



# Earnings at record, focused on execution

**DBS Group Holdings**  
**3Q 2010 financial results**  
**Nov 4, 2010**

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# Earnings at record, focused on execution

- Performance underpinned by customer-driven flows
- Better results in Hong Kong
- Non-performing assets decline

# Net profit up 28% on year and 1% on quarter

(S\$m)	3Q 2010	3Q 2009	YoY %	2Q 2010	QoQ %
<b>Net interest income</b>	<b>1,079</b>	<b>1,140</b>	<b>(5)</b>	<b>1,067</b>	<b>1</b>
Fee income	340	361	(6)	358	(5)
Trading income	223	56	>100	278	(20)
Other income	167	20	>100	112	49
<b>Non-interest income</b>	<b>730</b>	<b>437</b>	<b>67</b>	<b>748</b>	<b>(2)</b>
<b>Income</b>	<b>1,809</b>	<b>1,577</b>	<b>15</b>	<b>1,815</b>	<b>(0)</b>
Staff expenses	360	322	12	362	(1)
Other expenses	366	313	17	355	3
<b>Expenses</b>	<b>726</b>	<b>635</b>	<b>14</b>	<b>717</b>	<b>1</b>
<b>Profit before allowances</b>	<b>1,083</b>	<b>942</b>	<b>15</b>	<b>1,098</b>	<b>(1)</b>
<b>Allowances</b>	<b>195</b>	<b>265</b>	<b>(26)</b>	<b>204</b>	<b>(4)</b>
<b>Net profit</b>	<b>722</b>	<b>563</b>	<b>28</b>	<b>718</b>	<b>1</b>

Excluding goodwill charges

# 9M net profit up 26% on year

(S\$m)	9M 2010	9M 2009	YoY %
<b>Net interest income</b>	<b>3,212</b>	<b>3,328</b>	<b>(3)</b>
Fee income	1,039	1,036	0
Trading income	731	378	93
Other income	355	289	23
<b>Non-interest income</b>	<b>2,125</b>	<b>1,703</b>	<b>25</b>
<b>Income</b>	<b>5,337</b>	<b>5,031</b>	<b>6</b>
Staff expenses	1,060	979	8
Other expenses	1,085	925	17
<b>Expenses</b>	<b>2,145</b>	<b>1,904</b>	<b>13</b>
<b>Profit before allowances</b>	<b>3,192</b>	<b>3,127</b>	<b>2</b>
<b>Allowances</b>	<b>754</b>	<b>1,145</b>	<b>(34)</b>
<b>Net profit</b>	<b>1,972</b>	<b>1,571</b>	<b>26</b>

Excluding one-time items and goodwill charges

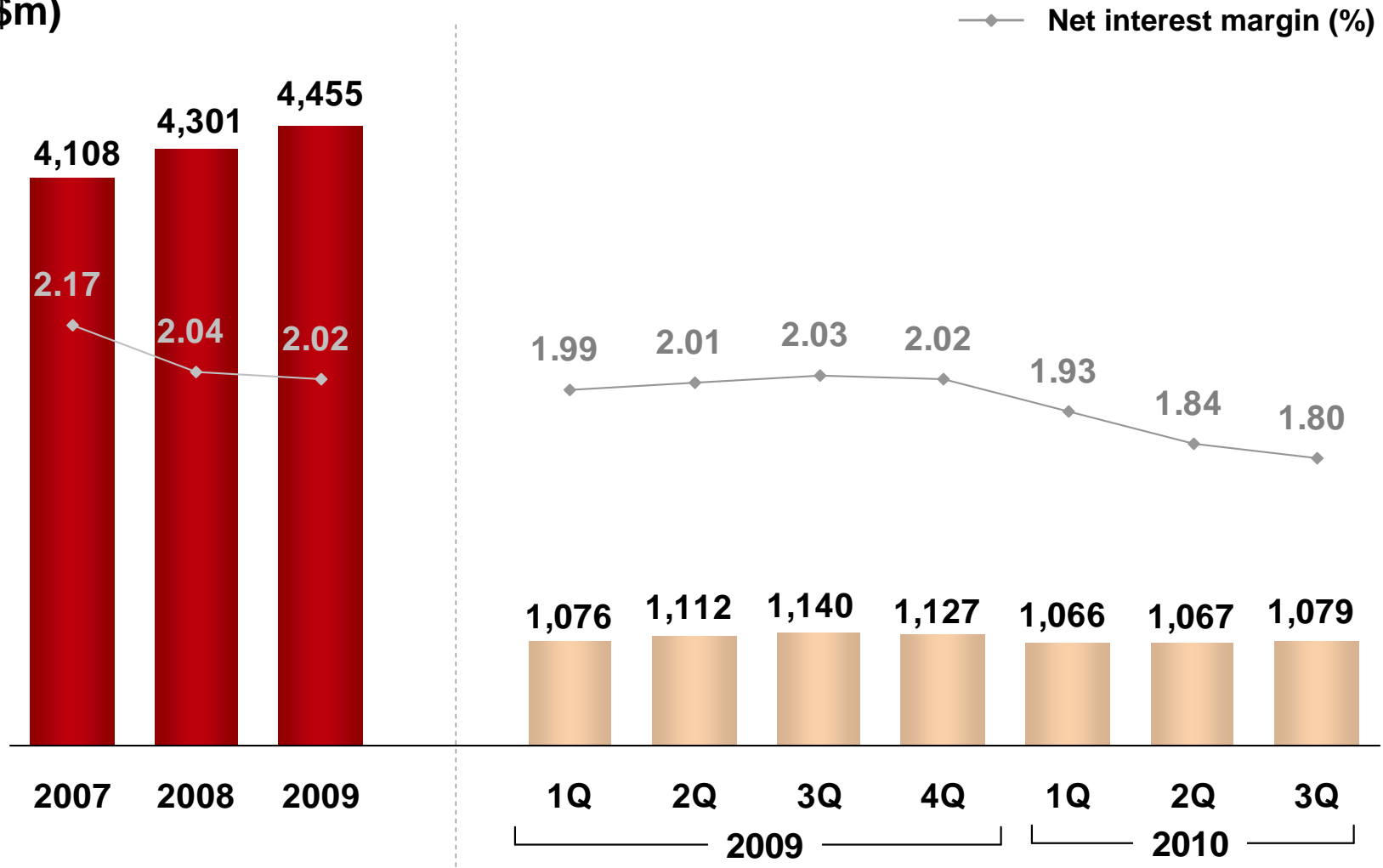
# Ratios hold steady from previous quarter

(%)	3Q 2010	2Q 2010	3Q 2009	9M 2010	9M 2009
Net interest margin	1.80	1.84	2.03	1.86	2.02
Fee income/total income	19	20	23	19	21
Non-interest income/total income	40	41	28	40	34
Cost/income	40	40	40	40	38
ROE	11.1	11.1	9.1	10.2	8.7
Loans/deposits	80	79	71	80	71
SP/average loans (bp)	33	19	70	49	75
NPL ratio	2.1	2.3	2.6	2.1	2.6

Excluding one-time items and goodwill charges

# Net interest income stable

(S\$m)



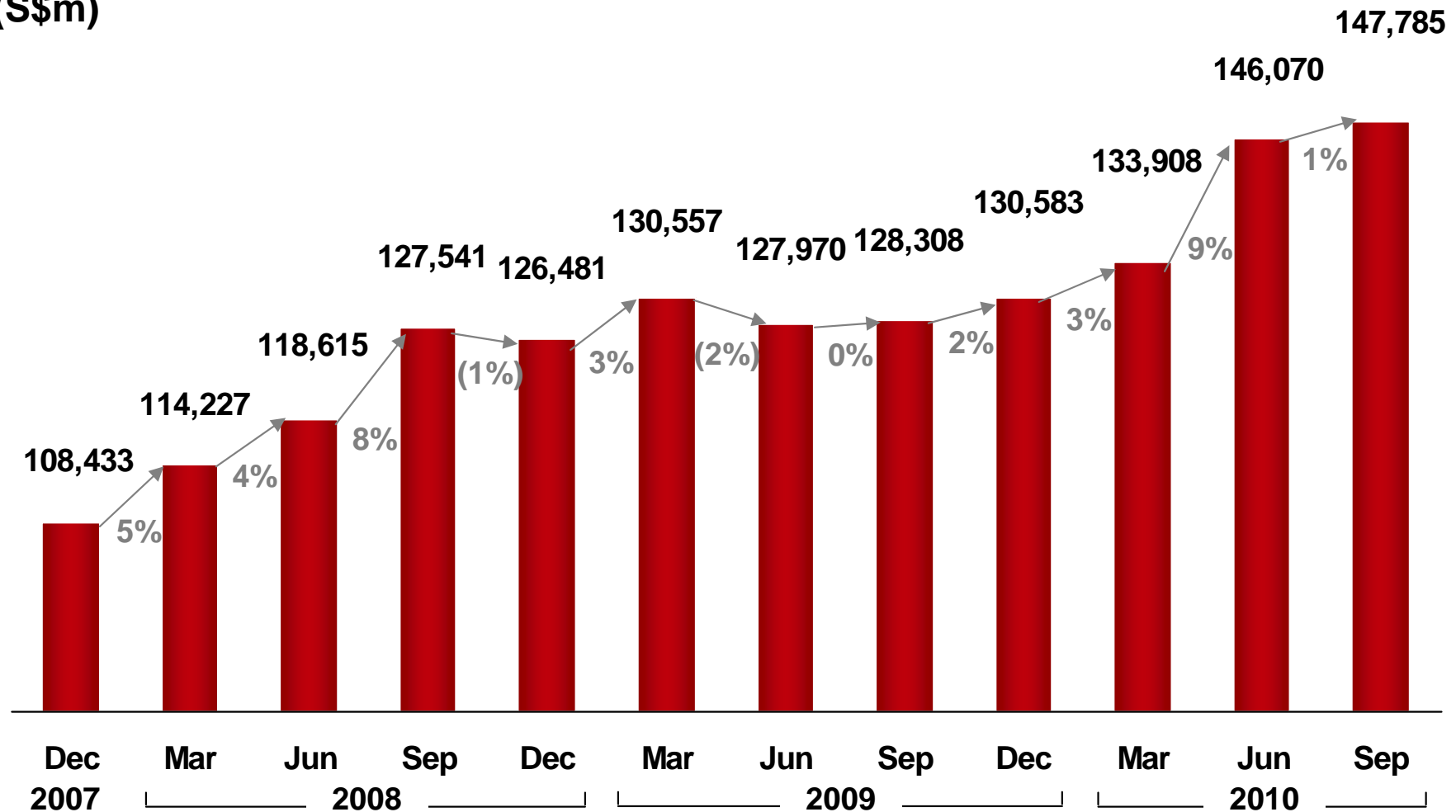
# Loans up 4% and deposits up 2% on quarter excluding currency translation effects

	Sep 10 (S\$m)	Jun 10 (S\$m)	Reported QoQ (%)	Underlying QoQ (%)
<b>Loans</b>				
SGD	64,908	60,852	7	7
HKD	31,789	33,073	(4)	2
USD	35,755	36,355	(2)	5
Others	18,082	18,868	(4)	(2)
<b>Total</b>	<b>150,534</b>	<b>149,148</b>	<b>1</b>	<b>4</b>
<b>Deposits</b>				
SGD	105,672	105,209	0	0
HKD	23,159	23,555	(2)	4
USD	28,699	26,104	10	16
Others	27,681	29,061	(5)	(4)
<b>Total</b>	<b>185,211</b>	<b>183,929</b>	<b>1</b>	<b>2</b>

Underlying excluding currency translation effects

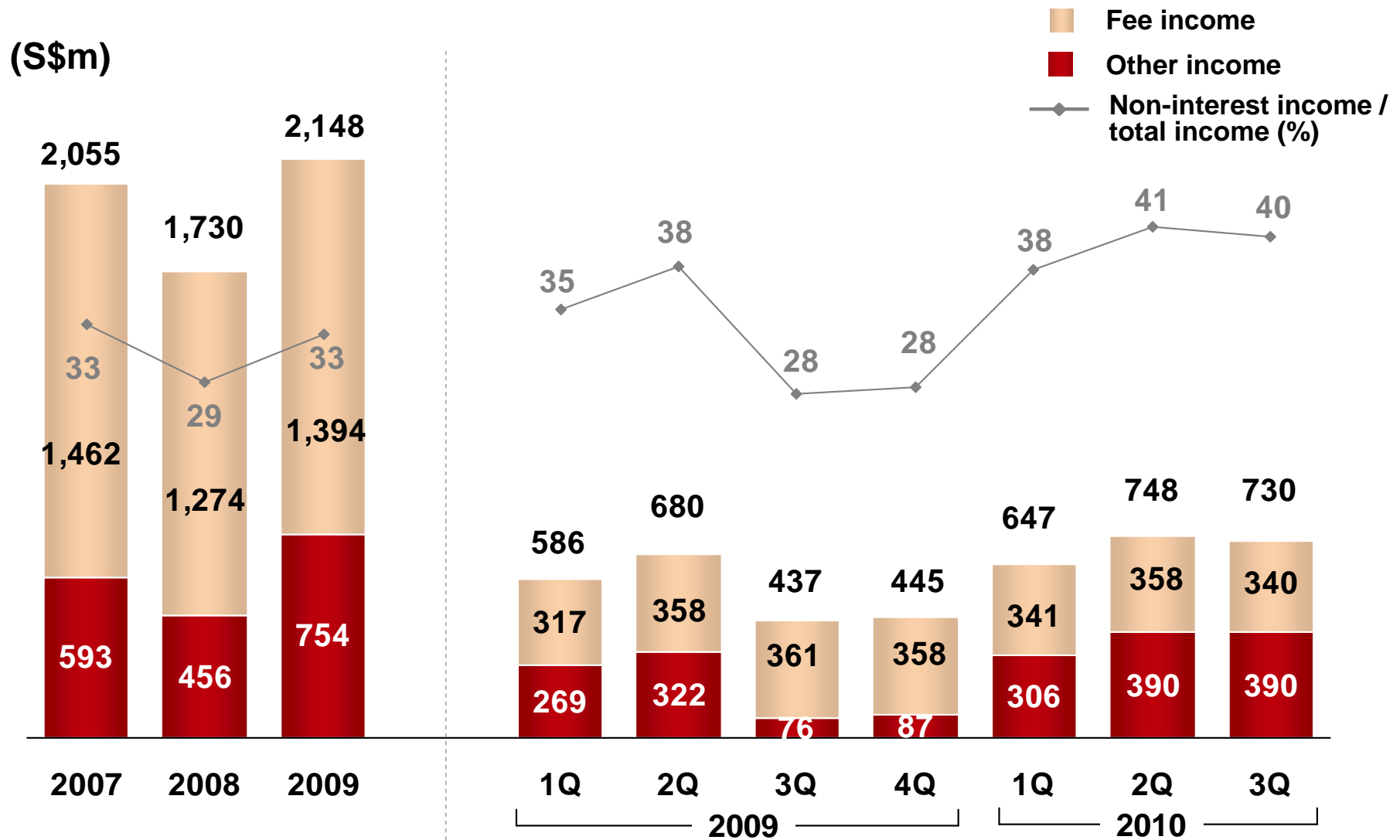
# Loans up 15% on year and 1% on quarter

(S\$m)



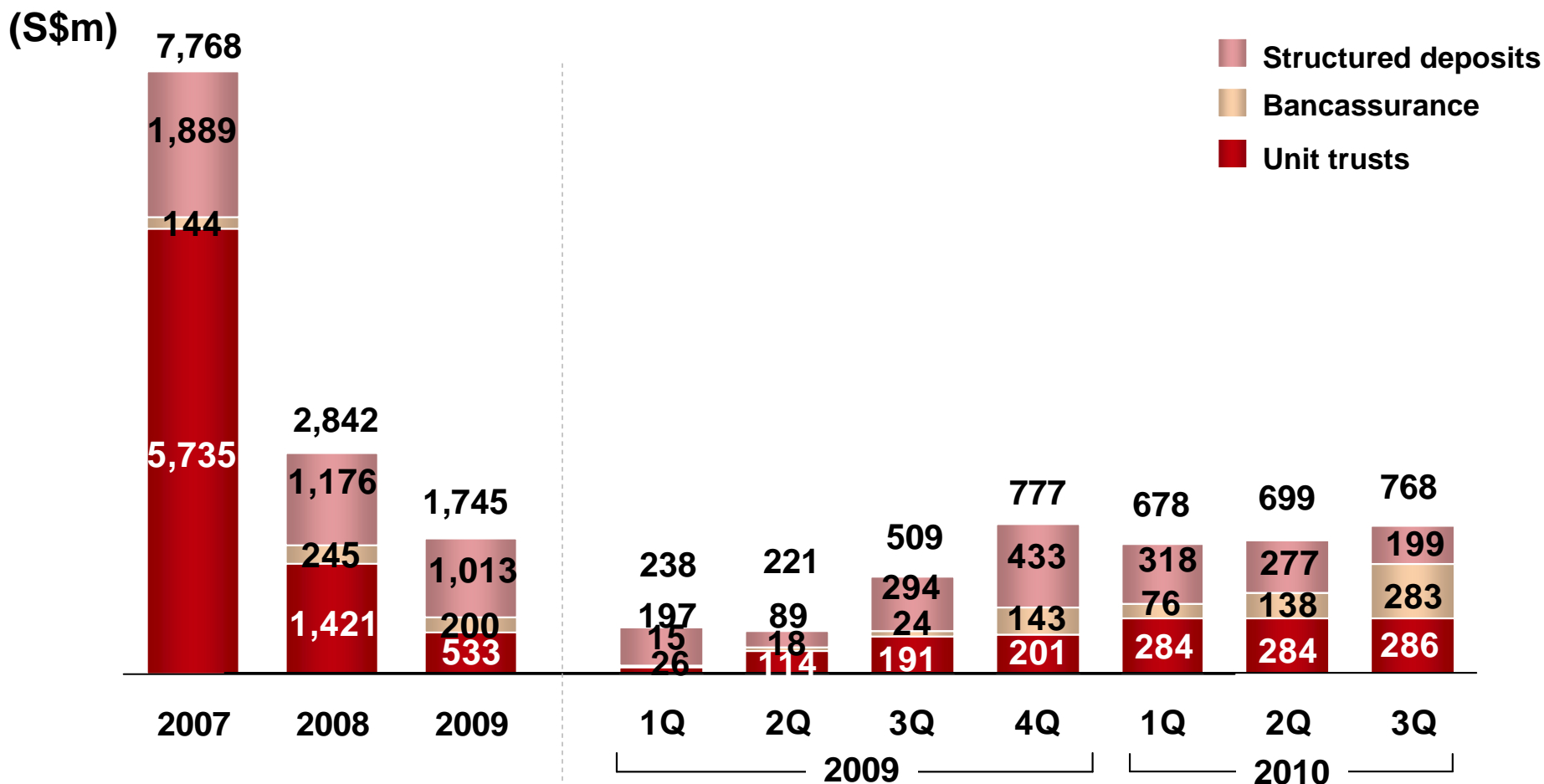


# Strength in non-interest income maintained



Excluding one-time items

# Wealth management sales at recent levels



## Sales (all products)

S'pore	3,924	1,587	775	123	112	238	303	385	406	459
HK	3,844	1,255	970	115	109	271	474	293	293	309

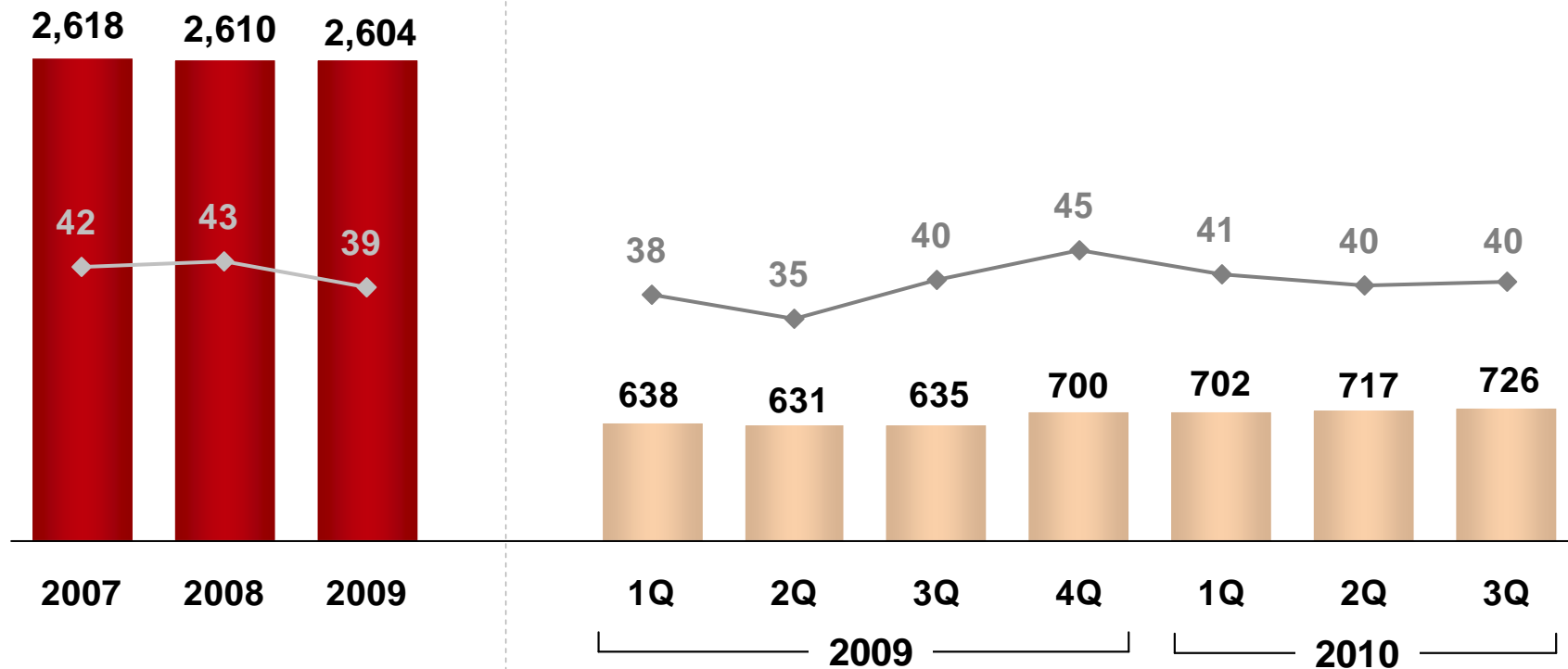
## Fees (unit trusts and bancassurance only)

S'pore + HK	249	137	101	16	21	34	30	27	34	31
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# Expenses rise slightly on quarter

(S\$m)

—◆— Cost/Income (%)



Excluding one-time items and goodwill charges

# Earnings at record, focused on execution

- ❑ Performance underpinned by customer-driven flows

- ❑ Better results in Hong Kong

- ❑ Non-performing assets decline

# Hong Kong's performance improves

(S\$m)	3Q 2010	3Q 2009	YoY %	2Q 2010	QoQ %
Net interest income	191	226	(15)	198	(4)
Non-interest income	195	105	86	165	18
<b>Income</b>	<b>386</b>	<b>331</b>	<b>17</b>	<b>363</b>	<b>6</b>
<b>Expenses</b>	<b>147</b>	<b>145</b>	<b>1</b>	<b>249</b>	<b>(41)</b>
<b>Profit before allowances</b>	<b>239</b>	<b>186</b>	<b>28</b>	<b>114</b>	<b>&gt;100</b>
<b>Allowances</b>	<b>18</b>	<b>14</b>	<b>29</b>	<b>32</b>	<b>(44)</b>
<b>Net profit</b>	<b>190</b>	<b>143</b>	<b>33</b>	<b>65</b>	<b>&gt;100</b>

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

# Hong Kong's 9M net profit up 29% on year

(S\$m)	9M 2010	9M 2009	YoY %
Net interest income	591	672	(12)
Non-interest income	525	352	49
Income	1,116	1,024	9
Expenses	543	446	22
Profit before allowances	573	578	(1)
Allowances	57	173	(67)
Net profit	435	336	29

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

# Hong Kong's operating ratios improve

(%)	3Q 2010	2Q 2010	3Q 2009	9M 2010	9M 2009
Net interest margin	1.56	1.68	1.94	1.68	1.93
Non-interest income/total income	50	46	32	47	34
Cost/income	38	69	44	49	44
ROA	1.35	0.64	1.09	1.08	0.85
Loans/deposits	104	104	82	104	82

## 9M regional earnings lower due to weaker non-interest income and higher investment costs

(S\$m)	9M 2010	9M 2009	YoY %
Net interest income	641	622	3
Non-interest income	274	348	(21)
Income	915	970	(6)
Expenses	436	356	22
Profit before allowances	479	614	(22)
Allowances	156	147	6
Net profit	319	384	(17)

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

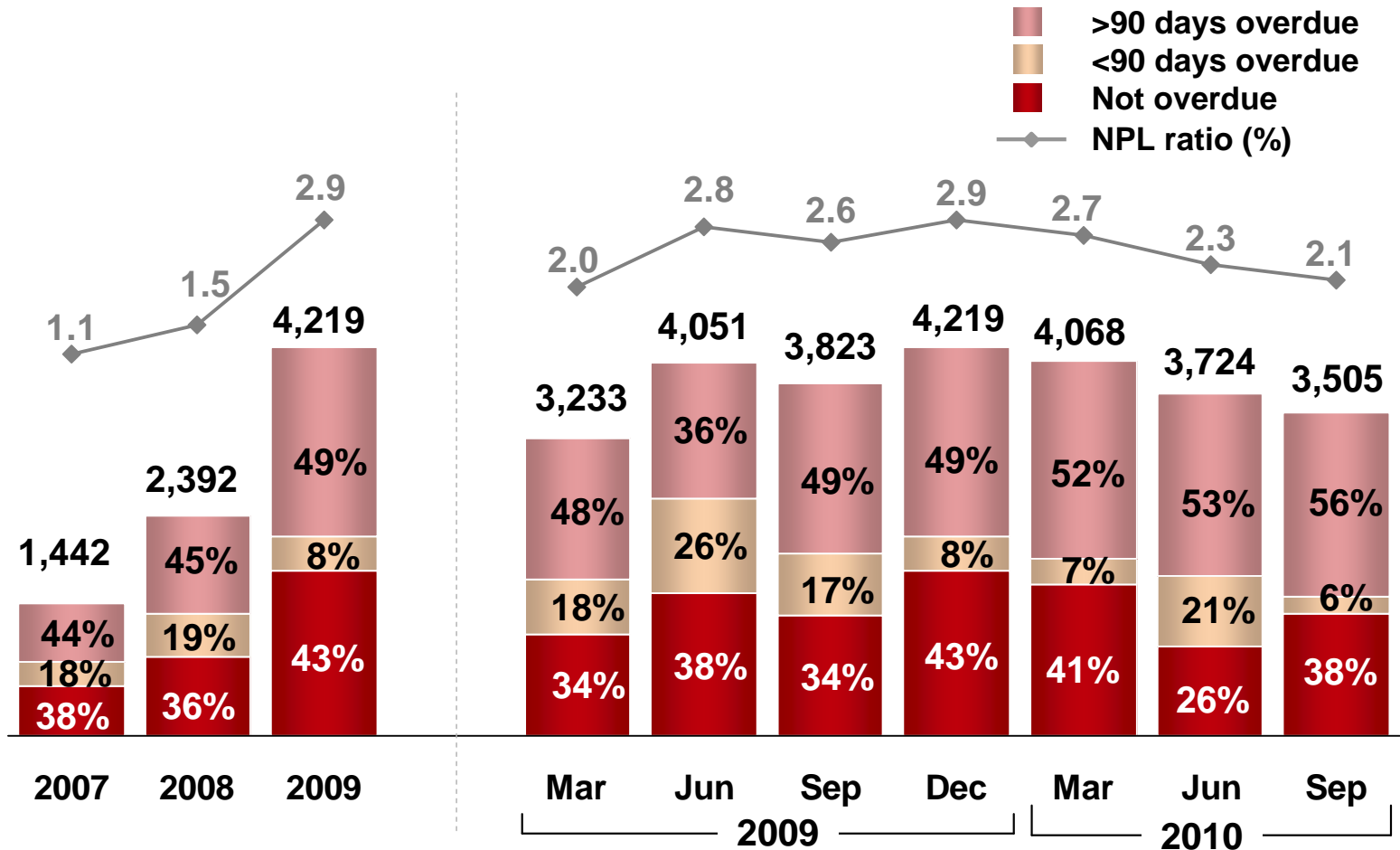


# Earnings at record, focused on execution

- ❑ Performance underpinned by customer-driven flows
- ❑ Better results in Hong Kong
- ❑ Non-performing assets decline

# Non-performing assets down 6% on quarter

(S\$m)



SP / Loans (bp)

9    35    85    70    83    70    116    97    19    33

Cumulative general and specific allowances as % of:

NPAs            135    114    83            97    81    90    83    92    101    97

Unsecured NPAs    245    176    108            156    119    128    108    119    126    124



# Non-performing assets decline as recoveries and write-offs exceed new NPAs

(S\$m)

	3Q 2010	2Q 2010	3Q 2009
NPAs at start of period	3,724	4,068	4,051
New NPAs	552	115	208
Net recoveries of existing NPAs	(280)	(268)	(325)
Write-offs	(491)	(191)	(111)
NPAs at end of period	3,505	3,724	3,823

# Specific allowances for loans remain low

(S\$m)	3Q 2010	2Q 2010	3Q 2009
<u>Add charges for</u>			
New NPLs	103	29	55
Existing NPLs	89	104	265
	192	133	320
<u>Subtract charges for</u>			
Upgrading	0	0	5
Settlements	61	54	72
Recoveries	6	11	14
	67	65	91
<b>Total SP charges</b>	<b>125</b>	<b>68</b>	<b>229</b>
<b>SP / Average loans (bp)</b>	<b>33</b>	<b>19</b>	<b>70</b>

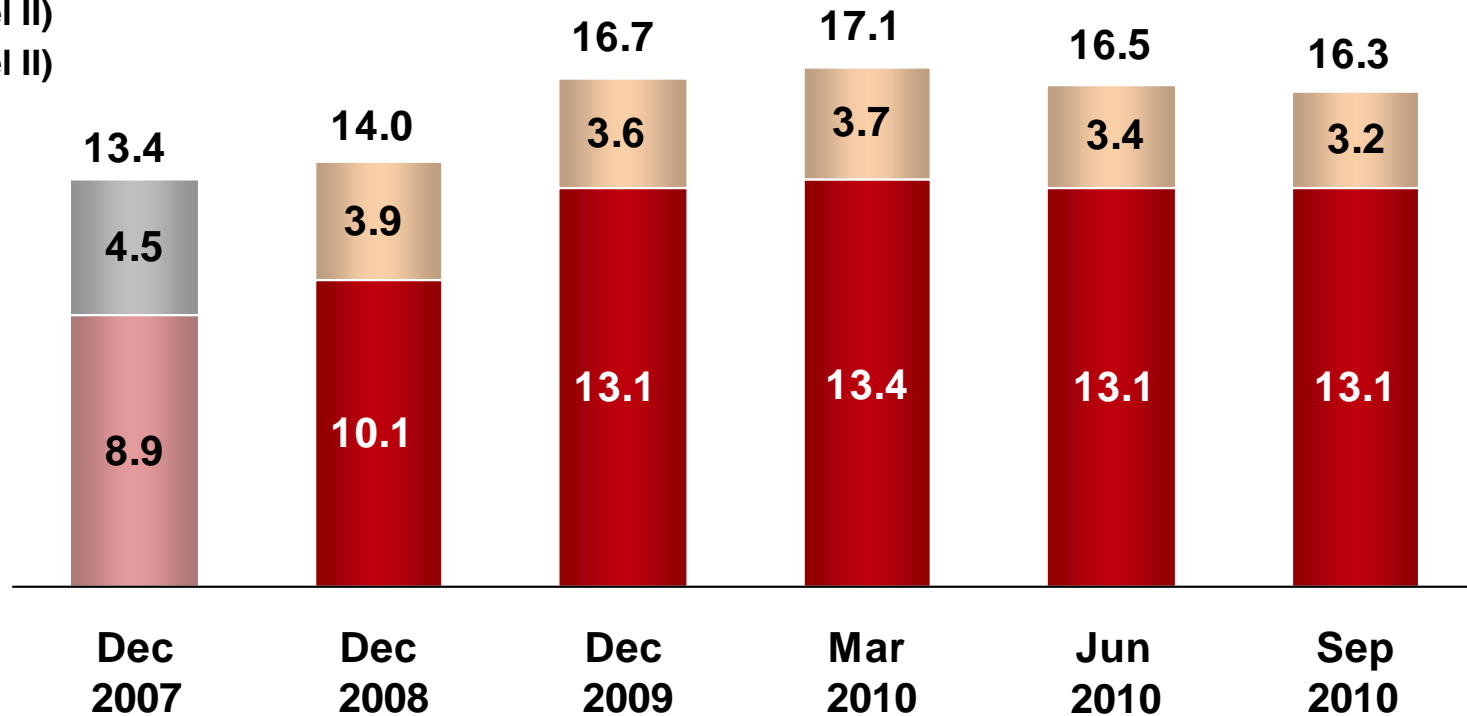
# AFS portfolio well-balanced between investment-grade government and corporate debt

	Sep 10 (S\$m)	Jun 10 (S\$m)
Singapore government securities	10,108	10,087
Other government securities	7,411	10,351
Corporate debt securities	10,727	10,027
Equities	1,190	1,040
<b>Total</b>	<b>29,436</b>	<b>31,505</b>

# CAR declines as RWA increases

(%)

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



(S\$bn)

Tier-1 capital	16.4	18.4	23.3	23.6	24.2	24.6
RWA	184.6	182.7	177.2	175.9	184.8	186.8

# **In summary – earnings at record, focused on execution**

**Earnings maintained at record from sustained growth in customer-driven revenues**

**Lower allowance charges as non-performing assets decline**

**Strong balance sheet, focused on execution of strategy**



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