

# Operating trends sustained despite challenging environment

**DBS Group Holdings**  
**3Q 2011 financial results**  
**November 2, 2011**

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# Operating trends sustained despite challenging environment

- ❑ **Total income at record, underpinned by customer income**
- ❑ **Hong Kong's results affected by lower margins and market-related income**
- ❑ **Balance sheet remains strong**

# 9M earnings up 17% on year to record \$2.30bn

(S\$m)	9M 2011	9M 2010	YoY %
<b>Net interest income</b>	<b>3,535</b>	<b>3,212</b>	<b>10</b>
Fee income	1,200	1,039	15
Trading income	547	731	(25)
Other income	433	355	22
<b>Non-interest income</b>	<b>2,180</b>	<b>2,125</b>	<b>3</b>
<b>Total income</b>	<b>5,715</b>	<b>5,337</b>	<b>7</b>
Staff expenses	1,272	1,060	20
Other expenses	1,146	1,085	6
<b>Expenses</b>	<b>2,418</b>	<b>2,145</b>	<b>13</b>
<b>Profit before allowances</b>	<b>3,297</b>	<b>3,192</b>	<b>3</b>
<b>Allowances</b>	<b>493</b>	<b>754</b>	<b>(35)</b>
<b>Net profit</b>	<b>2,304</b>	<b>1,972</b>	<b>17</b>

Excluding one-time items

## 3Q earnings up 6% on year and 4% on quarter

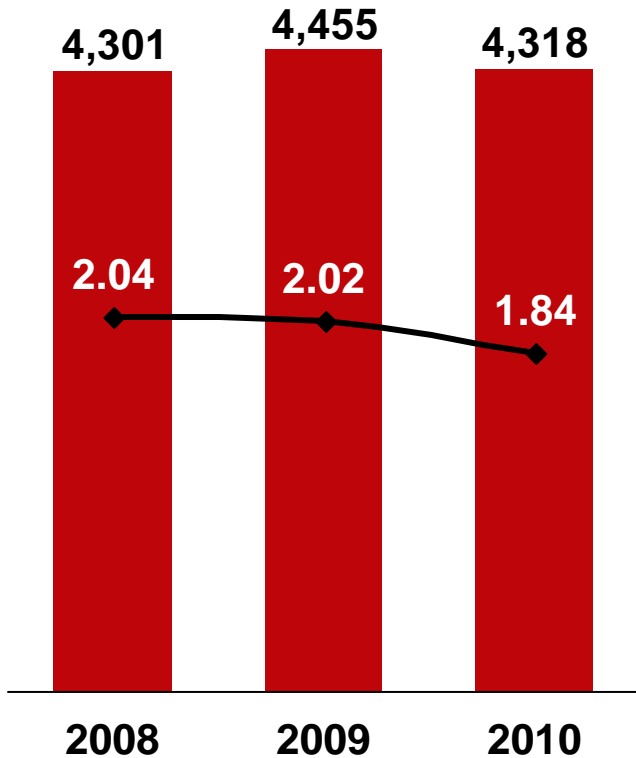
(S\$m)	3Q 2011	3Q 2010	YoY %	2Q 2011	QoQ %
<b>Net interest income</b>	<b>1,214</b>	<b>1,079</b>	<b>13</b>	<b>1,199</b>	<b>1</b>
Fee income	397	340	17	387	3
Trading income	143	223	(36)	146	(2)
Other income	214	167	28	106	>100
<b>Non-interest income</b>	<b>754</b>	<b>730</b>	<b>3</b>	<b>639</b>	<b>18</b>
<b>Total income</b>	<b>1,968</b>	<b>1,809</b>	<b>9</b>	<b>1,838</b>	<b>7</b>
Staff expenses	444	360	23	423	5
Other expenses	403	366	10	375	7
<b>Expenses</b>	<b>847</b>	<b>726</b>	<b>17</b>	<b>798</b>	<b>6</b>
<b>Profit before allowances</b>	<b>1,121</b>	<b>1,083</b>	<b>4</b>	<b>1,040</b>	<b>8</b>
<b>Allowances</b>	<b>231</b>	<b>195</b>	<b>18</b>	<b>137</b>	<b>69</b>
<b>Net profit</b>	<b>762</b>	<b>722</b>	<b>6</b>	<b>735</b>	<b>4</b>

# 9M ROE improves to 11.3%

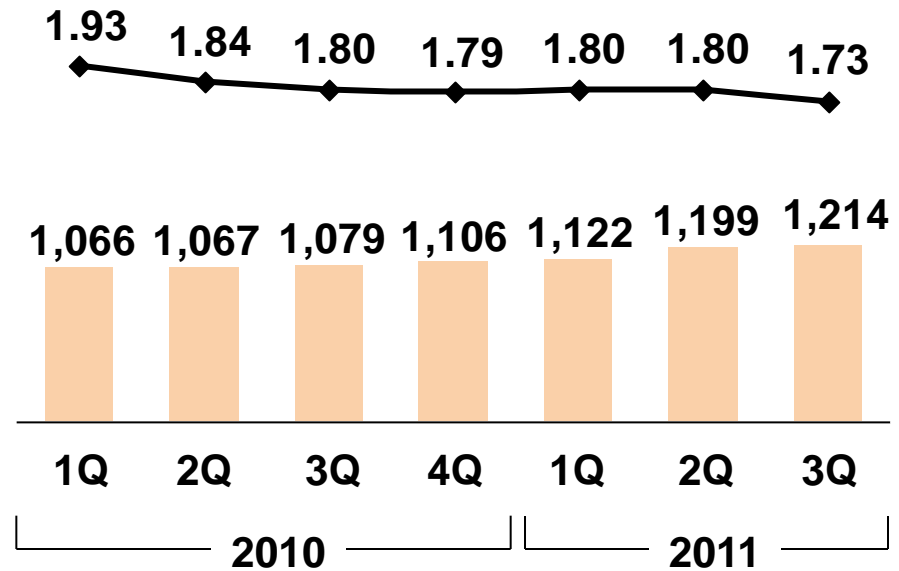
(%)	3Q 2011	3Q 2010	2Q 2011	9M 2011	9M 2010
Net interest margin	1.73	1.80	1.80	1.78	1.86
Fee income/total income	20	19	21	21	19
Non-interest income/total income	38	40	35	38	40
Cost/income	43	40	43	42	40
ROE	10.8	11.1	10.6	11.3	10.2
Loans/deposits	84	80	80	84	80
SP/average loans (bp)	9	33	7	8	49
NPL ratio	1.3	2.1	1.5	1.3	2.1

# 3Q net interest income up 13% on year to record

(S\$m)



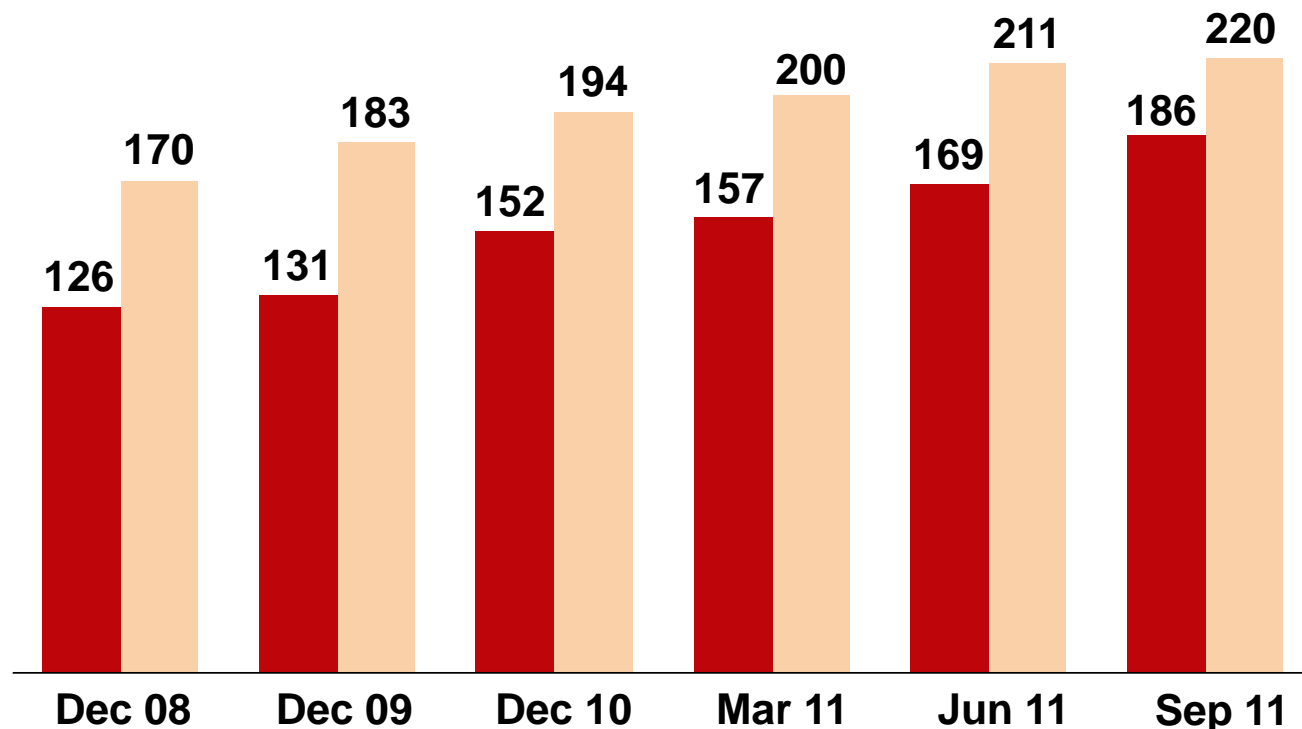
◆ Net interest margin (%)



# Loans up 10% on quarter, 7% excluding currency effects; LDR healthy at 84%

(S\$bn)

Loans Deposits



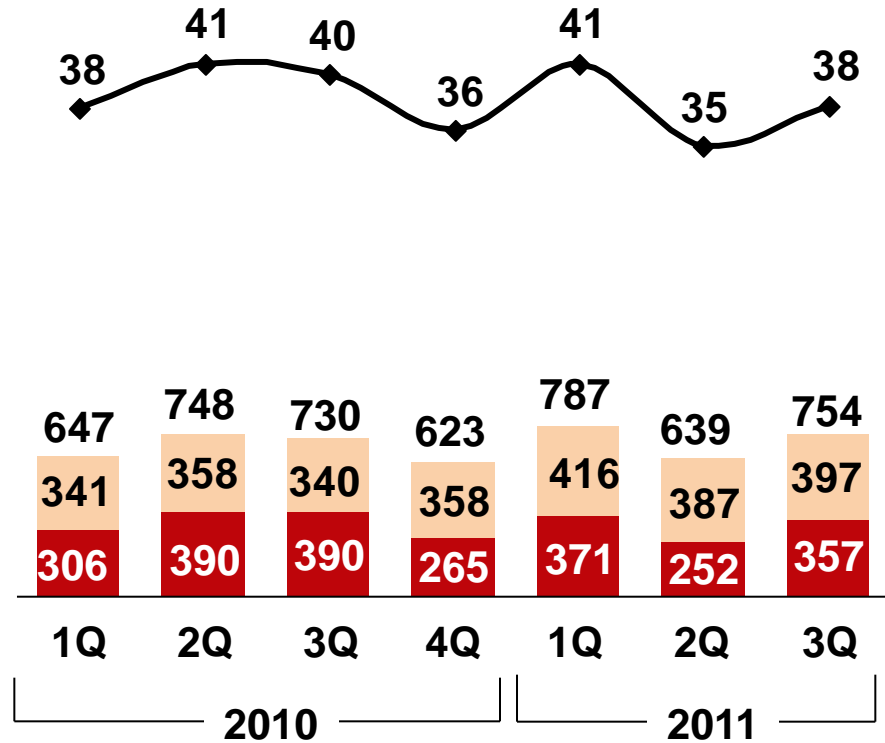
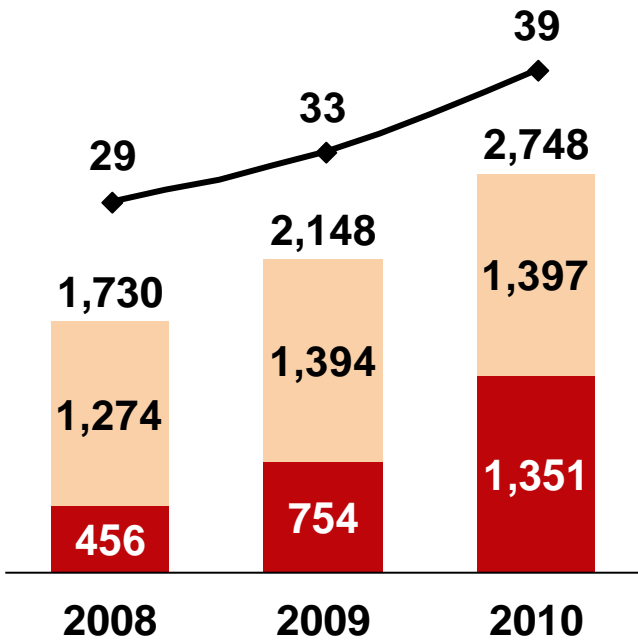
## Loans/deposits (%)

Group	74	71	79	79	80	84
SGD *	57	55	60	60	60	62
Non-SGD *	99	96	107	108	109	115

\* Based on gross loans

# 3Q fee income up 17% on year

(S\$m) —◆— Non-interest income / total income (%) ■ Trading + other income  
 ■ Fee income





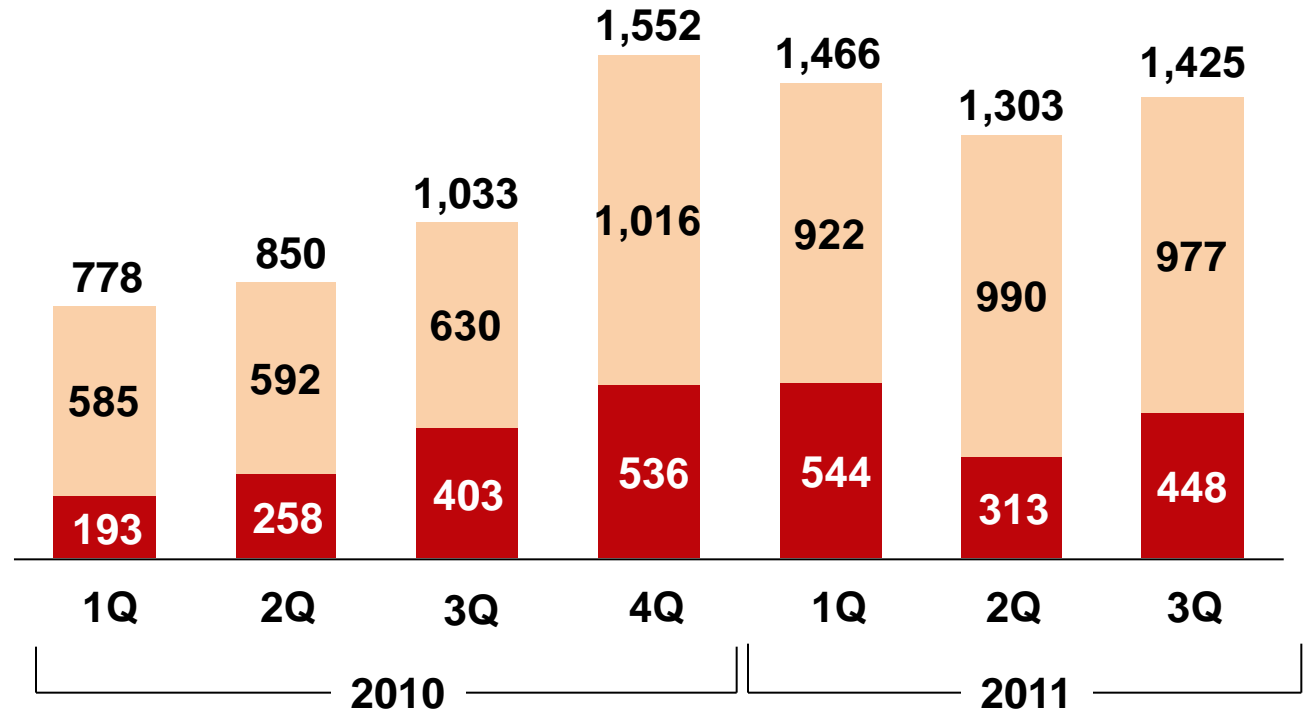
# 9M Treasury customer income up 31% on year, accounting for 44% of total Treasury income

(S\$m)	9M 2011	9M 2010	YoY %
Customer income	672	512	31
Other income, principally from balance sheet management, market-making and warehousing	843	1,066	(21)
<b>Total Treasury income</b>	<b>1,515</b>	<b>1,578</b>	<b>(4)</b>
<b>Customer income as % of total Treasury income</b>	<b>44</b>	<b>32</b>	<b>12pt</b>

# 3Q wealth management fees up 35% on year

Regional sales volume (S\$m)

Unit Trust Bancassurance



Fees (unit trusts & bancassurance only)

27      34      31      44      51      52      42

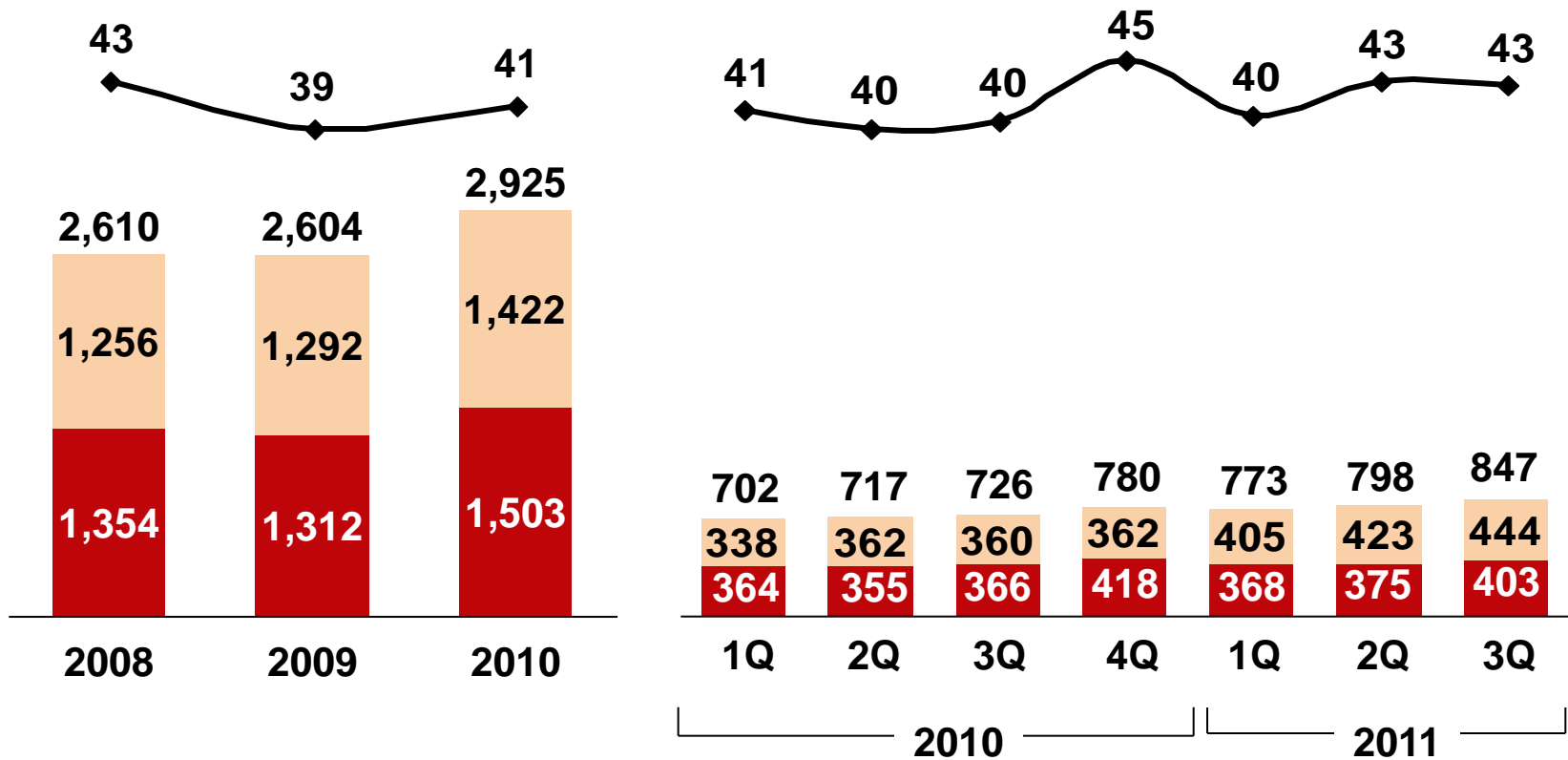
Excluding other wealth management products such as structured deposits



# Continued investments to support higher business volumes and build capacity for growth

(S\$m)

◆ Cost / income (%)    ■ Other expense  
 ■ Staff expense



# 9M net profit from regional operations up 43%

(S\$m)	9M 2011	9M 2010	YoY %
Net interest income	817	641	27
Non-interest income	258	274	(6)
<b>Total income</b>	<b>1,075</b>	<b>915</b>	<b>17</b>
<b>Expenses</b>	<b>498</b>	<b>436</b>	<b>14</b>
<b>Profit before allowances</b>	<b>577</b>	<b>479</b>	<b>20</b>
<b>Allowances</b>	<b>74</b>	<b>156</b>	<b>(53)</b>
<b>Net profit</b>	<b>456</b>	<b>319</b>	<b>43</b>

Figures for operations outside of Singapore and Hong Kong

# Operating trends sustained despite challenging environment

- ❑ Total income at record, underpinned by customer income

- ❑ Hong Kong's results affected by lower margins and market-related income

- ❑ Balance sheet remains strong

# Hong Kong's 9M earnings up 12% on year in constant currency terms

(S\$m)	Constant currency terms			
	9M 2011	9M 2010	YoY %	YoY %
Net interest income	578	591	(2)	8
Non-interest income	513	525	(2)	9
Total income	1,091	1,116	(2)	9
Expenses	462	543	(15)	(5)
Profit before allowances	629	573	10	22
Allowances	106	56	89	>100
Net profit	441	435	1	12
Net interest margin (%)	1.40	1.68		
Loan growth (%)				23
Deposit growth (%)				11

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

# Hong Kong's 3Q earnings affected by lower interest margins and market-related income

Constant currency terms

(S\$m)	3Q 2011	3Q 2010	YoY %	YoY %	2Q 2011	QoQ %	QoQ %
Net interest income	189	191	(1)	8	199	(5)	(5)
Non-interest income	136	195	(30)	(22)	177	(23)	(22)
Total income	325	386	(16)	(7)	376	(14)	(13)
Expenses	153	147	(4)	14	154	(1)	(1)
Profit before allowances	172	239	(28)	(20)	222	(23)	(22)
Allowances	43	17	>100	>100	54	(20)	(19)
Net profit	108	190	(43)	(37)	143	(24)	(23)
Net interest margin (%)	1.25	1.56			1.52		
Loan growth (%)				23			7
Deposit growth (%)				11			9

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



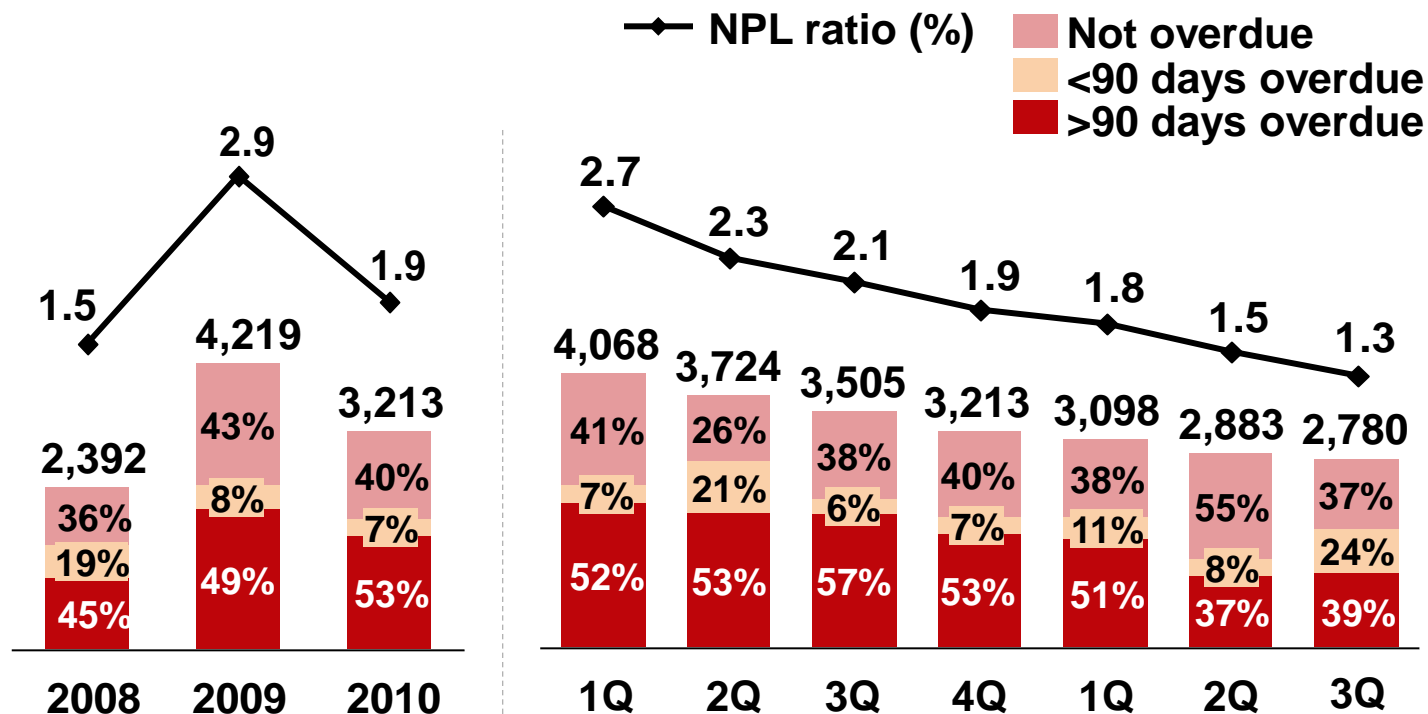
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# NPL ratio continues to improve

NPA (\$m)



SP/loans (bp)	35	85	43	97	19	33	25	9	7	9
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Cumulative general and specific allowances as % of:

NPAs	114	83	100	92	101	97	100	103	113	124
Unsecured NPAs	176	108	127	119	126	124	127	134	148	158

# NPAs decline 4% on quarter

(S\$m)	3Q 2011	2Q 2011	3Q 2010
NPAs at start of period	2,883	3,098	3,724
New NPAs	161	91	552
Upgrades and recoveries	(157)	(266)	(280)
Write-offs	(107)	(40)	(491)
NPAs at end of period	2,780	2,883	3,505

# Specific allowances remain low

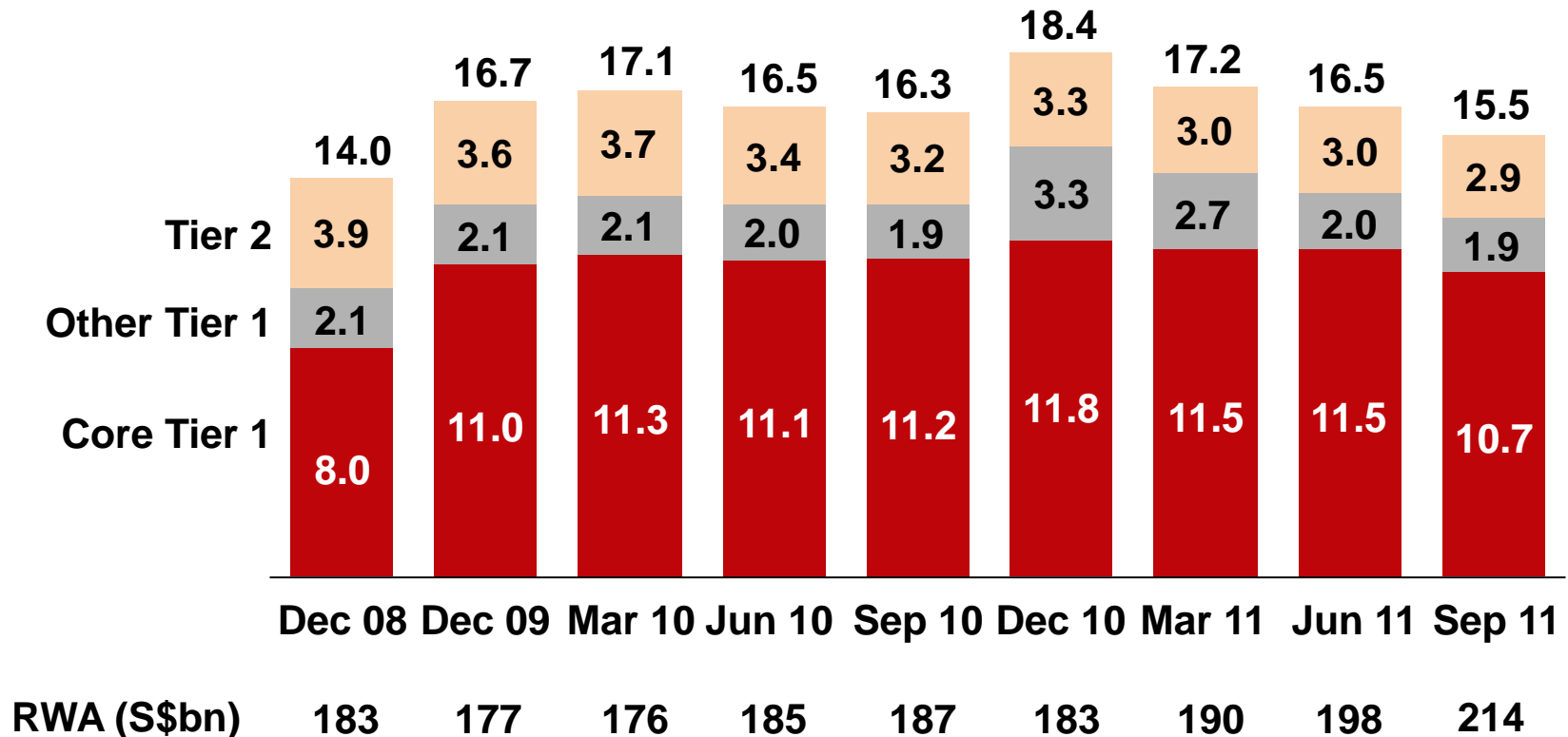
(S\$m)	3Q 2011	2Q 2011	3Q 2010
<u>Add charges for</u>			
New NPLs	39	44	103
Existing NPLs	78	56	89
	117	100	192
<u>Subtract charges for</u>			
Upgrading	44	4	0
Settlements	20	38	61
Recoveries	12	31	6
	76	73	67
<b>Total SP charges</b>	<b>41</b>	<b>27</b>	<b>125</b>
<b>SP / average loans (bp)</b>	<b>9</b>	<b>7</b>	<b>33</b>

# AFS portfolio diversified between investment-grade government and corporate debt

	Sep 11 (S\$m)	Jun 11 (S\$m)
Singapore government securities	10,745	11,371
Other government securities	7,945	8,530
Supranational, bank and corporate debt securities	10,533	10,524
Equities	1,141	1,023
<b>Total</b>	<b>30,364</b>	<b>31,448</b>
European governments and banks	2,383	
As percentage of total assets	0.7%	

# Capital ratios remain strong

(%)



# **In summary – operating trends sustained despite challenging environment**

**Nine-month results demonstrate success in strategy implementation underpinned by prudent risk management and solid balance sheet**

**Our liquidity, asset quality and capital are strong**

**We are well-positioned to weather near-term uncertainties while capturing Asian growth opportunities in focused and measured way**

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