

# Stronger recurring income offsets lower treasury income

**October 28, 2005**

## **DBS Group Holdings 3Q 2005 Financial Results**

# Third-quarter earnings up 28%

(\$ million)

2005

2004

YoY %  
change

▪ Net profit (3Q)

446

349

 28%

▪ Net profit (9M)

1,299

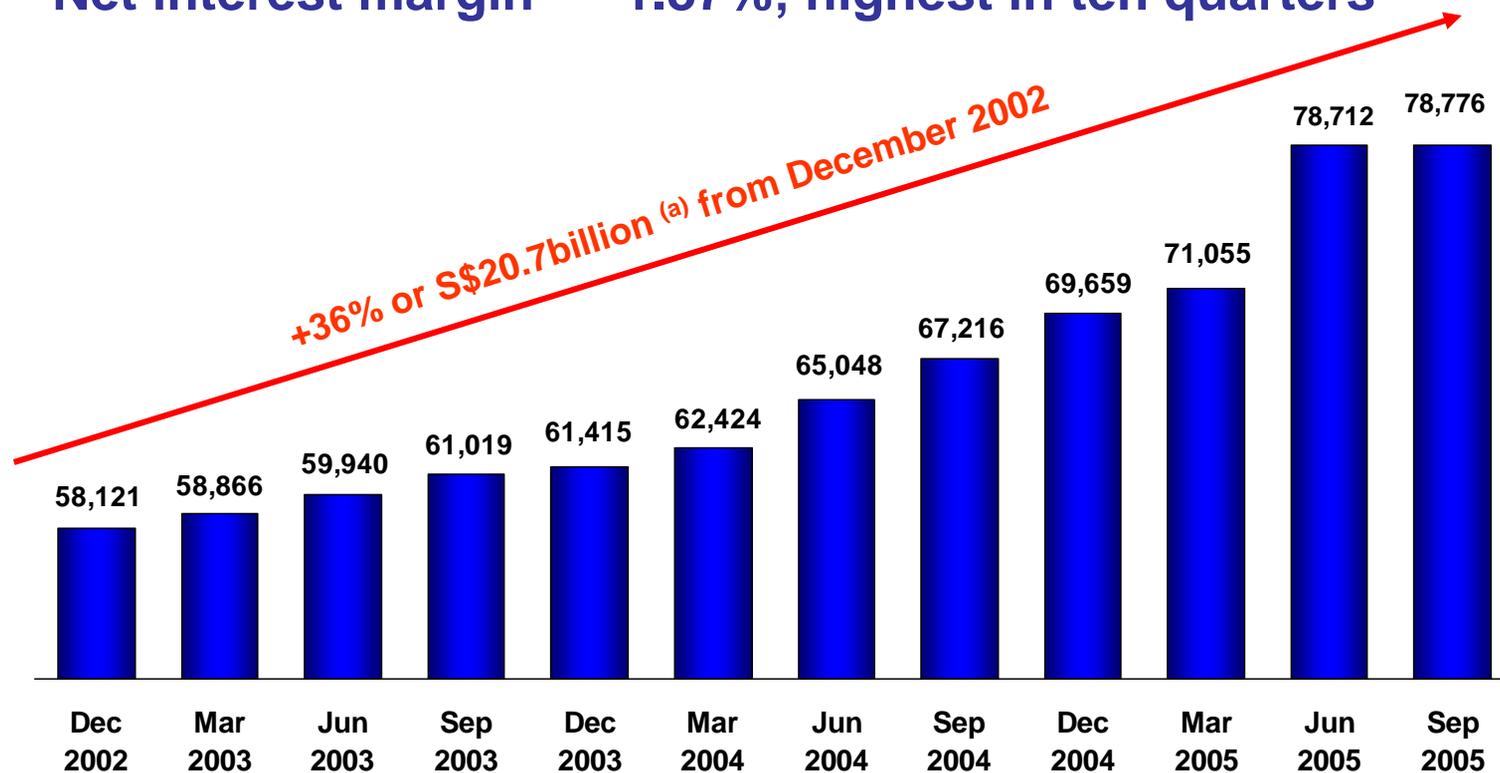
1,175

 11%

- Results reflect work over three years to rebalance our asset book, to improve contribution from recurring businesses

# Rebalanced asset composition, loan growth boost interest income to quarterly record; net interest margin highest in ten quarters

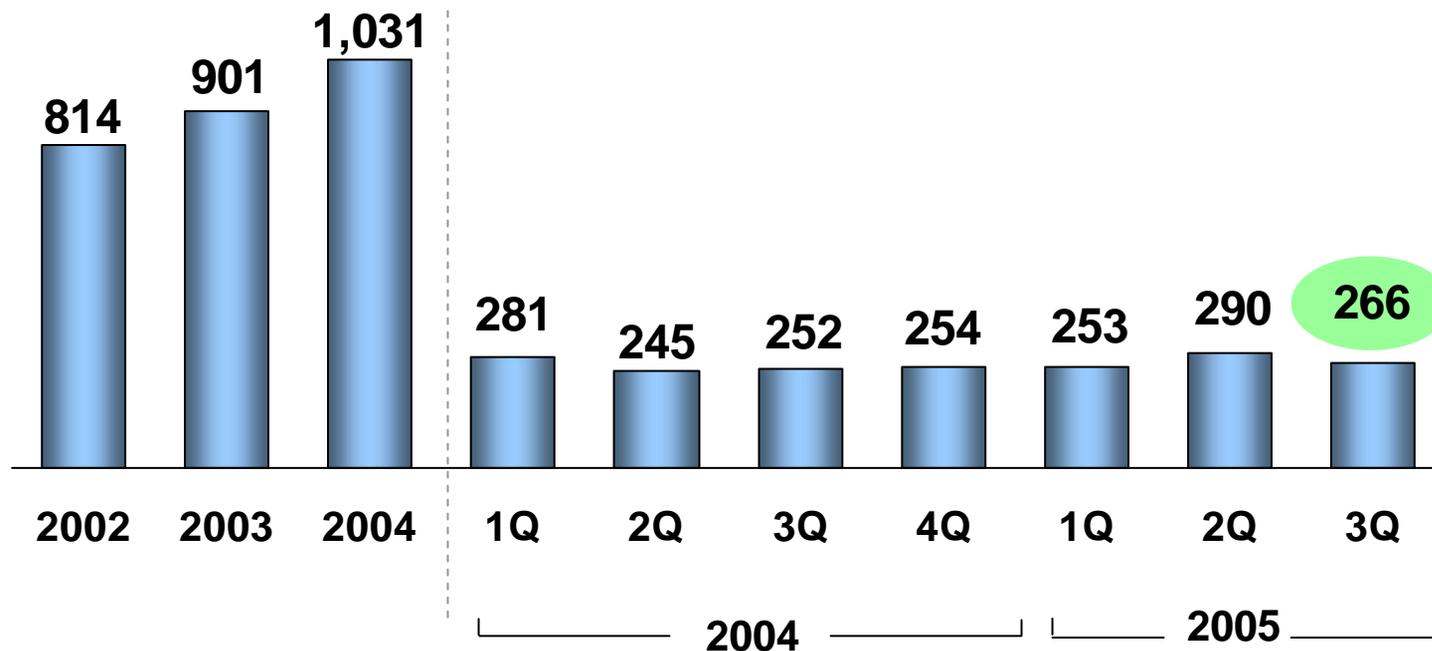
- Net interest income           \$ 728 million  12%
- Net interest margin        1.87%; highest in ten quarters



Loans exclude DBS Thai Danu loans in all comparative periods

# Fee income up 6% from a year ago, up 4% from the nine-month period last year

- Third quarter 2005 \$ 266 million  6%
- Nine-month 2005 \$ 810 million  4%



# Growth in higher-return consumer, SME businesses across the region

	Net profit		
▪ Consumer, SME	\$ 232 million	↑	15%
▪ Consumer	\$ 149 million	↑	25%
▪ SME	\$ 83 million	↑	1%



**Consumer, SME together accounted for  
52% of DBS' total net profit**

# Asset quality among the best in Asia

- **Asset quality one of the best among Asian banks**
  - **2.0% NPL rate**
  - **97% Provision coverage**

## **Policy of sustainable, progressively increasing dividends**

- **Total dividends of 41 cents per share for Nine Months 2005, compared to 40 cents per share for full year 2004**
- **Dividend policy reflects our confidence in our earnings prospects and in our ability to fund future growth and expansion through our strong capital base**

# Stronger recurring income offsets lower treasury income

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## **DBS Group Holdings 3Q 2005 Financial Results**

# Interest and fee income rise on year, but operating profits dampened by treasury

(S\$m)	3Q 2005	3Q 2004	% change	2Q 2005	% change
Net interest income	728	652	12	695	5
Non-interest income	351	446	(21)	397	(12)
<b>Operating income</b>	<b>1,079</b>	<b>1,098</b>	<b>(2)</b>	<b>1,092</b>	<b>(1)</b>
Staff costs	255	247	3	253	1
Other operating expenses	274	256	7	247	11
<b>Operating expenses</b>	<b>529</b>	<b>503</b>	<b>5</b>	<b>500</b>	<b>6</b>
<b>Operating profit</b>	<b>550</b>	<b>595</b>	<b>(8)</b>	<b>592</b>	<b>(7)</b>
Provisions	4	28	(86)	81	(95)
<b>Net profit before goodwill</b>	<b>446</b>	<b>459</b>	<b>(3)</b>	<b>441</b>	<b>1</b>
Goodwill amortisation	-	110	nm	-	nm
<b>Net profit</b>	<b>446</b>	<b>349</b>	<b>28</b>	<b>441</b>	<b>1</b>

# Lower 9M operating profit as market-related income declines

(S\$m)	9M 2005	9M 2004 <sup>a</sup>	% change
<b>Net interest income</b>	<b>2,093</b>	<b>1,951</b>	<b>7</b>
<b>Non-interest income</b>	<b>1,156</b>	<b>1,492</b>	<b>(23)</b>
<b>Operating income</b>	<b>3,249</b>	<b>3,443</b>	<b>(6)</b>
Staff costs	773	736	5
Other operating expenses	767	777	(1)
<b>Operating expenses</b>	<b>1,540</b>	<b>1,513</b>	<b>2</b>
<b>Operating profit</b>	<b>1,709</b>	<b>1,930</b>	<b>(11)</b>
<b>Provisions</b>	<b>148</b>	<b>93</b>	<b>59</b>
<b>Net profit before goodwill</b>	<b>1,299</b>	<b>1,505</b>	<b>(14)</b>
<b>Goodwill amortisation</b>	<b>-</b>	<b>330</b>	<b>nm</b>
<b>Net profit</b>	<b>1,299</b>	<b>1,175</b>	<b>11</b>

(a) Excluding one-time gains of \$497m

## Key ratios mixed as non-interest income contributions fall

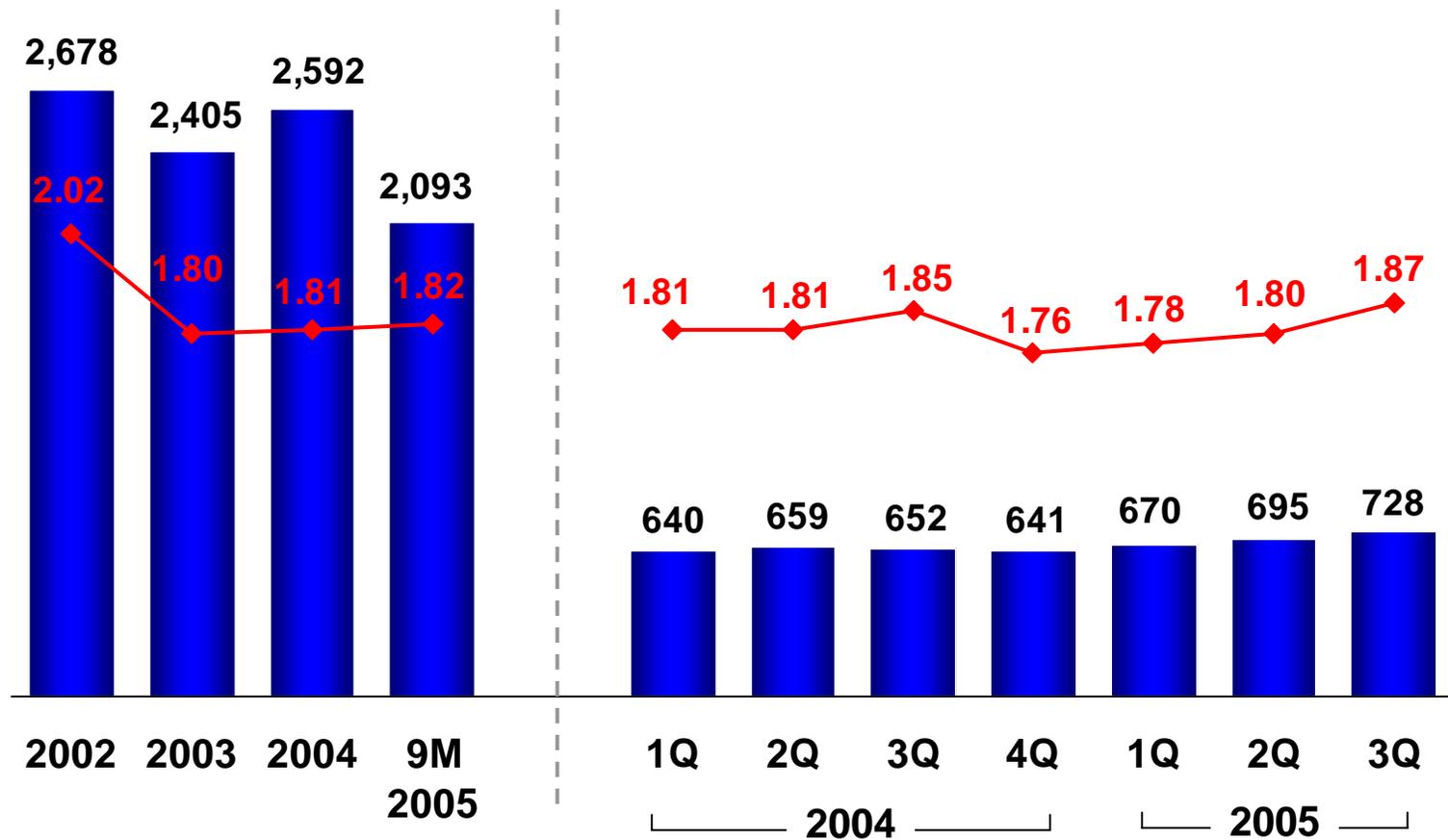
(%)	3Q 2005	2Q 2005	3Q 2004	9M 2005	9M 2004 <sup>a</sup>
Net interest margin	1.87	1.80	1.85	1.82	1.83
Non-interest income/total income	33	36	41	36	43
Cost/income	49	46	46	47	44
ROE	10.4	10.4	11.4	10.3	13.2
Loans/deposits	69	68	63	69	63
Loan + non-trading debt securities/ deposits	90	89	84	90	84
NPL ratio	2.0	2.2	2.6	2.0	2.6

(a) Excluding one-time gains of \$497m

# Interest income at quarterly record, boosted by higher loans and margins

(S\$m)

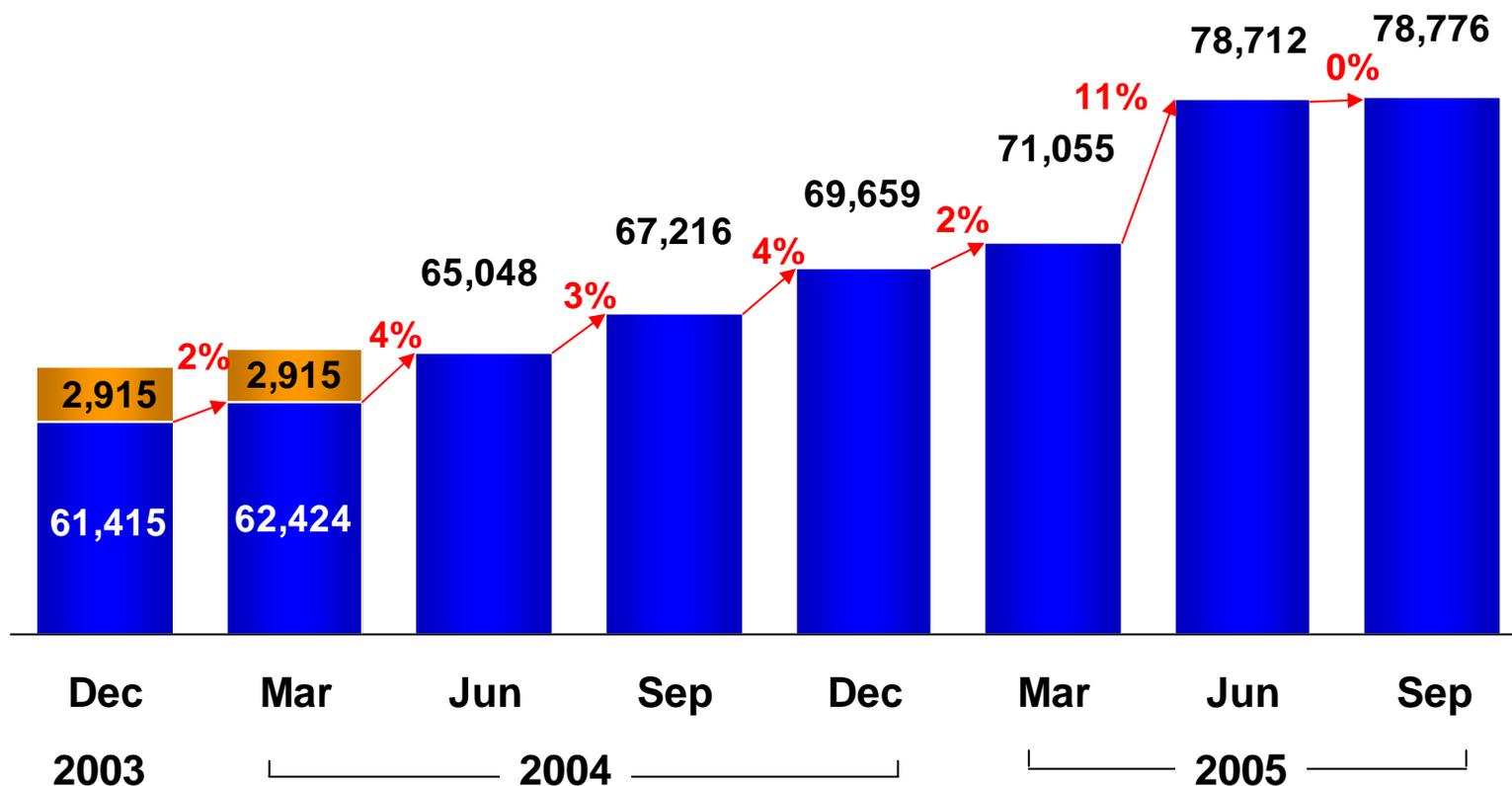
—◆— Net interest margin (%)



# Loans expand 17% on year, improving asset mix

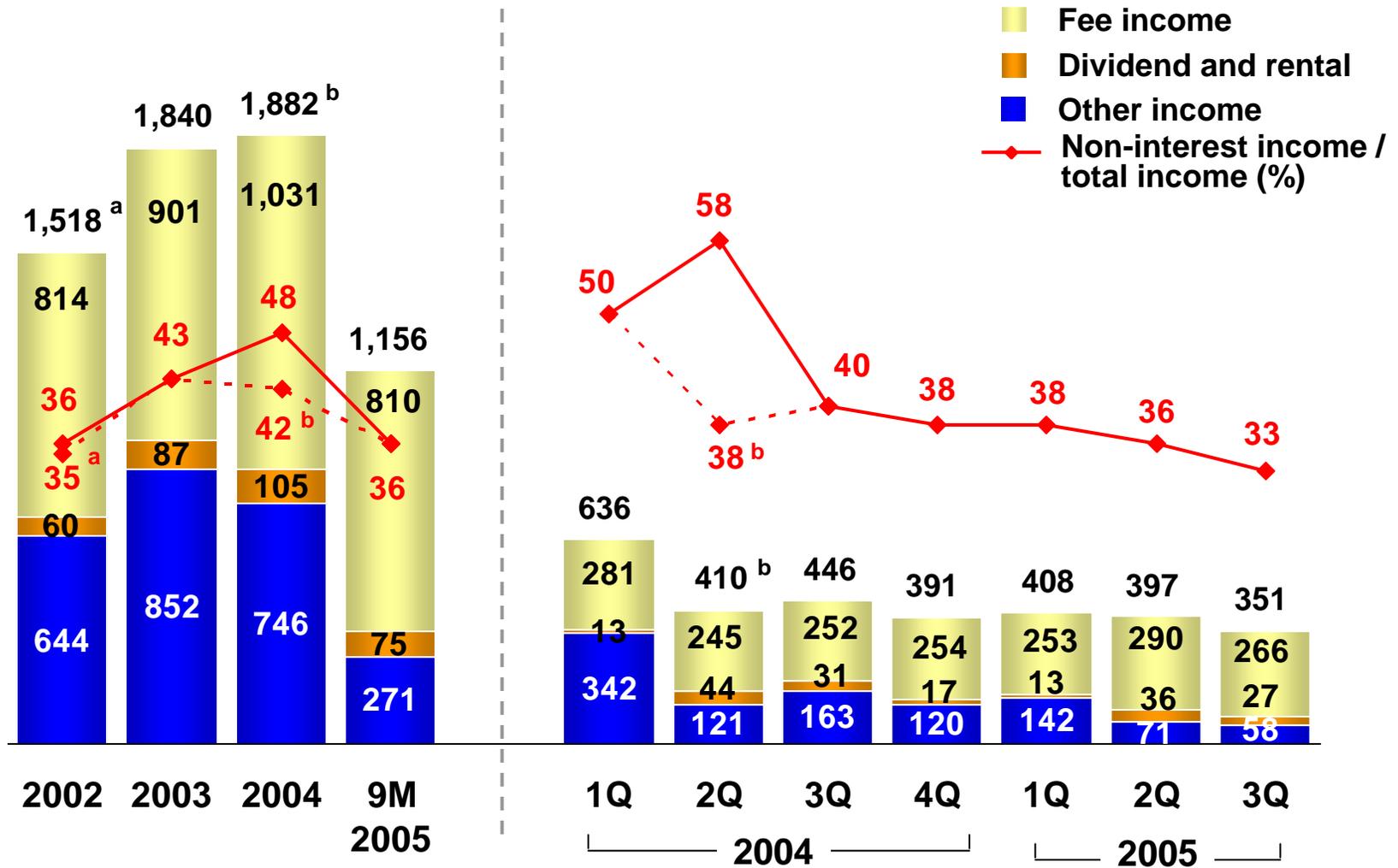
(S\$m)

■ DTDB loans



# Fees from most annuity businesses rise on year

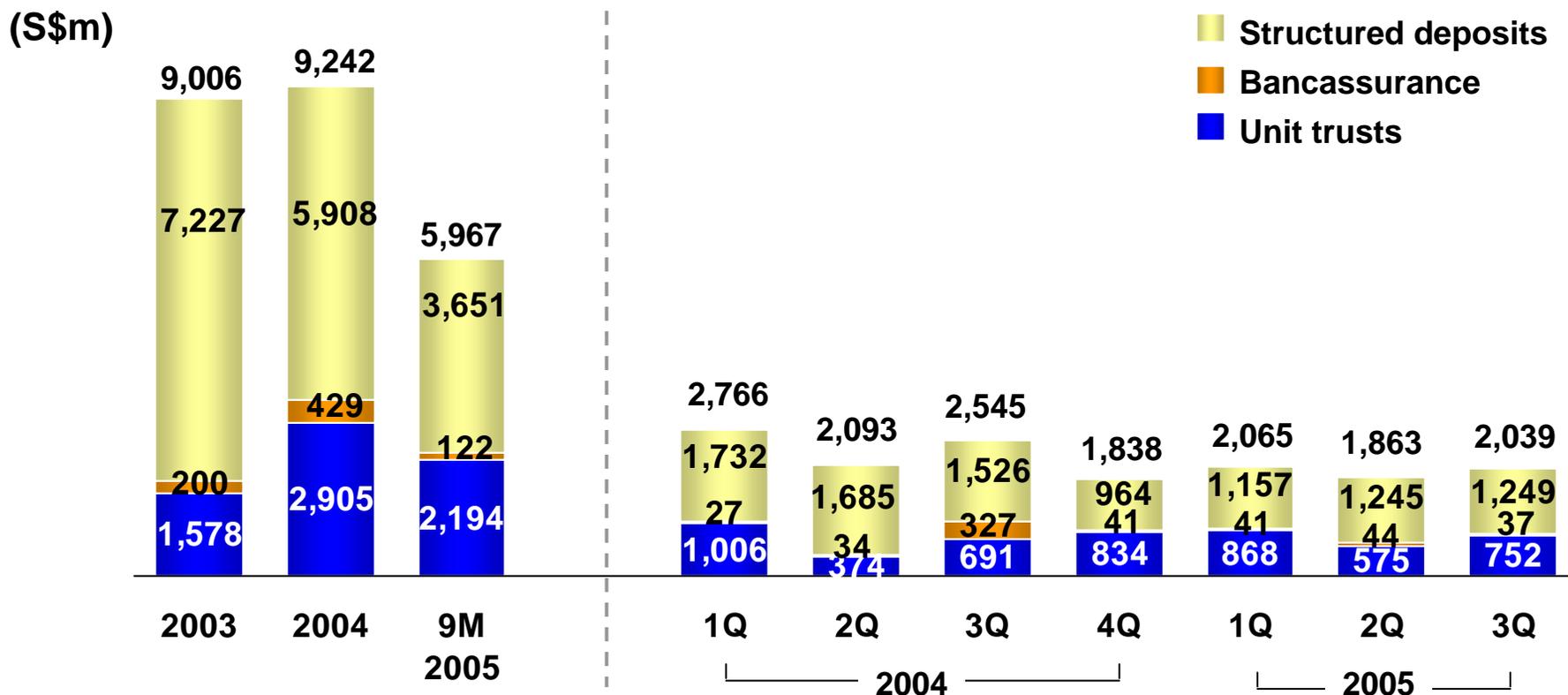
(S\$m)



(a) Excluding one-time gains of \$96m

(b) Excluding one-time gains of \$497m

# Wealth management revenues lower on year



## Sales (all products)

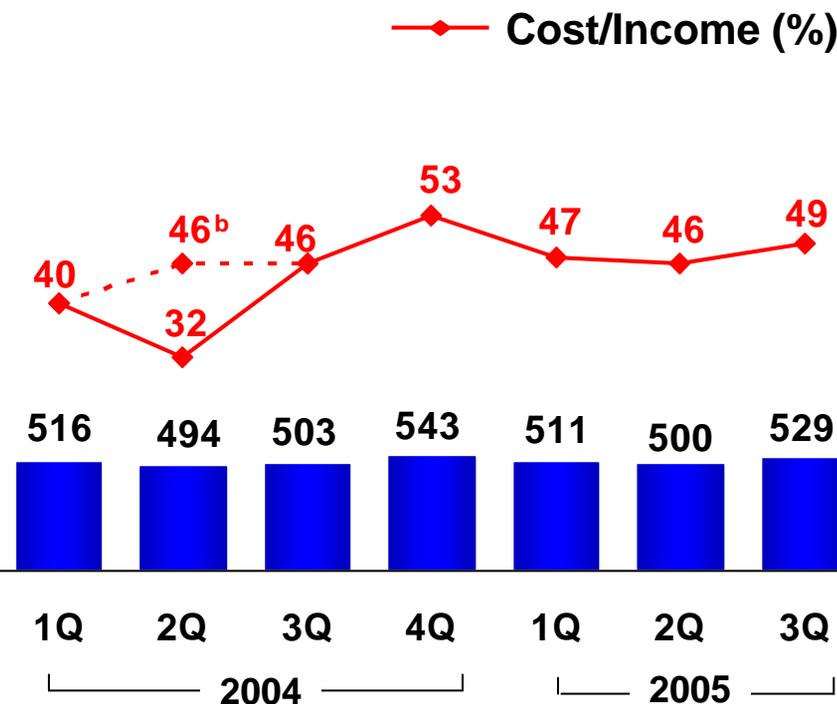
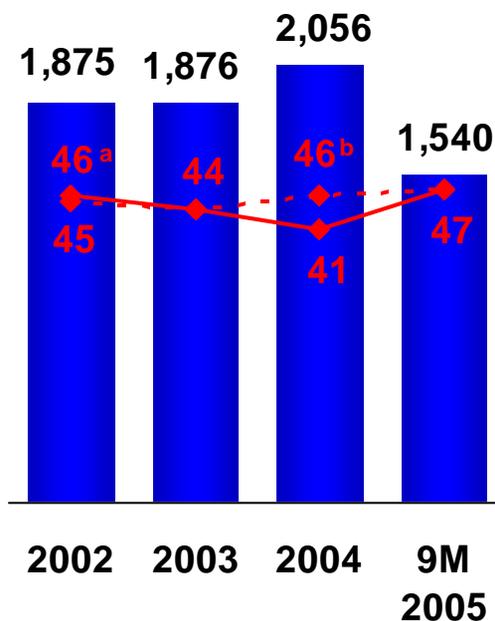
S'pore	4,162	3,874	2,885	1,244	918	1,028	684	963	794	1,128
HK	4,844	5,368	3,083	1,522	1,175	1,517	1,154	1,102	1,069	911

## Fees (unit trusts and bancassurance only)

S'pore + HK	90	132	108	34	24	42	32	37	37	34
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# Operating costs rise, 9M cost-income ratio within target range

(S\$m)



Annualised cost / average assets (%)

Headcount <sup>c</sup>

Staff costs (S\$m)

1.22    1.17    1.22    1.13

12,035    12,144    11,454    12,562

911    876    994    773

1.26    1.18    1.22    1.30    1.14    1.11    1.19

12,173    10,838    11,083    11,454    11,649    12,090    12,562

256    232    247    259    265    253    255

(a) Excluding one-time gains of \$96m

(b) Excluding one-time gains of \$497m

(c) At period end

# Higher-return Consumer and Enterprise Banking account for 54% of operating profit

(S\$m)	3Q 2005	3Q 2004	Change	2Q 2005	Change
Consumer Banking	183	177	6	203	(20)
Enterprise Banking	114	122	(8)	109	5
Corporate and Investment Banking	94	114	(20)	153	(59)
Global Financial Markets	47	145	(98)	49	(2)
Central Treasury Unit	55	65	(10)	47	8
Central Operations <sup>a</sup>	57	(28)	85	31	26
<b>Total</b>	<b>550</b>	<b>595</b>	<b>(45)</b>	<b>592</b>	<b>(42)</b>

(a) Comprising Private Banking, Asset Management and other subsidiaries and associates

# Hong Kong's operating profit improves 9% on quarter

(S\$m)	3Q 2005	3Q 2004	% change	2Q 2005	% change
Net interest income	247	224	10	220	12
Non-interest income	78	118	(34)	80	(3)
Operating income	325	342	(5)	300	8
Operating expenses	168	153	10	156	8
Operating profit	157	189	(17)	144	9
Provisions	7	22	(68)	4	75
Net profit after tax	125	146	(14)	118	6

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

# Hong Kong's 9M performance lower as operating income falls

(S\$m)	9M 2005	9M 2004	% Change
Net interest income	673	688	(2)
Non-interest income	256	365	(30)
Operating income	929	1,053	(12)
Operating expenses	476	445	7
Operating profit	453	608	(25)
Provisions	20	80	(75)
Net profit after tax	364	457	(20)

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

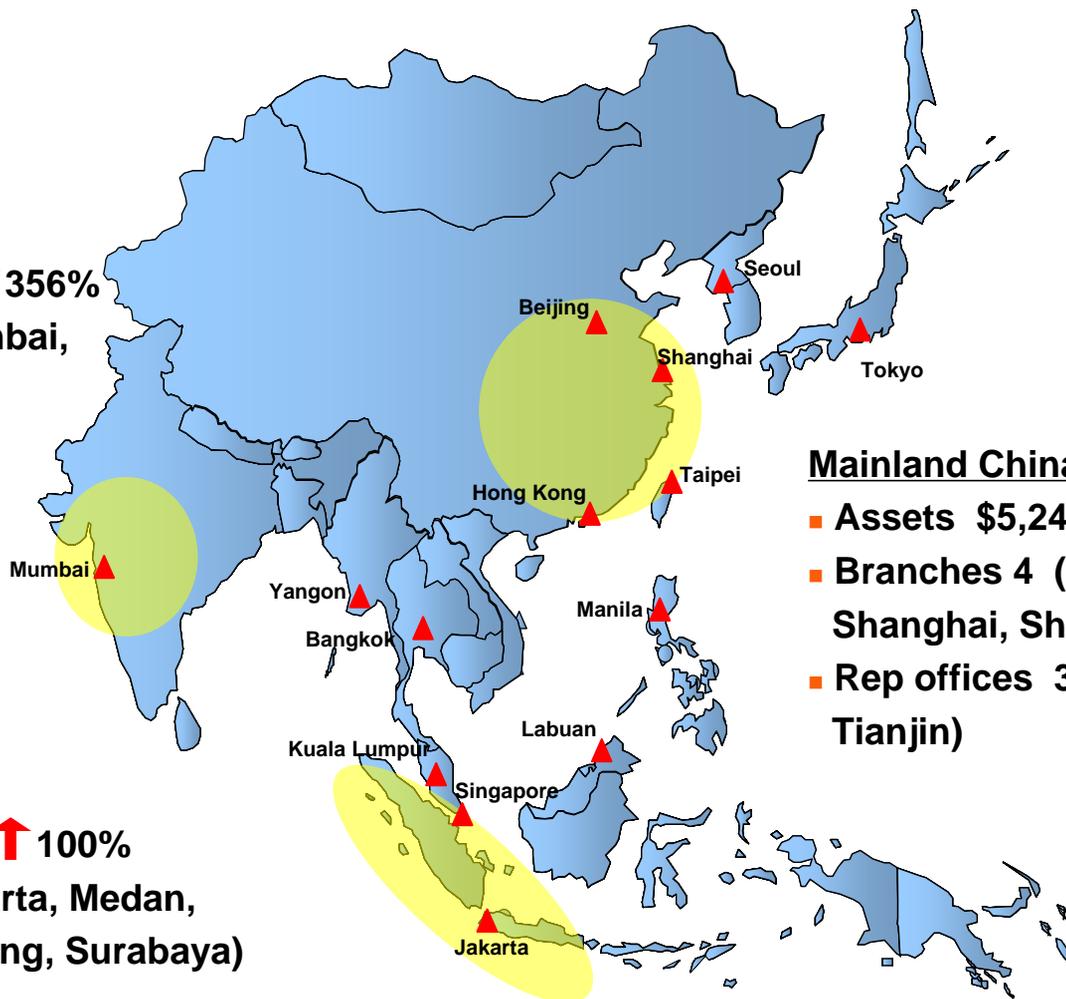
## Hong Kong ratios generally better on quarter, lower on year

(%)	3Q 2005	2Q 2005	3Q 2004	9M 2005	9M 2004
Net interest margin	2.26	2.05	2.15	2.10	2.28
Non-interest income/total income	24	27	35	28	35
Cost/income	52	52	45	51	42
ROA	1.02	0.99	1.24	1.03	1.35
Loans/deposits	77	79	77	77	77

# Strong organic regional growth through branch network

## India

- Assets \$963 m ↑ 356%
- Branches 2 (Mumbai, New Delhi)



## Mainland China

- Assets \$5,247 m ↑ 27%
- Branches 4 (Beijing, Guangzhou, Shanghai, Shenzhen)
- Rep offices 3 (Dongguan, Fuzhou, Tianjin)

## Indonesia<sup>a</sup>

- Assets \$1,592 m ↑ 100%
- Branches 5 (Jakarta, Medan, Bandung, Semarang, Surabaya)

Assets as at September 30, 2005. Growth rates are year-on-year  
(a) DBS Indonesia, DBS' majority-owned subsidiary

# Investment banking activity in 3Q05



## Singapore

- Hong Kong Land (S\$700 million bond issue, joint lead manager and underwriter together with HSBC)
- Tech Semicon (US\$400 million syndicated term loan, mandated lead arranger and bookrunner)
- PSA Corp Ltd (S\$500 million bond issue, sole lead manager)
- CapitalMall Trust (S\$400 million secondary funds raising exercise, joint lead manager and underwriter)

## Greater China

- Fortune REIT (US\$307 million CMBS issue for secondary offering of Fortune REIT, joint lead manager)
- Formosa Plastics Group Ningbo IV Project (US\$289 million syndicated loan, lead arranger)
- Sinopec (US\$150 million 5 year-bullet loan, coordination arranger)

## India

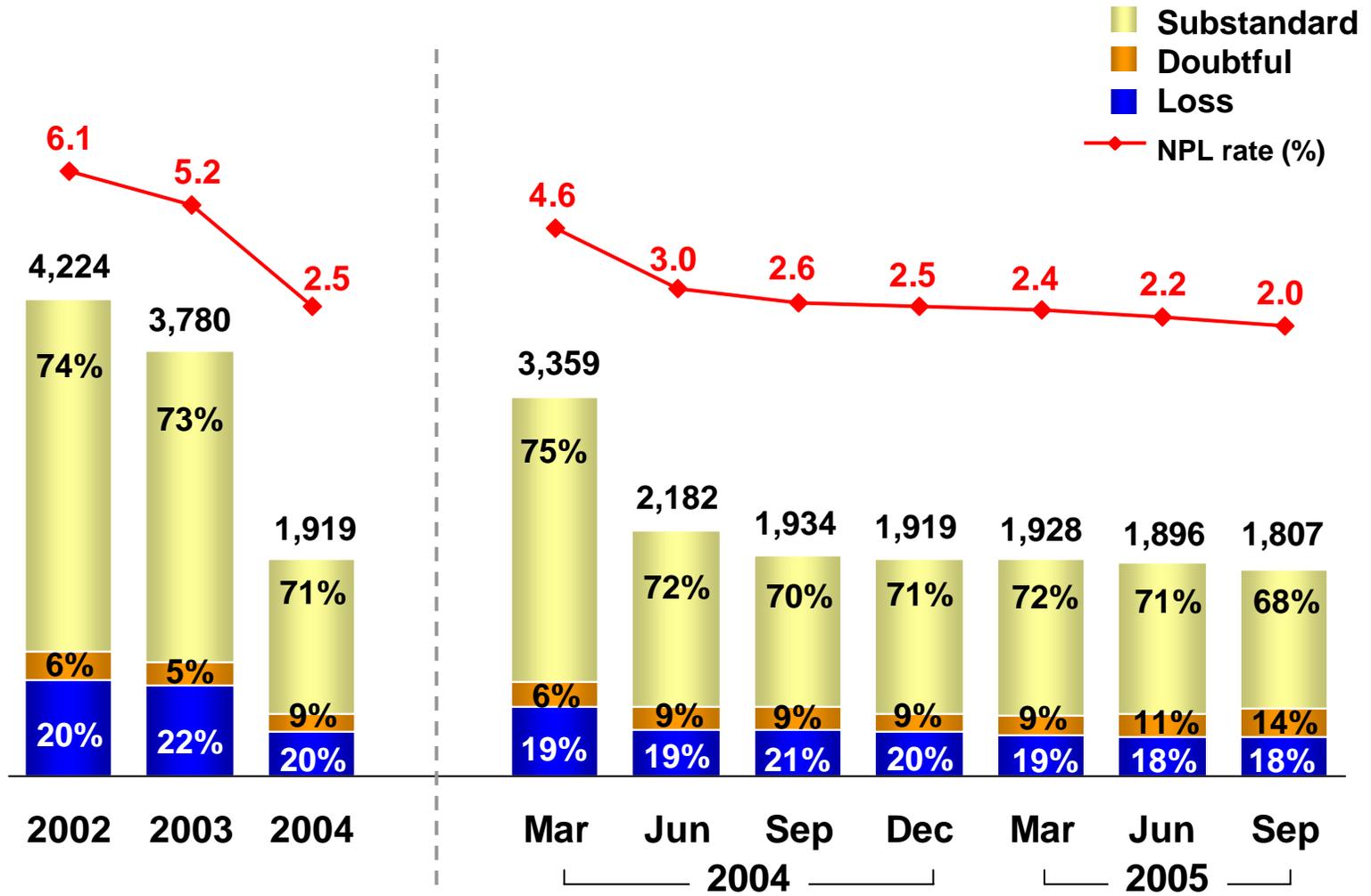
- Bharti Televentures Limited (US\$225 million syndicated loan facility, mandated lead arranger)
- Hindustan Petroleum Corp Ltd (US\$200 million syndicated term loan in JPY, mandated lead arranger and bookrunner)

## Thailand

- Central Patanna (US\$292 million CPRN Retail Growth Property Fund, joint financial advisor and joint bookrunner)
- Thai Olefin Ltd (US\$135 million syndicated term loan facility, mandated lead arranger and bookrunner)

# NPL rate falls to 2.0%

(S\$m)



## NPLs decline as recoveries exceed additions

(S\$m)	3Q 2005	3Q 2004	2Q 2005
NPLs at start of period	1,896	2,182	1,928
New NPLs	180	114	224
Net recoveries of existing NPLs	(225)	(283)	(194)
Write-offs	(44)	(79)	(62)
NPLs at end of period	1,807	1,934	1,896

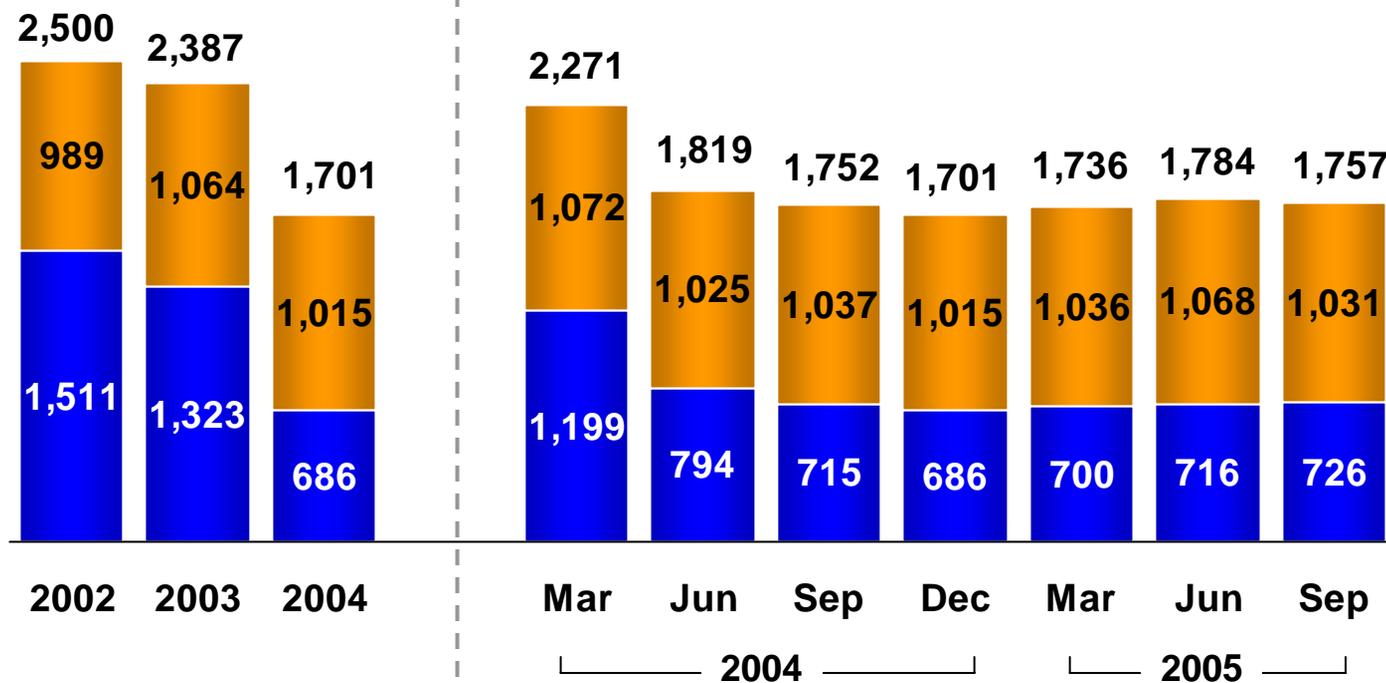
# Specific provision charges for loans fall on quarter

(S\$m)	3Q 2005	3Q 2004	2Q 2005
<b><u>Add charges for</u></b>			
New NPLs	40	46	46
Existing NPLs	49	30	53
	<b>89</b>	<b>76</b>	<b>99</b>
<b><u>Subtract charges for</u></b>			
Upgrading	1	3	4
Settlements	40	67	39
Recoveries	18	7	5
	<b>59</b>	<b>77</b>	<b>48</b>
<b>Total SP charges</b>	<b>30</b>	<b>(1)</b>	<b>51</b>

# Provision coverage reaches 97%

(S\$m)

GP  
SP



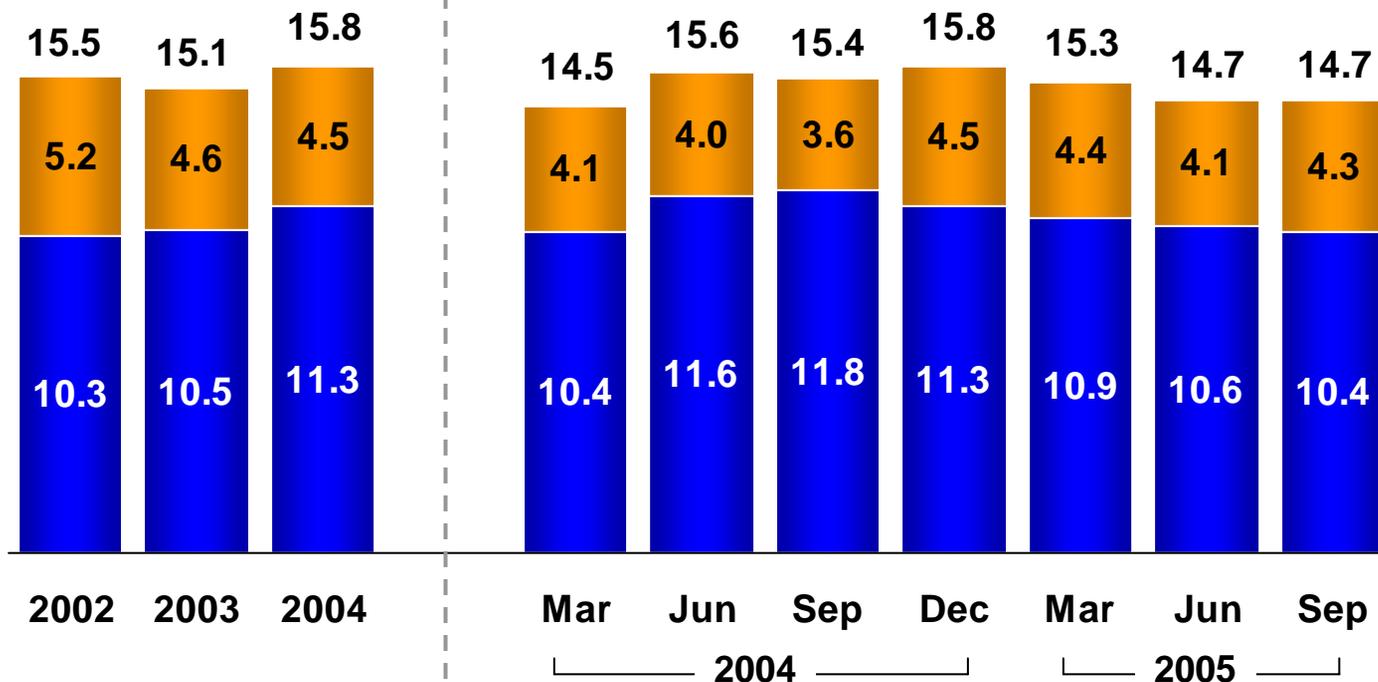
## Coverage ratios (%)

SP+GP / Unsec NPLs	121	124	186	132	156	183	186	202	201	207
SP+GP / NPLs	59	63	89	68	83	91	89	90	94	97

# CAR unchanged on quarter

(%)

■ Tier 2  
■ Tier 1



(S\$bn)

Tier-1 capital

RWA

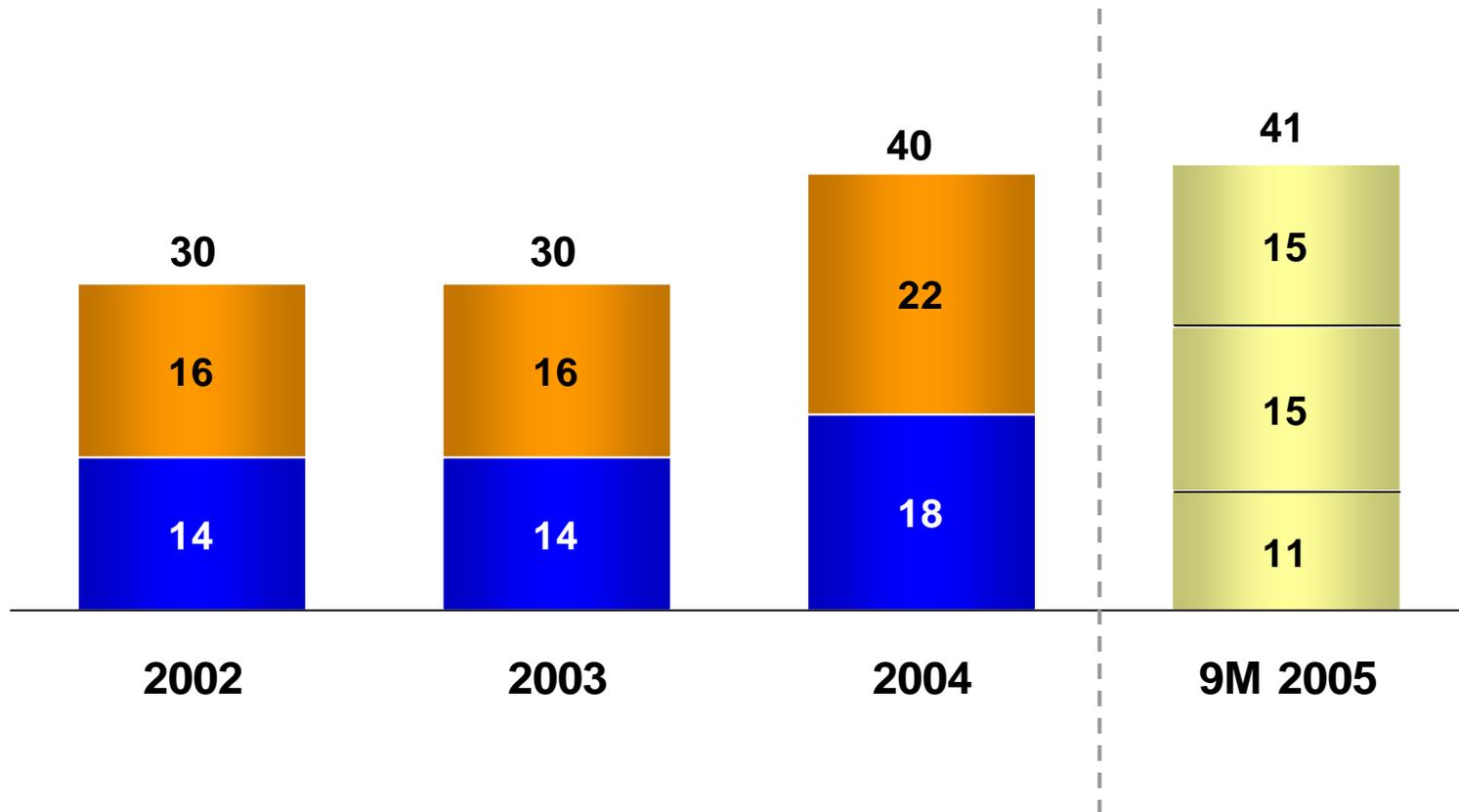
8.4	9.6	11.8	10.2	11.2	11.5	11.8	11.8	12.2	12.6
81.2	92.1	104.0	97.8	96.6	97.5	104.0	108.8	114.8	121.2

2004 capital ratios based on MAS framework. Earlier periods based on BIS guidelines

# 9M dividend rate exceeds full-year 2004

(S¢)

■ Final  
■ Interim  
■ Quarterly



# **Stronger recurring income offsets lower treasury income**

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