

**October 28, 2002**

**DBS Group Holdings  
3Q 2002 Financial Results  
Presentation to Media and Analysts**

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## Nine months operating profit up 21% year on year

(S\$ million)

	9M 2002	9M 2001	% change
<b>Net interest income</b>	<b>2,003</b>	<b>1,550</b>	<b>29.3</b>
Fee income	607	419	44.8
<b>Non-interest income</b>	<b>1,014</b>	<b>1,016</b>	<b>(0.2)</b>
<b>Operating income</b>	<b>3,018</b>	<b>2,566</b>	<b>17.6</b>
Staff costs	685	634	8.1
Other operating expenses	693	579	19.6
<b>Operating expenses</b>	<b>1,378</b>	<b>1,213</b>	<b>13.6</b>
<b>Operating profit</b>	<b>1,640</b>	<b>1,353</b>	<b>21.1</b>
Goodwill	206	64	223.3
Provisions	353	292	21.0
<b>Net profit</b>	<b>735</b>	<b>830</b>	<b>(11.5)</b>
<b>Cash net profit (a)</b>	<b>940</b>	<b>894</b>	<b>5.2</b>

(a) Net profit before goodwill amortization

## Operating profit down 2.3% quarter on quarter

(S\$ million)

	3Q 2002	2Q 2002	% change	3Q 2001	% change
<b>Net interest income</b>	<b>671</b>	<b>663</b>	<b>1.1</b>	<b>588</b>	<b>14.0</b>
Fee income	201	213	(5.9)	168	19.5
<b>Non-interest income</b>	<b>313</b>	<b>348</b>	<b>(10.1)</b>	<b>450</b>	<b>(30.5)</b>
<b>Operating income</b>	<b>983</b>	<b>1,011</b>	<b>(2.7)</b>	<b>1,038</b>	<b>(5.3)</b>
Staff costs	219	230	(4.5)	244	(10.2)
Other operating expenses	233	238	(2.2)	220	5.9
<b>Operating expenses</b>	<b>452</b>	<b>467</b>	<b>(3.3)</b>	<b>464</b>	<b>(2.6)</b>
<b>Operating profit</b>	<b>531</b>	<b>544</b>	<b>(2.3)</b>	<b>574</b>	<b>(7.5)</b>
Goodwill	69	69	0.6	64	8.7
Provisions	150	107	40.1	246	(38.8)
<b>Net profit</b>	<b>199</b>	<b>258</b>	<b>(22.8)</b>	<b>201</b>	<b>(0.9)</b>
<b>Cash net profit (a)</b>	<b>268</b>	<b>327</b>	<b>(17.9)</b>	<b>265</b>	<b>1.4</b>

(a) Net profit before goodwill amortization

## Financial ratios (YoY)

Comparison of	3Q 2002	vs.	3Q 2001
Net interest margin	2.00%		1.77%
Non-interest inc. / operating inc.	31.8%		31.4% <sup>(a)</sup>
Cost-to-income <sup>(b)</sup>	46.0%		44.7%
Cash ROA <sup>(c)</sup>	0.71%		0.34%
Cash ROE <sup>(c)</sup>	7.62%		4.63%
NPLs	5.7%		6.0%
Loan-to-deposit	63.2%		64.2%
Cash EPS (\$) <sup>(c)</sup>	0.72		0.42

(a) Excludes extraordinary gains

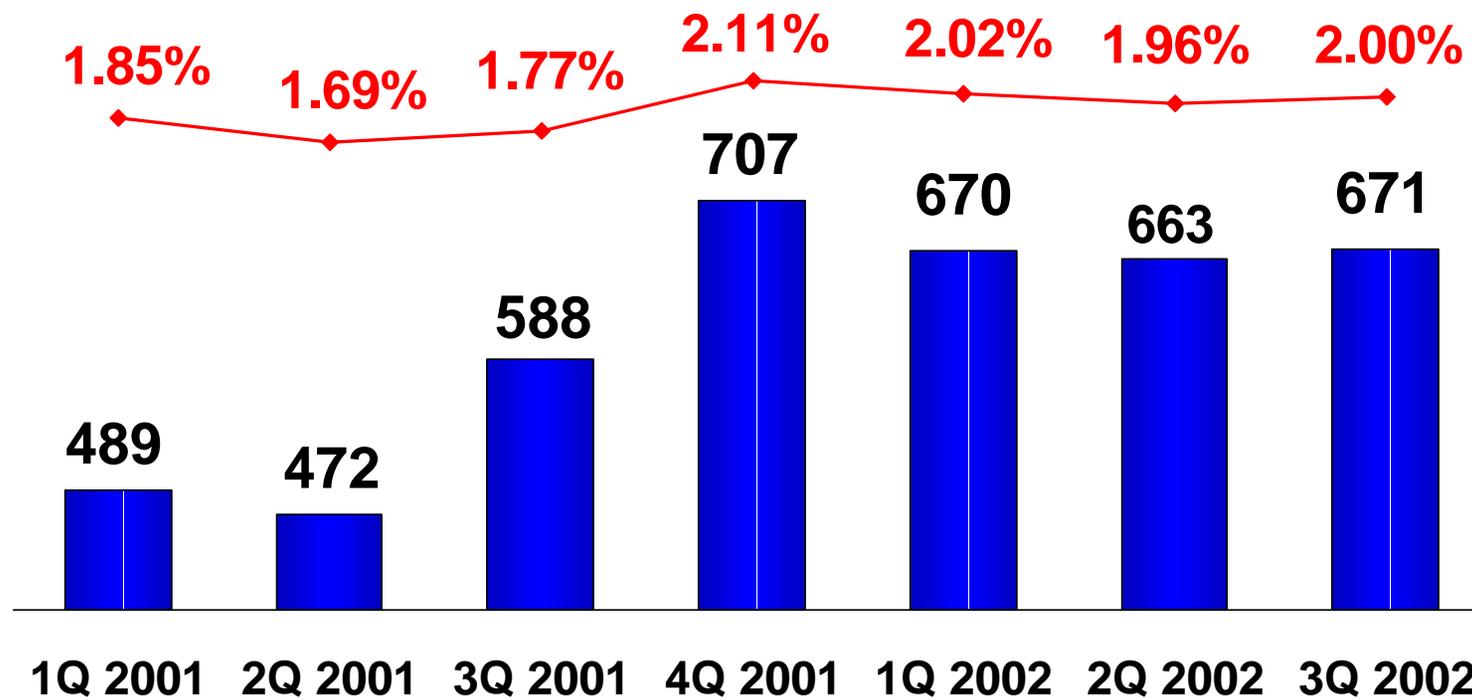
(b) Excludes goodwill amortization

(c) Earnings per share before goodwill amortization, annualized

# Interest margins remain firm

(S\$ million)

■ Net interest income  
◆ Net interest margin (gross basis)



## Fee income now 20% of revenues

(S\$ million)

	3Q 2002	2Q 2002	% change	3Q 2001	% change
Trade finance	28	26	6.2	29	(3.2)
Deposit-related	28	28	(0.7)	29	(3.2)
Credit card	24	25	(3.3)	29	(16.4)
Loan-related	41	34	21.1	35	16.4
Investment banking	19	20	(6.7)	15	23.6
Stockbroking	24	36	(34.0)	7	227.8
Fund management	5	11	(57.0)	5	(7.1)
Wealth management	25	24	6.7	13	95.3
Others	7	9	(22.8)	5	27.5
<b>Total</b>	<b>201</b>	<b>213</b>	<b>(5.9)</b>	<b>168</b>	<b>19.5</b>
<b>Fee-to-income ratio (%)</b>	<b>20</b>	<b>21</b>		<b>16</b>	

## Other income

(S\$ million)

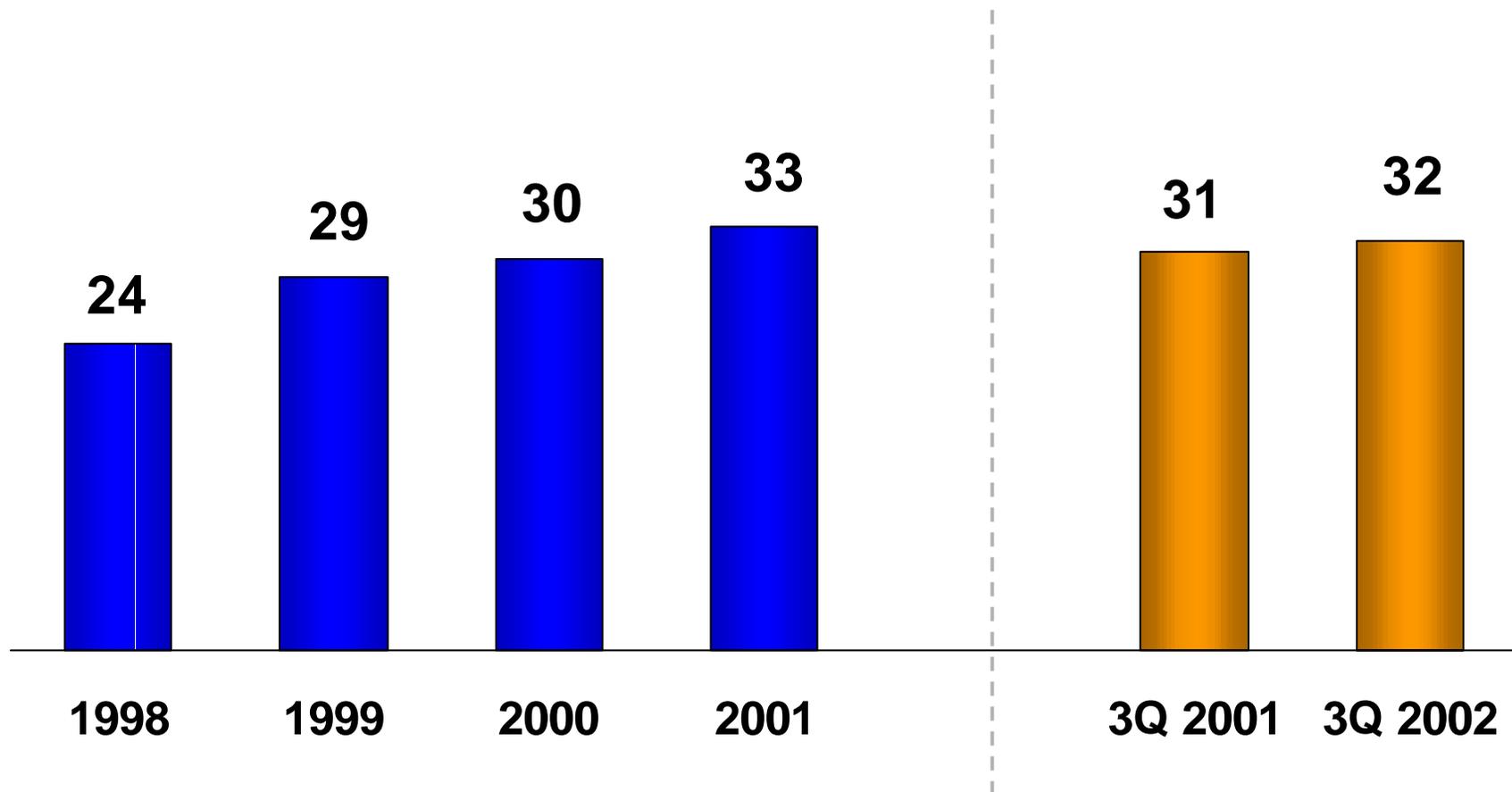
	3Q 2002	2Q 2002	% change	3Q 2001	% change
Net gain on foreign exchange securities and derivatives	57	79	(27.0)	116	(50.6)
Singapore government securities	39	21	86.8	13	205.7
Equities	(14)	nm	nm	15	(191.6)
Disposal of investment securities	7	6	14.8	119	(94.5)
Disposal of fixed assets	1	5	(86.3)	(2)	nm
Others	5	5	0.4	7	(27.5)
<b>Total</b>	<b>95</b>	<b>115</b>	<b>(17.5)</b>	<b>267</b>	<b>(64.6)</b>

nm: not meaningful or insignificant

# Emphasis on non-interest income produces stronger returns <sup>(a)</sup>

(%)

## Non-interest income to Operating income



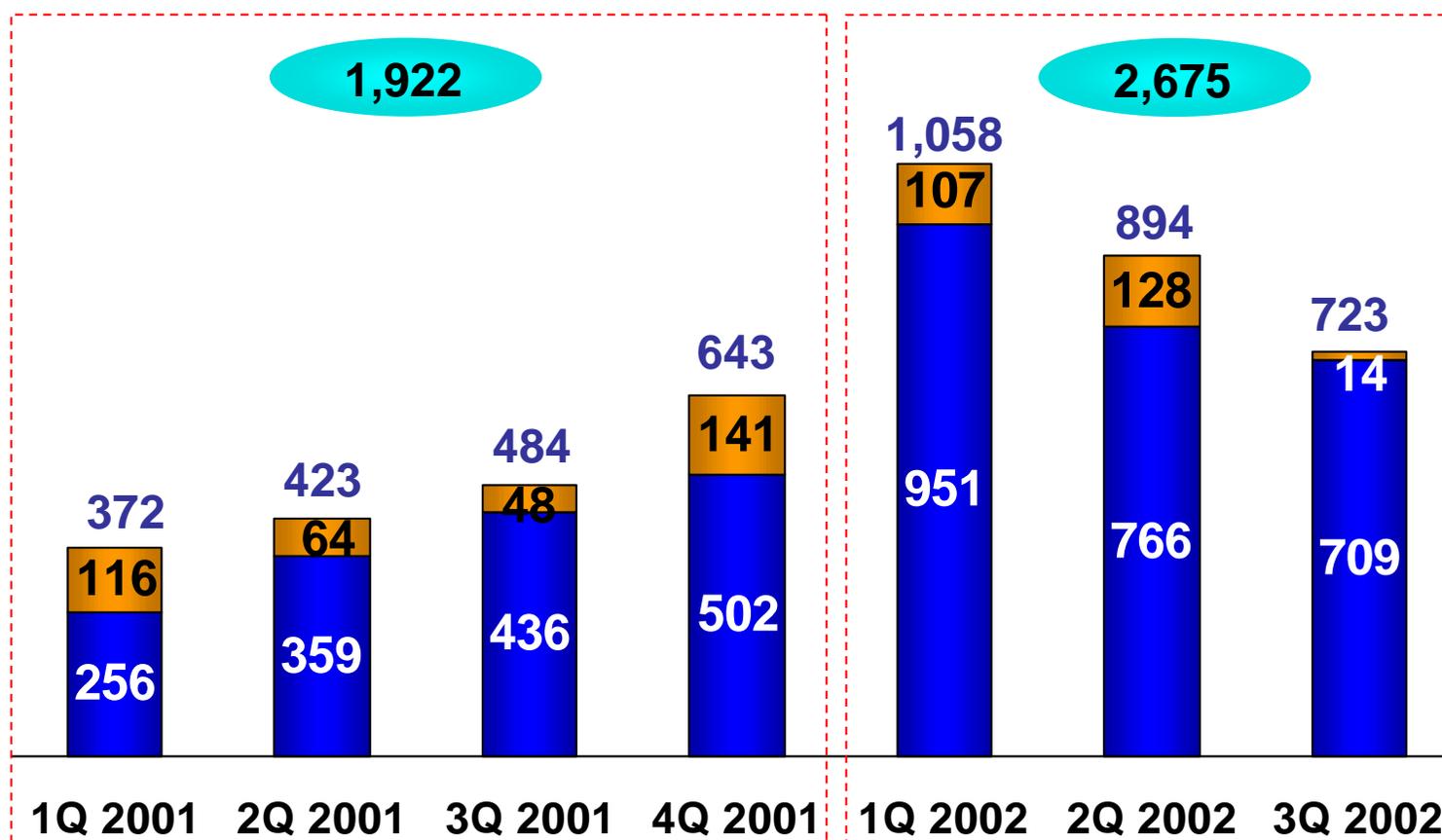
(a) Excludes extraordinary items

# Wealth management continues to grow

(S\$ million)

## Sales volume

■ Insurance / asset plan  
■ Unit trusts / Treasury investment products <sup>(a)</sup>



(a) Unit trusts include Horizon, Ei8ht, Up! and other DBSAM programmes while treasury investment products include Growth, Surf, equity-linked deposits and structured notes

## Disciplined in managing operating costs downwards

(S\$ million)

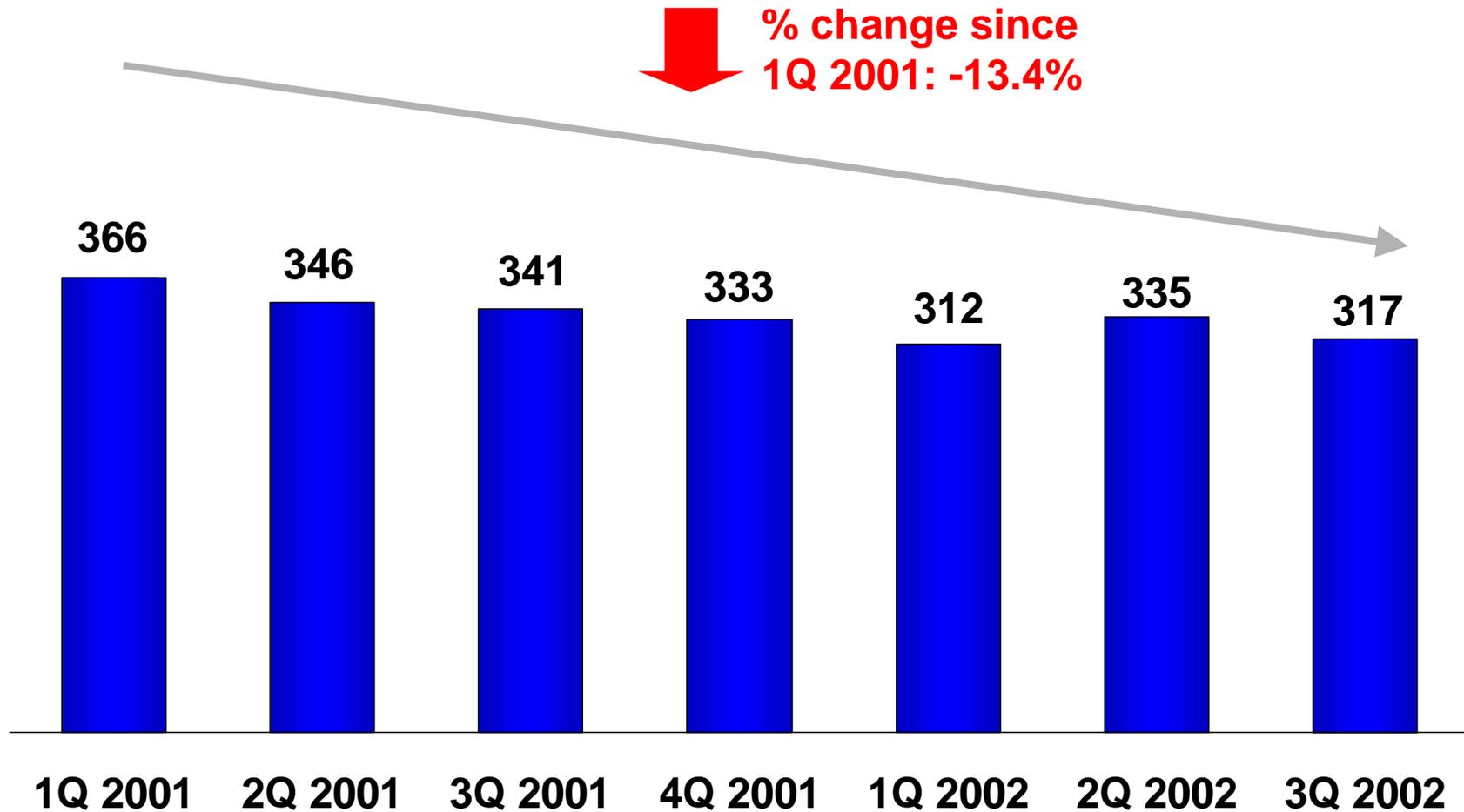
	3Q 2002	2Q 2002	% change	3Q 2001	% change
<b>Group operating expenses</b>					
Staff costs	156	171	(8.8)	181	(13.9)
Occupancy expenses	38	38	0.9	42	(8.4)
Technology-related expenses	47	45	4.5	31	53.6
Non-interest expenses <sup>(a)</sup>	26	14	89.3	11	139.0
Other operating expenses	49	67	(26.3)	76	(35.5)
<b>DBSH (excl DHG and DBSV) <sup>(b)</sup></b>	<b>317</b>	<b>335</b>	<b>(5.4)</b>	<b>341</b>	<b>(7.0)</b>
DHG	92	90	2.0	100	(8.0)
DBSV / DBS Securities Group	43	42	1.5	23	88.2
<b>Total</b>	<b>452</b>	<b>467</b>	<b>(3.3)</b>	<b>464</b>	<b>(2.6)</b>

(a) Includes brokerage expenses

(b) Dao Heng Bank Group ("DHG"), DBS Vickers ("DBSV")

# Core expenses<sup>(a)</sup> down 13.4% since 1Q 2001

(S\$ million)

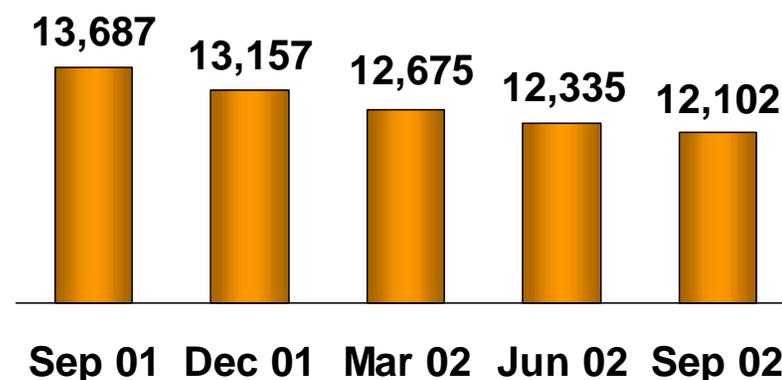


(a) DBSH Group, excludes impact of acquisitions

## Streamlining the organisation

- ◆ Group headcount declined by 1,585 or 12% year-on-year to 12,102 at end September 2002
- ◆ Management delayering has reduced the number of managing directors by more than 10% since June 2002
- ◆ The branch networks in Singapore, Hong Kong, and Thailand have been streamlined
- ◆ Programmed headcount reductions are complete

### Staff numbers



### Branch network

	Dec 1999	Dec 2000	Dec 2001	Jun 2002	Sep 2002
Singapore	155	114	101	93	89
Hong Kong <sup>(a)</sup>	na	101	84	82	77
Thailand	95	62	61	61	61

(a) Dao Heng Bank Group and DBS Kwong On Bank

## Dao Heng Bank operating profits up

(S\$ million) (a)

	3Q 2002	2Q 2002	% change	3Q 2001	% change
Net interest income	157	154	1.8	150	4.9
Non-interest income	60	49	21.8	69	(12.7)
Operating income	217	204	6.6	219	(0.7)
Operating expenses	92	90	2.0	100	(8.0)
Operating profit	125	113	10.3	118	5.6
Provisions	22	74	(70.6)	24	(7.6)
Net profit before tax	102	40	152.7	98	3.3
Net profit after tax	88	26	245.2	84	5.5

(a) Based on Singapore GAAP

## DBS Thai Danu Bank operating profits up

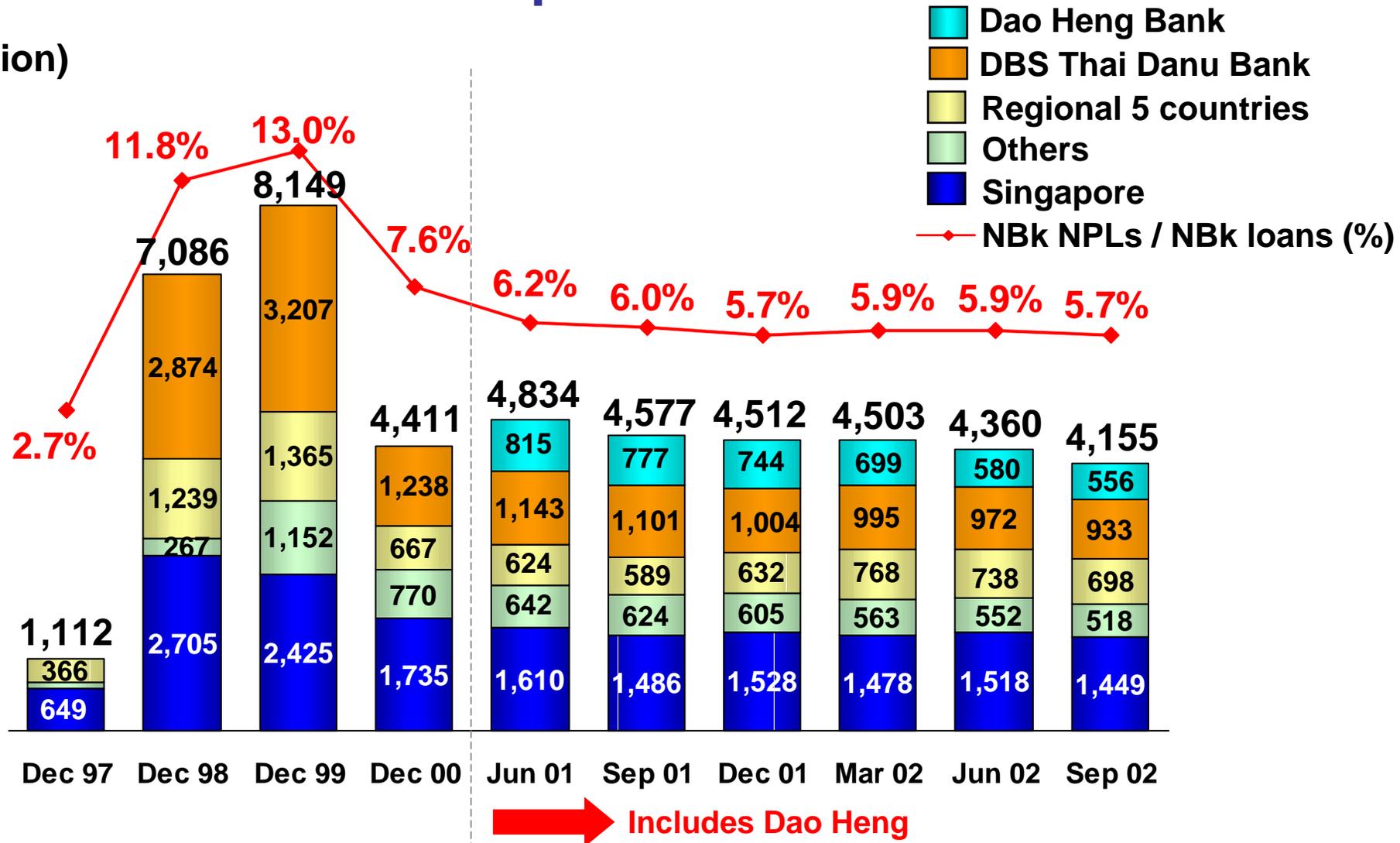
(S\$ million) (a)

	3Q 2002	2Q 2002	% change	3Q 2001	% change
<b>Net interest income</b>	<b>25</b>	<b>24</b>	<b>3.8</b>	<b>22</b>	<b>15.5</b>
Fee income	5	6	(8.7)	4	28.7
<b>Non-interest income</b>	<b>12</b>	<b>8</b>	<b>43.0</b>	<b>7</b>	<b>64.2</b>
<b>Operating income</b>	<b>37</b>	<b>33</b>	<b>13.9</b>	<b>29</b>	<b>27.7</b>
Operating expenses	24	23	3.9	21	12.3
<b>Operating profit</b>	<b>14</b>	<b>10</b>	<b>36.8</b>	<b>8</b>	<b>68.1</b>
Non-operating expenses	2	2	-	2	10.4
Provisions	8	5	66.7	5	81.8
<b>Net profit after tax</b>	<b>3</b>	<b>3</b>	<b>12.4</b>	<b>2</b>	<b>95.1</b>

(a) Assume exchange rate of 1 baht to S\$0.041. Based on Thai GAAP

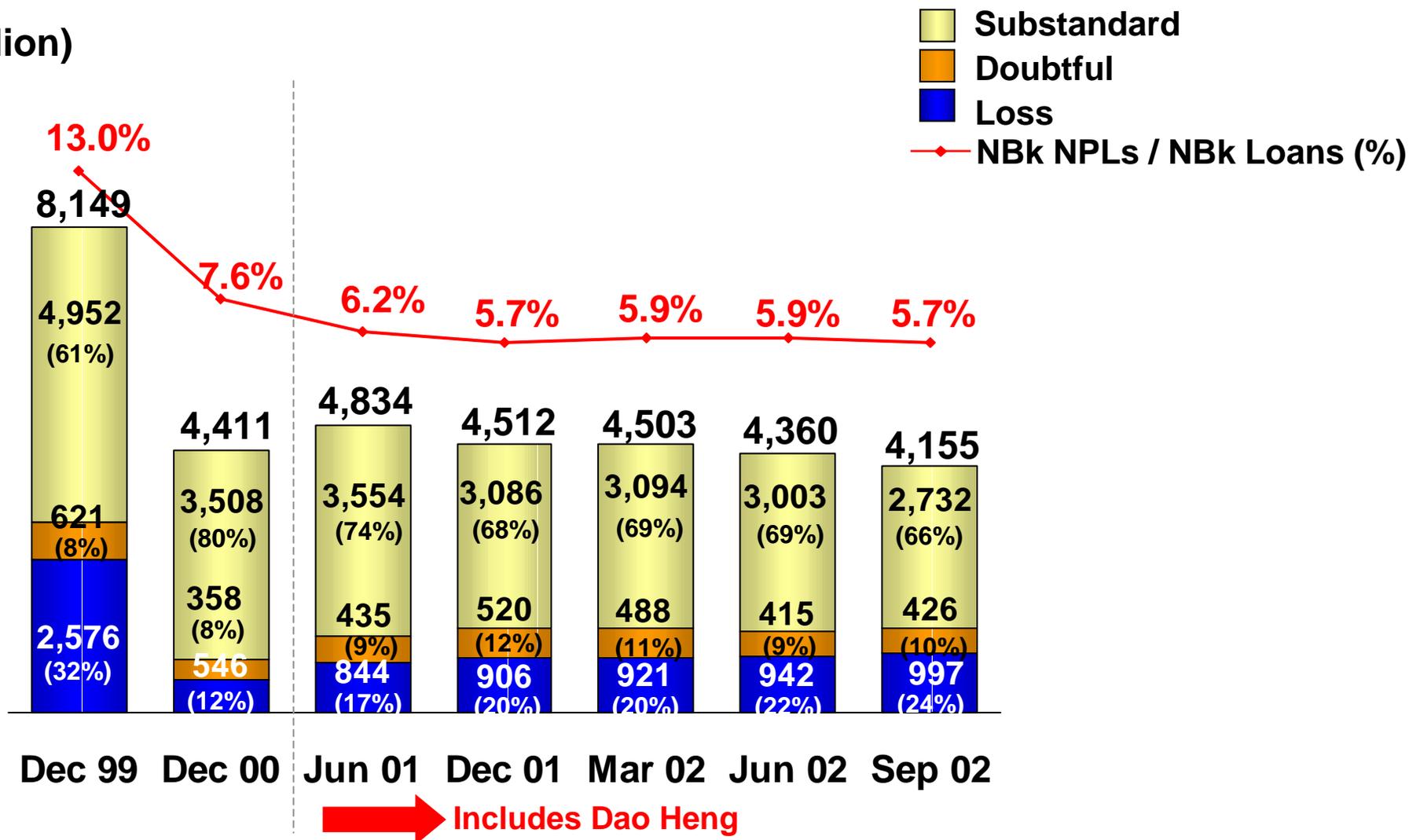
# NPL rate continues to improve

(S\$ million)



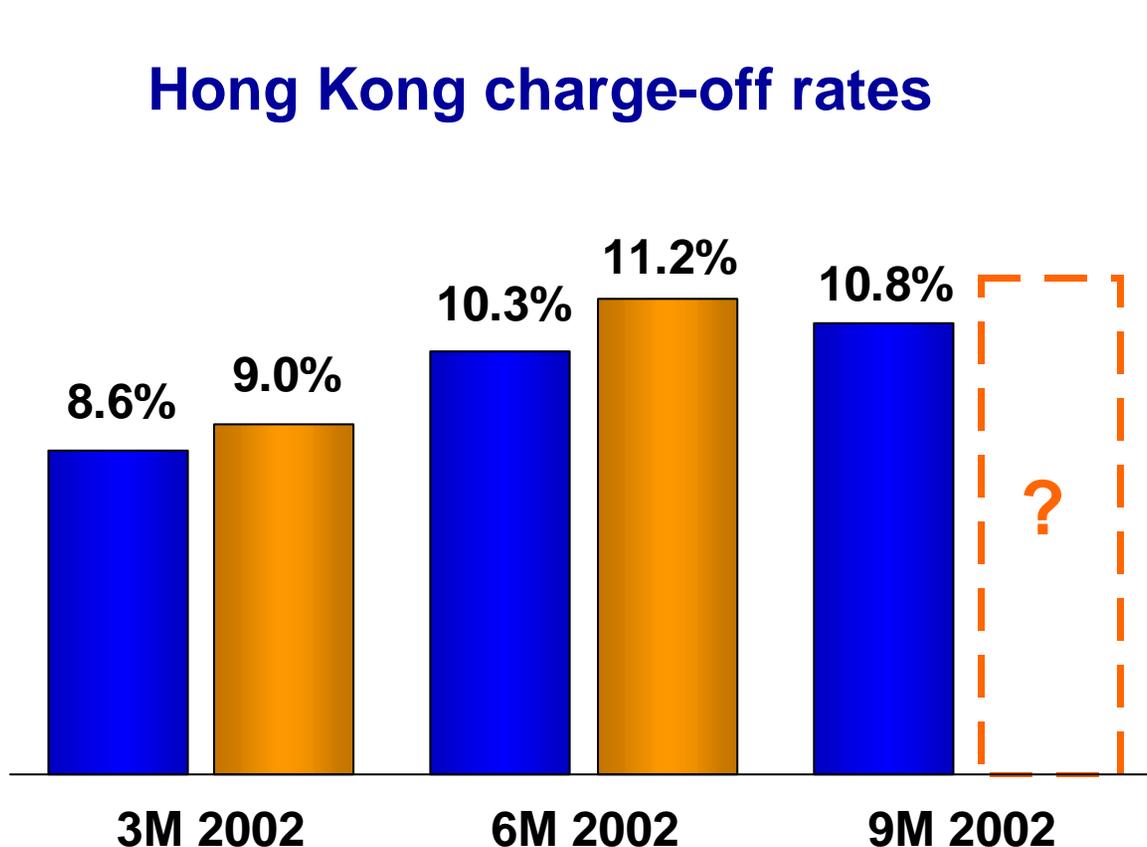
# Percentage of doubtful and loss NPLs stable

(S\$ million)



# DBS Hong Kong credit cards

## Hong Kong charge-off rates



■ DBS  
■ Industry (a)

### DBS HK delinquency rates

	2Q02	3Q02
30 days past due	2.3%	2.6%
90 days past due	1.0%	1.2%

Total Singapore and Hong Kong card receivables as % of DBS' loan book: 2.7%

(a) Source: Hong Kong Monetary Authority

## Non-loan provision charges up

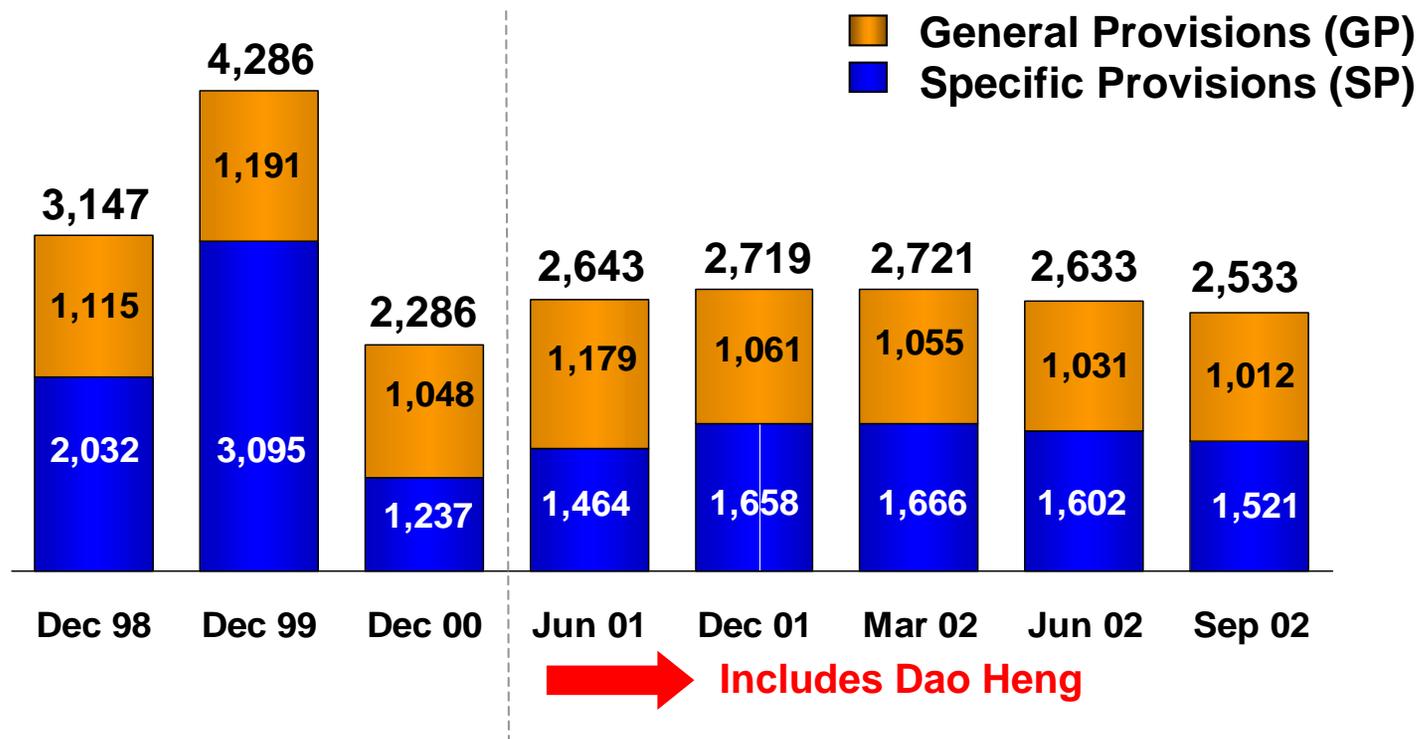
(S\$ million)

	9M 2002	9M 2001	3Q 2002	2Q 2002	3Q 2001
Loans	275	191	112	74	119
Equities	43	139	47	(8)	116
Properties	81	19	nm	76	4
Specific Provision	399	349	159	141	239
General Provision	(46)	(57)	(9)	(34)	7
<b>Total</b>	<b>353</b>	<b>292</b>	<b>150</b>	<b>107</b>	<b>246</b>

nm: not meaningful or insignificant

# Total provision coverage remains healthy

(S\$ million)

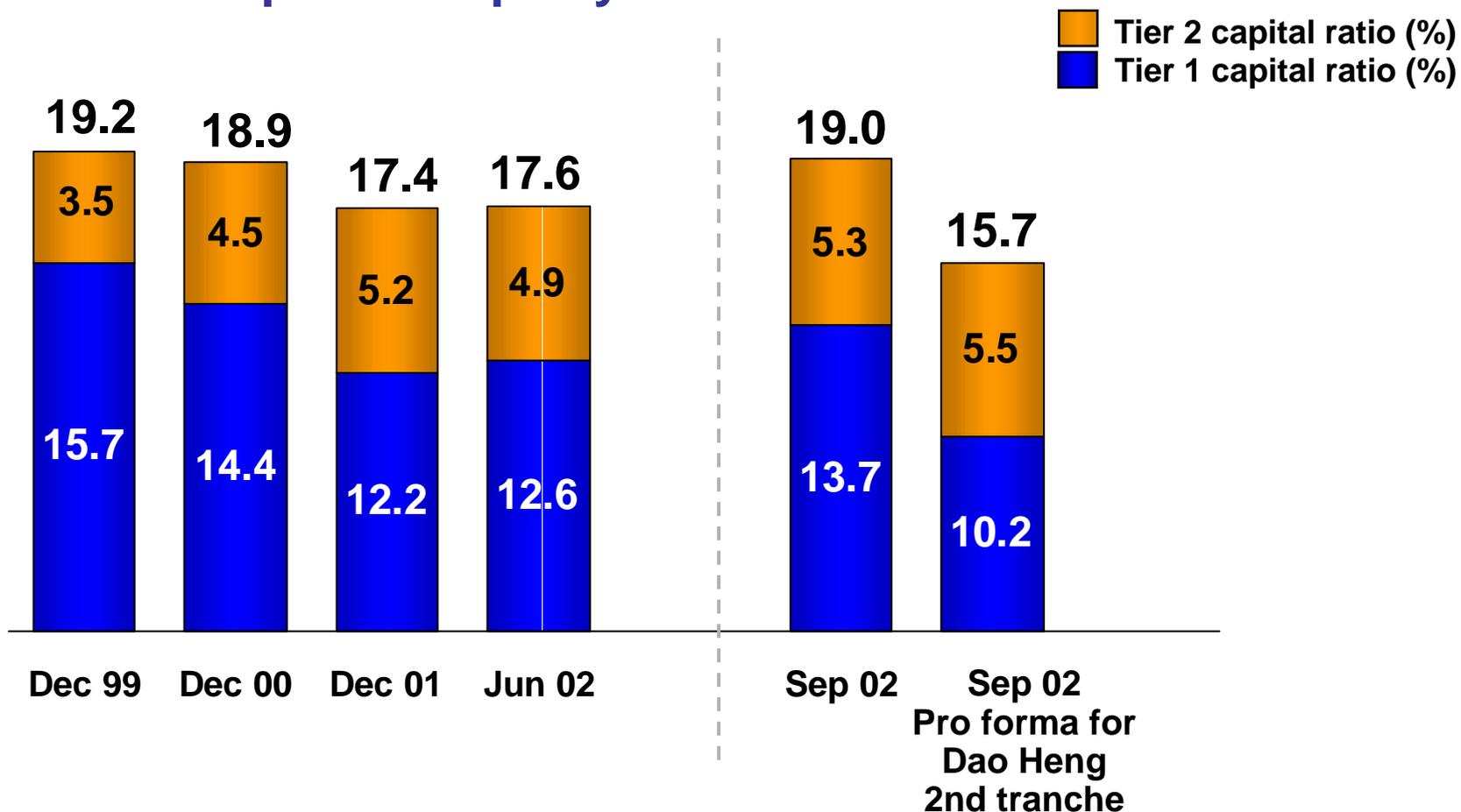


## Coverage ratios (%)

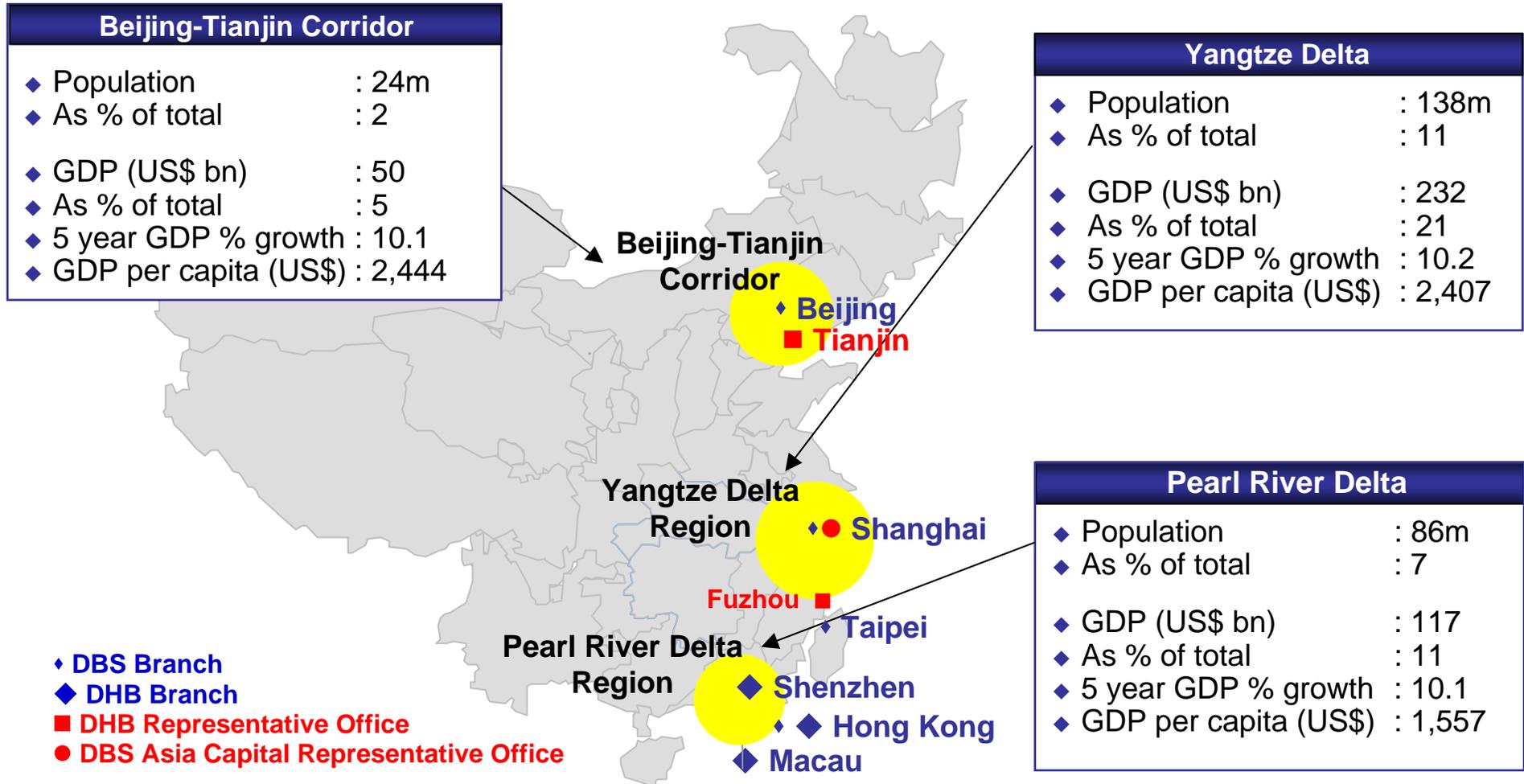
SP+GP / Unsec NPLs	102.7	118.4	129.9	146.5	142.5	132.0	129.2	124.8
SP+GP / NPLs	44.4	52.6	51.8	54.7	60.3	60.4	60.4	61.0

# Achieved target cushion for Proforma Tier 1

## Capital adequacy ratio



# Focus on the three growth areas where DBS has an established presence



# DBS business activities in China today

Branch's scope of business	DHB Shenzhen (May 1993)	DBS Shanghai (June 1995)	DBS Beijing (March 1998)
Foreign currency business with foreign invested enterprises & foreigners			
RMB business with foreign invested enterprises & foreigners	Application submitted	Shanghai, Zhejiang, Jiangsu, Shenzhen, Dalian, Tianjin	
Foreign currency business with Chinese enterprises & individuals			
Representative office	DBS Asia Capital SH (January 2000)	DHB Tianjin (July 1997)	DHB Fuzhou (March 1994)

**DBS has all the permitted branch and foreign exchange licenses available to foreign banks**

# DBS will extend its presence in line with WTO liberalisation timetable

## WTO liberalization timetable

### Renminbi business

	Dec 2001	Dec 2002	Dec 2003	Dec 2004	Dec 2005	Dec 2006
<b>Foreigners</b>	<ul style="list-style-type: none"> <li>◆ Shanghai</li> <li>◆ Shenzhen</li> <li>◆ Dalian</li> <li>◆ Tianjin</li> </ul>	<ul style="list-style-type: none"> <li>◆ Guangzhou</li> <li>◆ Qingdao</li> <li>◆ Nanjing</li> <li>◆ Wuhan</li> </ul>	Add 4 cities	Add 4 cities	Add 4 cities	All restrictions removed
<b>Chinese enterprises</b>	☞	☞	<ul style="list-style-type: none"> <li>◆ RMB business allowed commencing 2004</li> <li>◆ Same cities as the timetable for foreigners (as above)</li> </ul>			All restrictions removed
<b>Chinese individuals</b>	☞	☞	☞	☞	☞	All restrictions removed

### Foreign currency business

- ◆ No restrictions

# DBS' China business strategy

## Investment Banking, Treasury & Markets

- ◆ Extend existing advisory, capital markets, securities underwriting, private equity, foreign exchange, syndication and lending business
- 

## Enterprise Banking

- ◆ Capture product opportunities in line with WTO timeline
  - ◆ Capture new business from foreign direct investments and target PRC SMEs
- 

## Consumer Banking

- ◆ Expand consumer business in line with WTO timeline

## DBS' value proposition in China

- ◆ **Well capitalized Pan-Asian financial services franchise with dominant market position and retail distribution in Singapore and Hong Kong**
- ◆ **Solid platform for expansion into South China (Pearl River Delta region) through Dao Heng Bank**
- ◆ **Up-to-date, scalable IT and straight-through-processing operations platform**
- ◆ **Established capabilities in corporate banking, syndicated finance in Greater China**
- ◆ **Distinct Treasury & Markets, capital markets and securities distribution capabilities**
- ◆ **Strong corporate governance, risk management, credit management and compliance culture**

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