an obligation to make a mandatory general offer for DBS under the Singapore Code on Take-overs and Mergers solely by reason of subscribing for the Rights Shares pursuant to the commitments described above.

### **Board Confirmation**

In light of recent periods of market stress and volatility, the increased execution risks posed by the longer rights issue execution period and the likely material adverse consequences of an unsuccessful rights issue, the Board believes it is important that the Rights Issue be fully underwritten. The Board has considered the terms of the Underwriting Agreement and is unanimously of the view that they have been entered into on an arm's length basis, are fair and reasonable and to be in the interest of DBS and its shareholders as a whole.

In considering the structure of the Rights Issue underwriting, the Board notes the Underwriters' feedback that Temasek's support for the Rights Issue is essential. The Board also notes that, in giving its commitments, Temasek will be assuming market risks for the entire Rights Issue period not unlike the Underwriters and will be foregoing the ability to trade its rights entitlements. Additionally, the sub-underwriting commission to Temasek will be paid by the Underwriters out of their underwriting commission and will not lead to an additional cost to DBS over and above the underwriting commission payable to the Underwriters. Accordingly, the Board (including the independent directors) is unanimously of the view that the underwriting structure, including the sub-underwriting arrangement with Temasek, as described above is not detrimental to the interests of DBS and its minority shareholders and the sub-underwriting arrangements have been entered into on an arm's length basis.



## Indicative Timeline

An indicative timeline for the Rights Issue is set out below (all references below are to Singapore time):

Shares trade ex-Rights	:	Monday, 29 December 2008 from 9 a.m.
Lodgment of OIS with MAS	:	Wednesday, 31 December 2008
Books Closure Date	:	Wednesday, 31 December 2008 at 5 p.m.
Despatch of OIS (together with acceptance and application forms) to entitled shareholders	:	Tuesday, 6 January 2009
Start of Rights Issue offering period and trading of nil-paid Rights	:	Tuesday, 6 January 2009 from 9 a.m.
Last date and time for trading of nil-paid Rights	:	Wednesday, 14 January 2009 at 5 p.m.
Last date and time for splitting Rights	:	Thursday, 15 January 2009 at 5 p.m.
Last date and time for acceptance and payment for Rights Shares	:	Tuesday, 20 January 2009 at 5 p.m. (9.30 p.m. for electronic applications)
Last date and time for renunciation of and payment for Rights Shares	:	Tuesday, 20 January 2009 at 5 p.m.
Last date and time for application and payment for excess Rights Shares	:	Tuesday, 20 January 2009 at 5 p.m. (9.30 p.m. for electronic applications)
Expected date for issuance of Rights Shares	:	Friday, 30 January 2009
Expected date for commencement of trading of Rights Shares	:	Monday, 2 February 2009 from 9 a.m.

The indicative timetable may be subject to change at DBS' discretion, subject to agreement with the Joint Lead Managers and Underwriters.

## Notice of Books Closure Date

Notice is hereby given that the Transfer Books and the Register of Members of DBS will be closed at 5.00 p.m. (Singapore time) on the Books Closure Date, 31 December 2008, for the purpose of determining the provisional allotments of Rights Shares of shareholders under the Rights Issue.

The SGX-ST has granted a waiver to allow five market days' of notice (excluding the date of announcement and the books closure date) to be given for the Books Closure Date.

## Eligibility to Participate in Rights Issue

**Entitled Depositors.** Shareholders whose securities accounts with The Central Depository (Pte) Limited ("CDP") are credited with Shares as at 5.00 p.m. (Singapore time) on the Books Closure Date ("Depositors") will be provisionally allotted Rights Shares entitlements on the basis of the number of Shares standing to the credit of their securities accounts with CDP as at the Books Closure Date.

To be "Entitled Depositors", Depositors must have registered addresses in Singapore with CDP as at the Books Closure Date or if they have registered addresses outside Singapore must provide CDP, at 4 Shenton Way, #02-01 SGX Centre 2, Singapore 068807, with a registered address in Singapore no later than 5.00 p.m. (Singapore time) on 24 December 2008, being three market days prior to the Books Closure Date, in order to receive his provisional allotment of Rights Shares.

**Entitled Scripholders.** Shareholders whose share certificates are not deposited with CDP and whose shares are not registered in the name of CDP ("**Scripholders**") will have to submit duly completed and stamped transfers (in respect of Shares not registered in the name of CDP), together with all relevant documents of title, so as to be received up to 5.00 p.m. (Singapore time) on the Books Closure Date by DBS' Share Registrar, Tricor Barbinder Share Registration Services ("**Share Registrar**"), at 8 Cross Street, #11-00 PWC Building, Singapore 048424, in order to be registered to determine the transferee's provisional allotments of Rights Shares under the Rights Issue.

To be "Entitled Scripholders", Scripholders must have registered addresses in Singapore with DBS as at the Books Closure Date or if they have registered addresses outside Singapore must provide the Share Registrar, at 8 Cross Street, #11-00 PWC Building, Singapore 048424, with an address in Singapore for the service of notices or documents not later than 5.00 p.m. (Singapore time) on 24 December 2008, being three market days prior to the Books Closure Date, in order to receive his provisional allotment of Rights Shares.

**Foreign Shareholders.** For practical reasons and in order to avoid violating applicable securities laws outside Singapore, the Rights Shares will not be offered to shareholders with registered addresses outside Singapore as at Books Closure Date and who have not at least three market days prior thereto provided CDP or the Share Registrar, as the case may be, with addresses in Singapore for the service of notices or documents in accordance with the foregoing ("**Foreign Shareholders**").

To the extent it is practicable to do so, arrangements may, at the absolute discretion of DBS, be made for the provisional allotments of Rights Shares which would otherwise have been provisionally allotted to Foreign Shareholders to be sold nil-paid on the SGX-ST as soon as practicable after commencement of trading of nil-paid Rights. The net proceeds of such sales (after deducting any applicable brokerage, commissions and expenses, including goods and services tax) will be aggregated and paid to Foreign Shareholders in proportion to their respective shareholdings as at the Books Closure Date, save that no payment will be made of amounts of less than SGD10 to a single or joint Foreign Shareholders, which amounts will be aggregated and will ultimately accrue to the benefit of DBS.

**Private Placement to Qualified Institutional Buyers.** Notwithstanding the foregoing, in reliance upon certain exemptions from registration under the U.S. Securities Act applicable to an offer and sale of securities which does not involve a public offering in the United States, DBS intends to offer, by way of private placement, the Rights Shares to a limited number of pre-identified Foreign Shareholders who DBS reasonably believes are qualified institutional buyers (as defined in Rule 144A under the U.S. Securities Act), provided that such investors furnish investment representation letters satisfactory to DBS and the Joint Lead Managers and the Underwriters. DBS reserves absolute discretion in determining whether to allow such participation as well as the identity of the persons who may be allowed to do so. DBS believes that an offer to such shareholders would help enhance the success of the Rights Issue.

## **Adjustments to Share Options and Awards; Convertible Preference Shares**

DBS will make adjustments with respect to its employee share options and share awards to take into account the Rights Issue so that holders thereof will not be adversely affected thereby. Details of such adjustments will be communicated separately to holders of such options and awards.

As at the date hereof, DBS has issued 66,595,810 non-voting convertible preference shares (“CPS”), all of which are held by Maju. The CPS are not listed on the SGX-ST. Subject to certain restrictions as to voting and dividend, the CPS have the same rights as the Shares – in particular, CPS holders are entitled, but not obliged, to participate equally with shareholders through the issue of new CPS in any rights issue by DBS as if the CPS had been converted into Shares. Accordingly, DBS will offer to Maju for subscription one new CPS for every two CPS held as at the Books Closure Date at a subscription price equal to the Rights Issue Price, such offer to be made concurrently with the Rights Issue offering period.

## **Cessation of Share Buy-Backs**

On 2 April 2008, DBS obtained its shareholders’ approval for a share purchase mandate. DBS has as at the date hereof 4,579,000 Shares held in treasury. DBS has decided to cease buying back further Shares pursuant to the share purchase mandate from the date hereof until after the forthcoming Annual General Meeting of DBS scheduled in April 2009.

## **Further Information**

For further information, please contact the following:

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By Order of the Board of  
**DBS GROUP HOLDINGS LTD.**

Linda Hoon  
Company Secretary  
22 December 2008



**Important Notice**

This Announcement is for information purposes only and does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire, Rights or Rights Shares or to take up any entitlements to Rights Shares in any jurisdiction in which such an offer or solicitation is unlawful. No person should acquire any Rights or Rights Shares except on the basis of the information contained in the OIS.

The information contained in this Announcement is not for release, publication or distribution to persons in the United States and should not be distributed, forwarded to or transmitted in or into any jurisdiction where to do so might constitute a violation of applicable securities laws or regulations.

The issue, exercise or sale of rights and the acquisition or purchase of the Rights Shares are subject to specific legal or regulatory restrictions in certain jurisdictions. DBS assumes no responsibility in the event there is a violation by any person of such restrictions.

The distribution of this Announcement, the OIS, the provisional allotment letters and/or the application form for Rights Shares and excess Rights Shares into jurisdictions other than Singapore may be restricted by law. Persons into whose possession this Announcement and such other documents comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

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

This Announcement contains or incorporates by reference "forward-looking statements" regarding the belief or current expectations of DBS, the Board and other members of its senior management about the DBS Group's businesses and the transactions described in this Announcement. 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 DBS Group operates, and other factors affecting the level of the DBS Group's business activities and the costs and availability of financing for the DBS Group's activities. Any forward-looking statement contained in this Announcement based on past or current trends and/or activities of the DBS Group should not be taken as a representation that such trends or activities will continue in the future. No statement in this Announcement 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 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.