

Sustained customer income underpins performance

DBS Group Holdings
2Q 2011 financial results
July 28, 2011

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Sustained customer income underpins performance

- Positive operating trends underpinned by customer income growth
- Improvements in Hong Kong's operating performance
- Balance sheet remains strong

1H earnings up 23% on year to record \$1.54 billion

(S\$m)	1H 2011	1H 2010	YoY %	2H 2010	HoH %
Net interest income	2,321	2,133	9	2,185	6
Fee income	803	699	15	698	15
Trading income	404	508	(20)	387	4
Other income	219	188	16	268	(18)
Non-interest income	1,426	1,395	2	1,353	5
Total income	3,747	3,528	6	3,538	6
Staff expenses	828	700	18	722	15
Other expenses	743	719	3	784	(5)
Expenses	1,571	1,419	11	1,506	4
Profit before allowances	2,176	2,109	3	2,032	7
Allowances	262	559	(53)	352	(26)
Net profit	1,542	1,250	23	1,400	10

Excluding one-time items

2Q net interest income and customer non-interest income higher on year

(S\$m)	2Q 2011	2Q 2010	YoY %	1Q 2011	QoQ %
Net interest income	1,199	1,067	12	1,122	7
Fee income	387	358	8	416	(7)
Trading income	146	278	(47)	258	(43)
Other income	106	112	(5)	113	(6)
Non-interest income	639	748	(15)	787	(19)
Total income	1,838	1,815	1	1,909	(4)
Staff expenses	423	362	17	405	4
Other expenses	375	355	6	368	2
Expenses	798	717	11	773	3
Profit before allowances	1,040	1,098	(5)	1,136	(8)
Allowances	137	204	(33)	125	10
Net profit	735	718	2	807	(9)

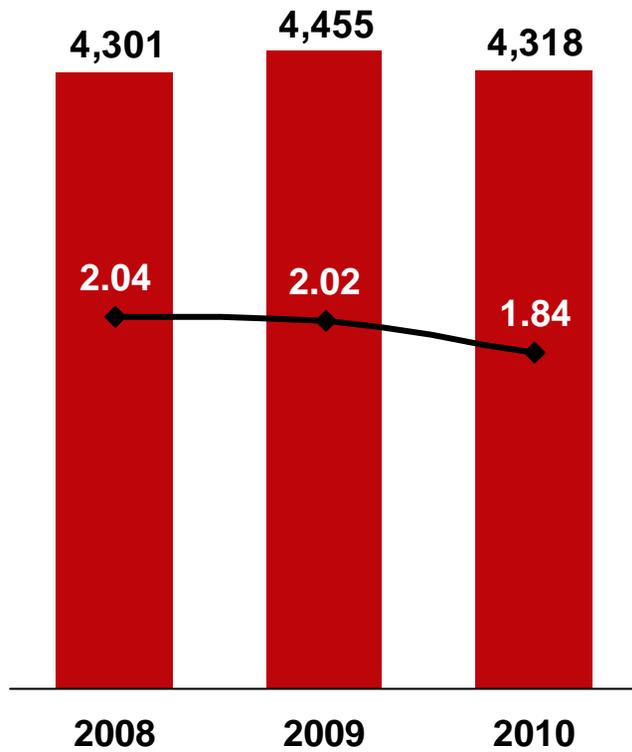
Excluding one-time items

1H ROE improves to 11.4%

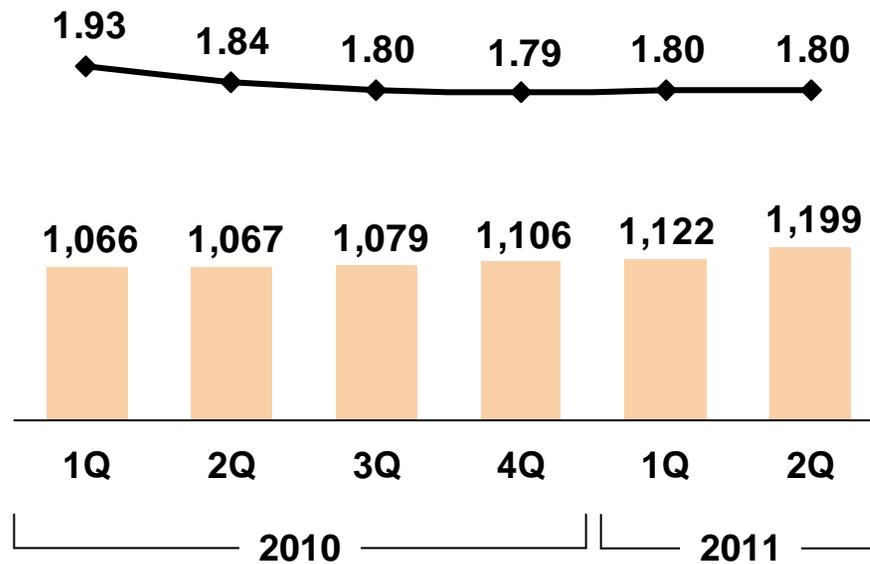
(%)	2Q 2011	2Q 2010	1Q 2011	1H 2011	1H 2010	2H 2010
Net interest margin	1.80	1.84	1.80	1.80	1.88	1.80
Fee income/total income	21	20	22	21	20	20
Non-interest income/total income	35	41	41	38	40	38
Cost/income	43	40	40	42	40	43
ROE	10.6	11.1	12.1	11.4	9.8	10.6
Loans/deposits	80	79	79	80	79	79
SP/average loans (bp)	7	19	9	8	56	29
NPL ratio	1.5	2.3	1.8	1.5	2.3	1.9

Net interest income up 12% on year to record

(S\$m)

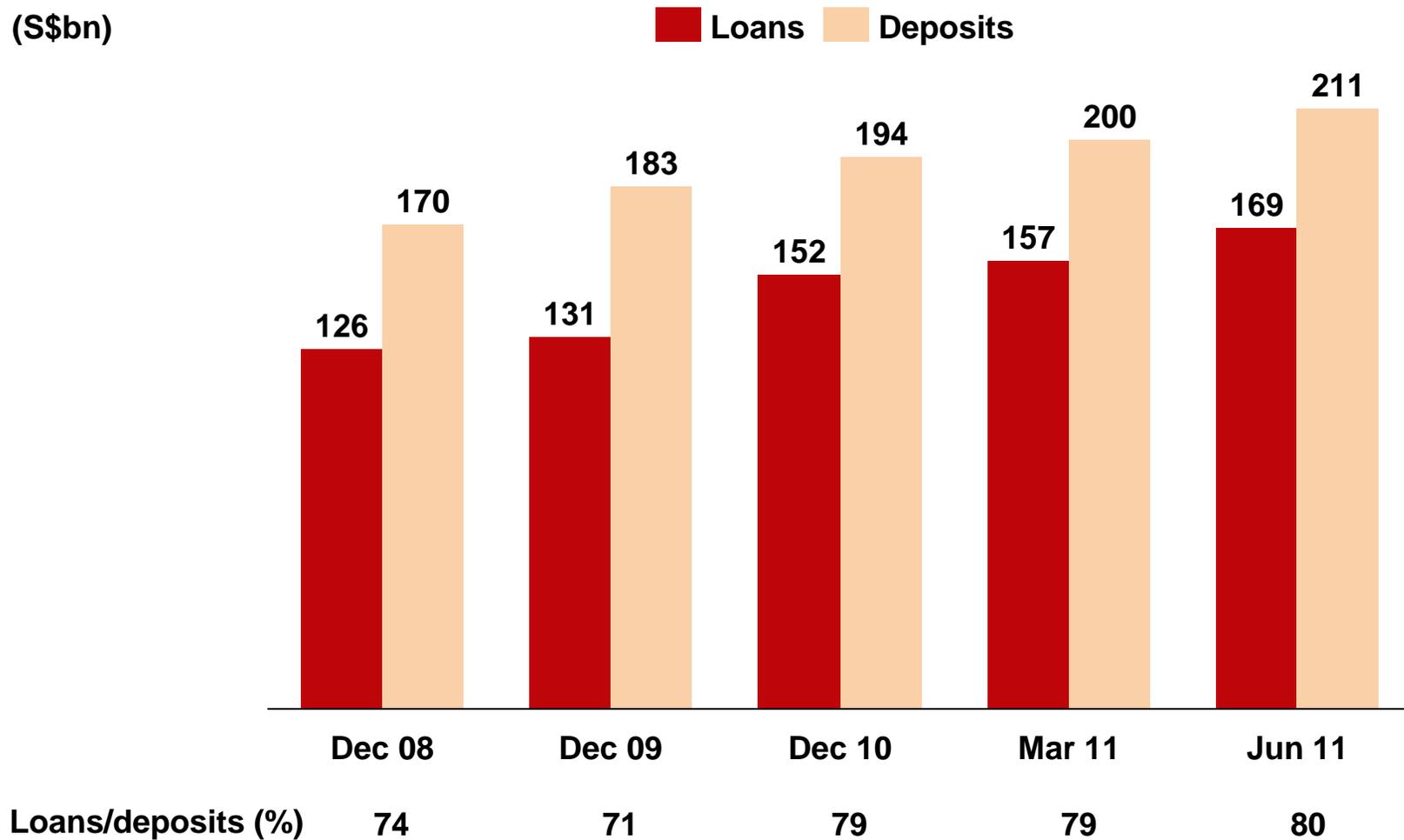


◆ Net Interest Margin (%)



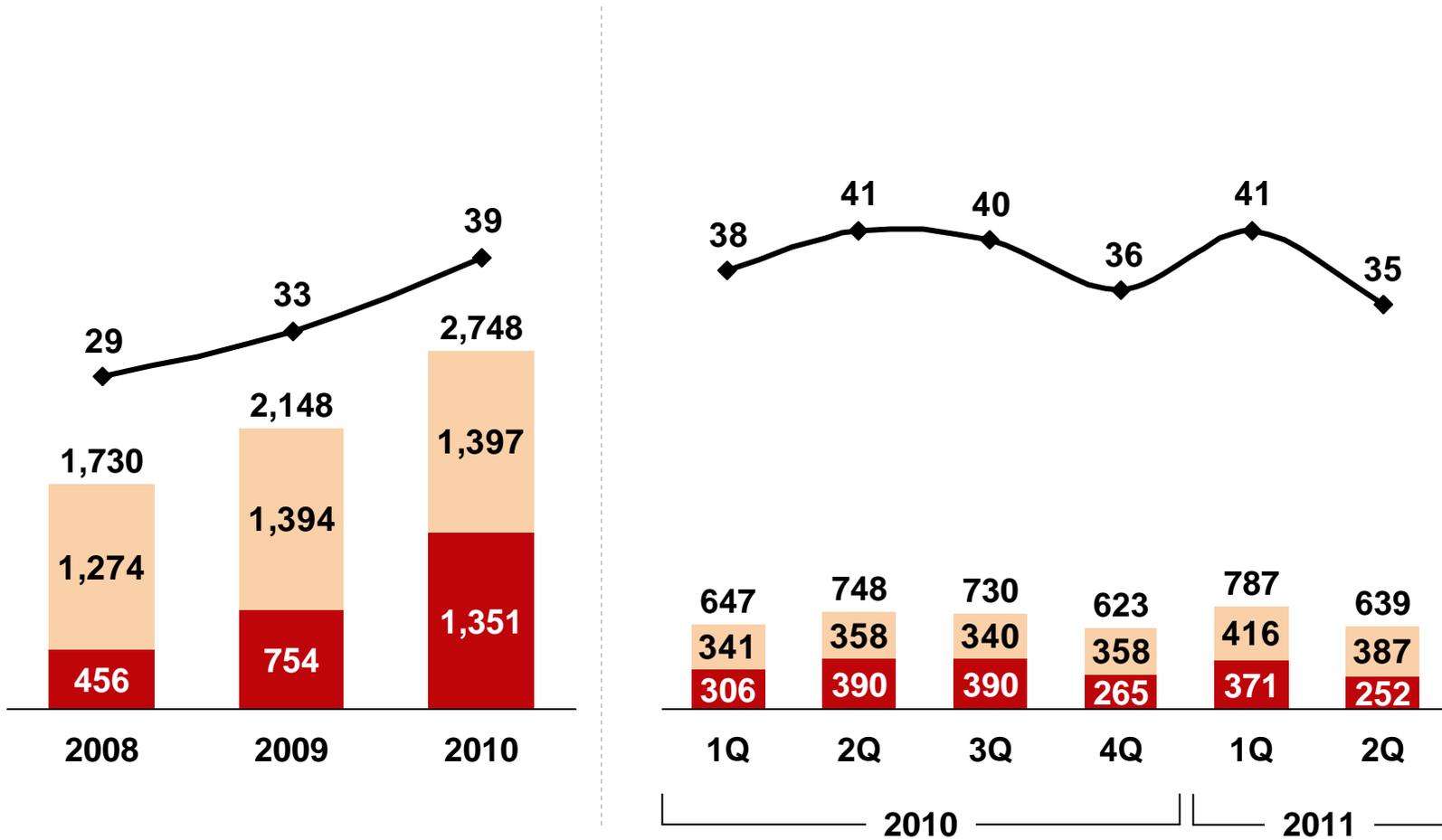
Loans up 11% year to date, LDR rises slightly to 80%

(S\$bn)



Fee income up 8% on year

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



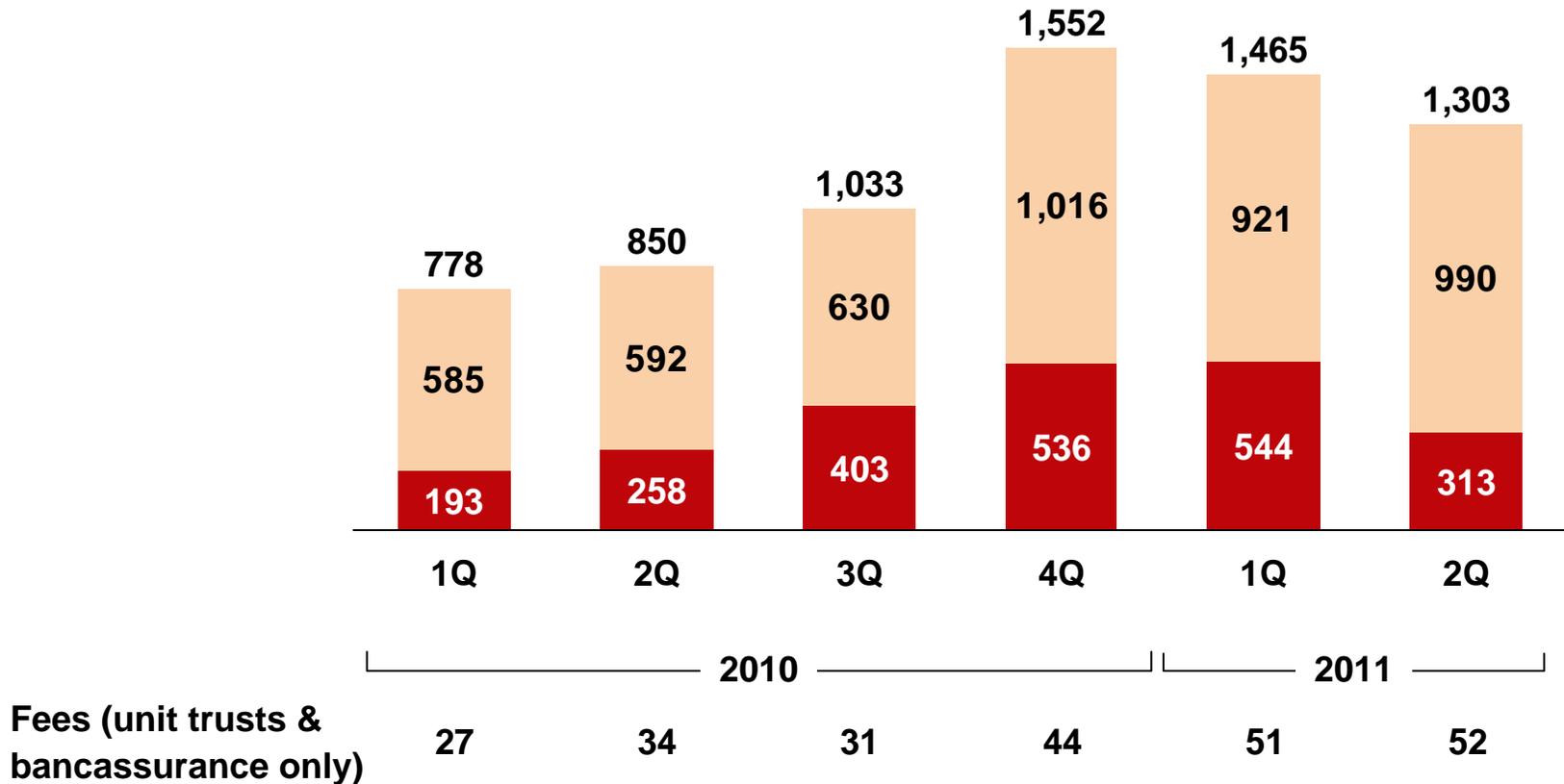
1H Treasury customer income up 42% on year

(S\$m)	1H 2011	1H 2010	YoY %	2H 2010	HoH %
Customer income	433	306	42	381	14
Other income, principally from balance sheet management, market-making and warehousing	537	731	(27)	502	7
Total Treasury income	970	1,037	(6)	883	10
Customer income as % of total Treasury income	45	30	15pt	43	2pt

Wealth management fees up 53% on year

Regional sales volume (S\$m)

Unit Trust Bancassurance



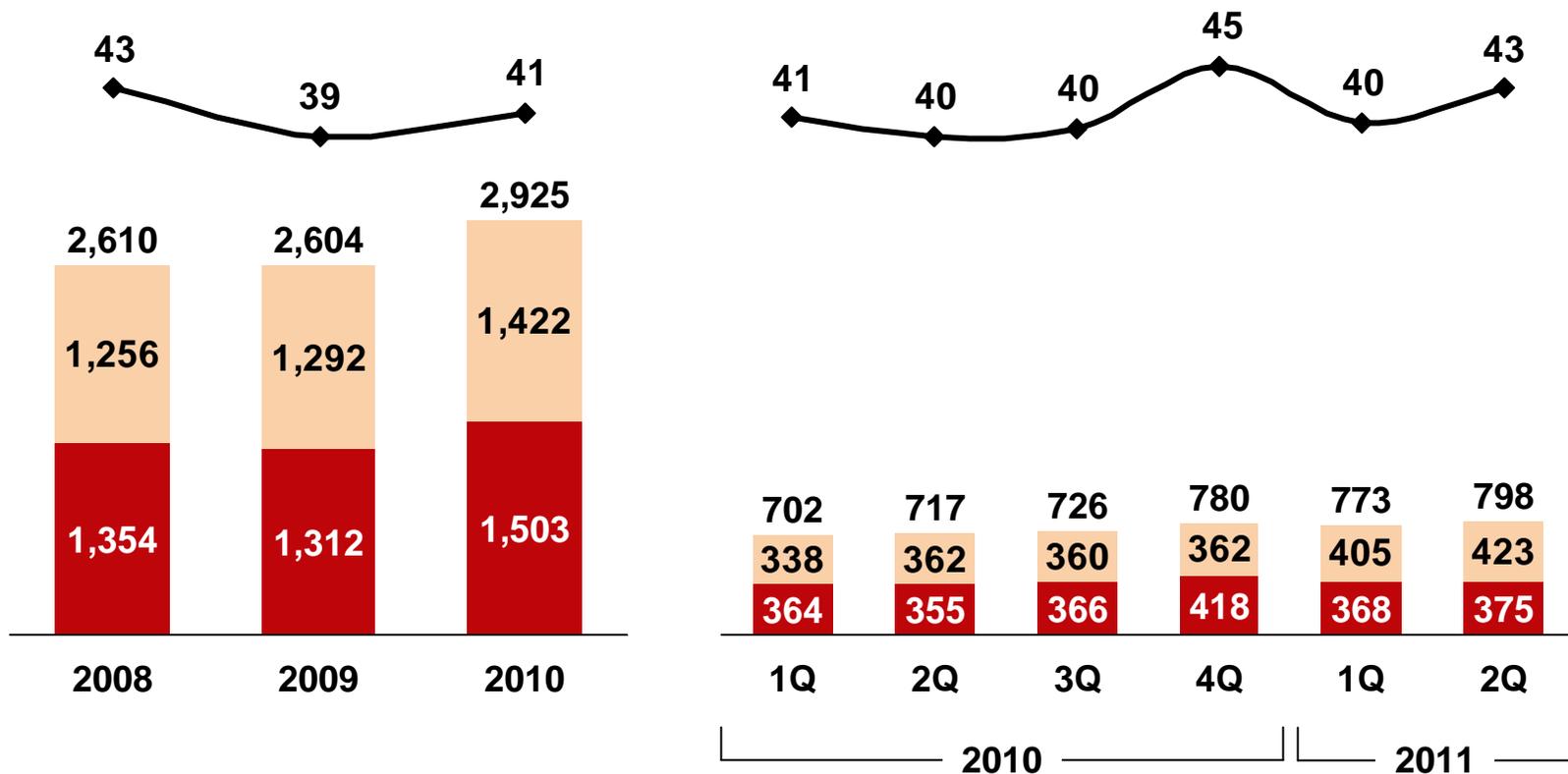
Excluding other wealth management products such as structured deposits



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

(S\$m)

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



Sustained customer income underpins performance

- ❑ Positive operating trends underpinned by customer-related income growth
- ❑ Improvements in Hong Kong's operating performance
- ❑ Balance sheet remains strong

Hong Kong's 1H earnings up 51% on year in constant currency terms

Constant currency terms

(S\$m)	1H 2011	1H 2010	YoY %	YoY %	2H 2010	HoH %	HoH %
Net interest income	389	400	(3)	9	383	2	7
Non-interest income	377	330	14	27	352	7	14
Total income	766	730	5	17	735	4	11
Expenses	309	396	(22)	(13)	324	(5)	1
Profit before allowances	457	334	37	53	411	11	18
Allowances	63	39	62	84	34	85	94
Net profit	333	245	36	51	334	(0)	5

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



Hong Kong's 2Q earnings rise on year as operating trends improve

Constant currency terms

(S\$m)	2Q 2011	2Q 2010	YoY %	YoY %	1Q 2011	QoQ %	QoQ %
Net interest income	199	198	1	13	190	5	8
Non-interest income	177	165	7	21	200	(12)	(8)
Total income	376	363	4	17	390	(4)	(0)
Expenses	154	249	(38)	(30)	155	(1)	2
Profit before allowances	222	114	95	>100	235	(6)	(2)
Allowances	54	32	69	90	9	>100	>100
Net profit	143	65	>100	>100	190	(25)	(22)

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



Hong Kong's 1H ROA improves on year

(%)	2Q 2011	2Q 2010	1Q 2011	1H 2011	1H 2010	2H 2010
Net interest margin	1.52	1.68	1.48	1.50	1.73	1.53
Non-interest income/total income	47	46	51	49	45	48
Cost/income	41	69	40	40	54	44
ROA	0.99	0.64	1.33	1.16	0.93	1.15
Loans/deposits	107	104	103	107	104	99

Contributions from regional operations improve

(S\$m)	1H 2011	1H 2010	YoY %	2H 2010	HoH %
Net interest income	504	433	16	419	20
Non-interest income	189	183	3	140	35
Total income	693	616	13	559	24
Expenses	321	281	14	313	3
Profit before allowances	372	335	11	246	51
Allowances	25	94	(73)	92	(73)
Net profit	308	218	41	165	87

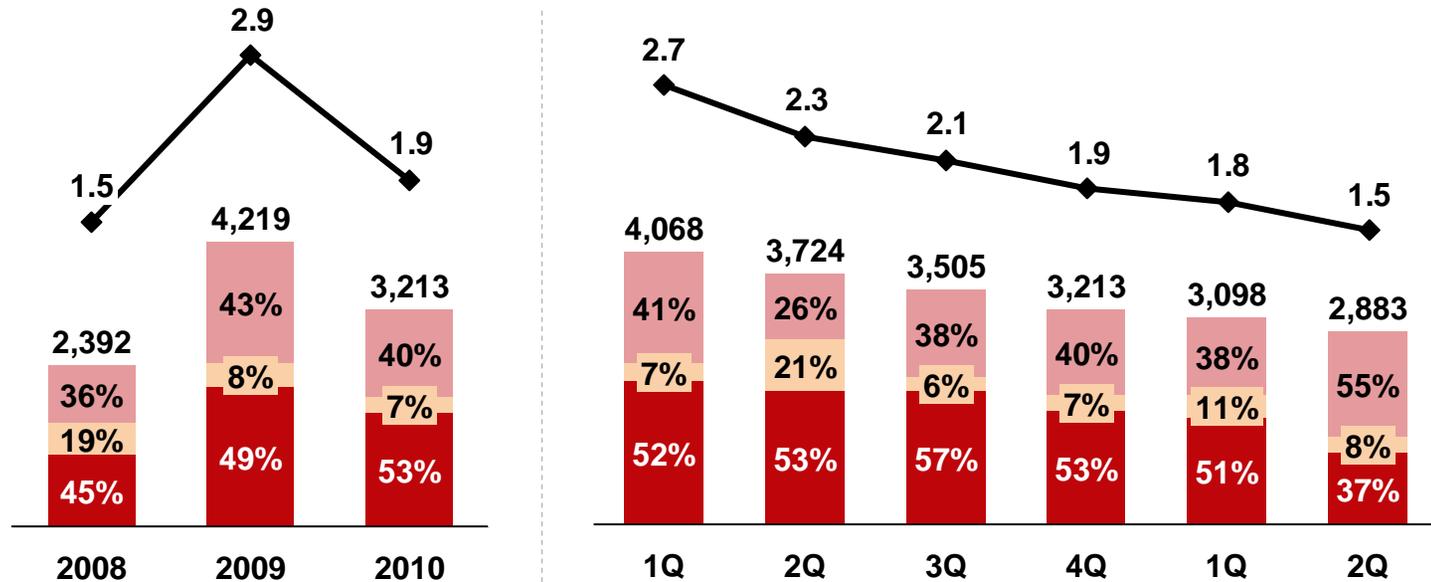
Figures for operations outside of Singapore and Hong Kong

Sustained customer income underpins performance

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- ❑ Improvements in Hong Kong's operating performance
- ❑ Balance sheet remains strong

NPL ratio improves from customer repayments and loan upgrading

NPA (S\$m) NPL Ratio (%) Not overdue <90 days overdue >90 days overdue



SP/loans (bp)	35	85	43	97	19	33	25	9	7
Cumulative general and specific allowances as % of:									
NPAs	114	83	100	92	101	97	100	103	113
Unsecured NPAs	176	108	127	119	126	124	127	134	148

New NPAs remain low

(S\$m)	2Q 2011	1Q 2011	2Q 2010
NPAs at start of period	3,098	3,213	4,068
New NPAs	91	108	115
Net recoveries of existing NPAs	(266)	(111)	(268)
Write-offs	(40)	(112)	(191)
NPAs at end of period	2,883	3,098	3,724

Specific allowances decline

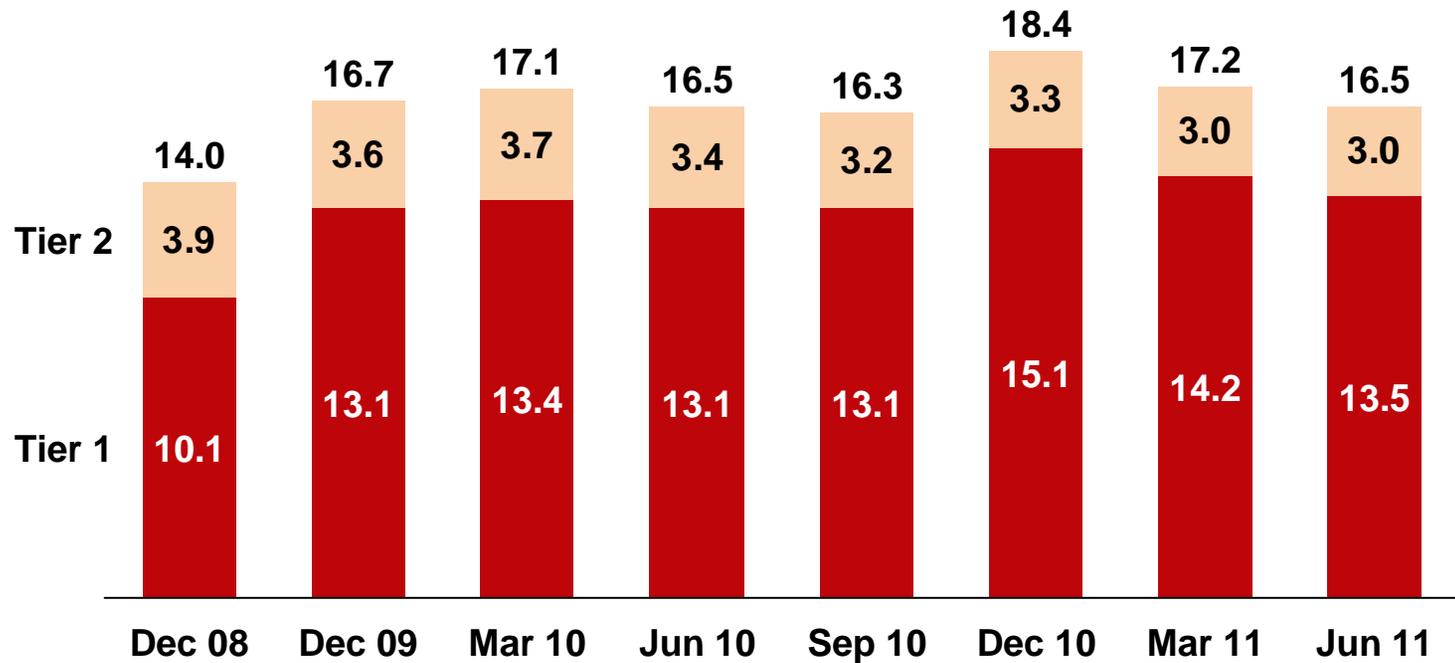
(S\$m)	2Q 2011	1Q 2011	2Q 2010
<u>Add charges for</u>			
New NPLs	44	20	29
Existing NPLs	56	70	104
	100	90	133
<u>Subtract charges for</u>			
Upgrading	4	0	0
Settlements	38	43	54
Recoveries	31	13	11
	73	56	65
Total SP charges	27	34	68
SP / average loans (bp)	7	9	19

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

(S\$m)	Jun 2011	Mar 2011
Singapore government securities	11,371	10,308
Other government securities	8,530	8,061
Corporate debt securities	10,524	10,261
Equities	1,023	1,104
Total	31,448	29,734

Capital ratios remain strong

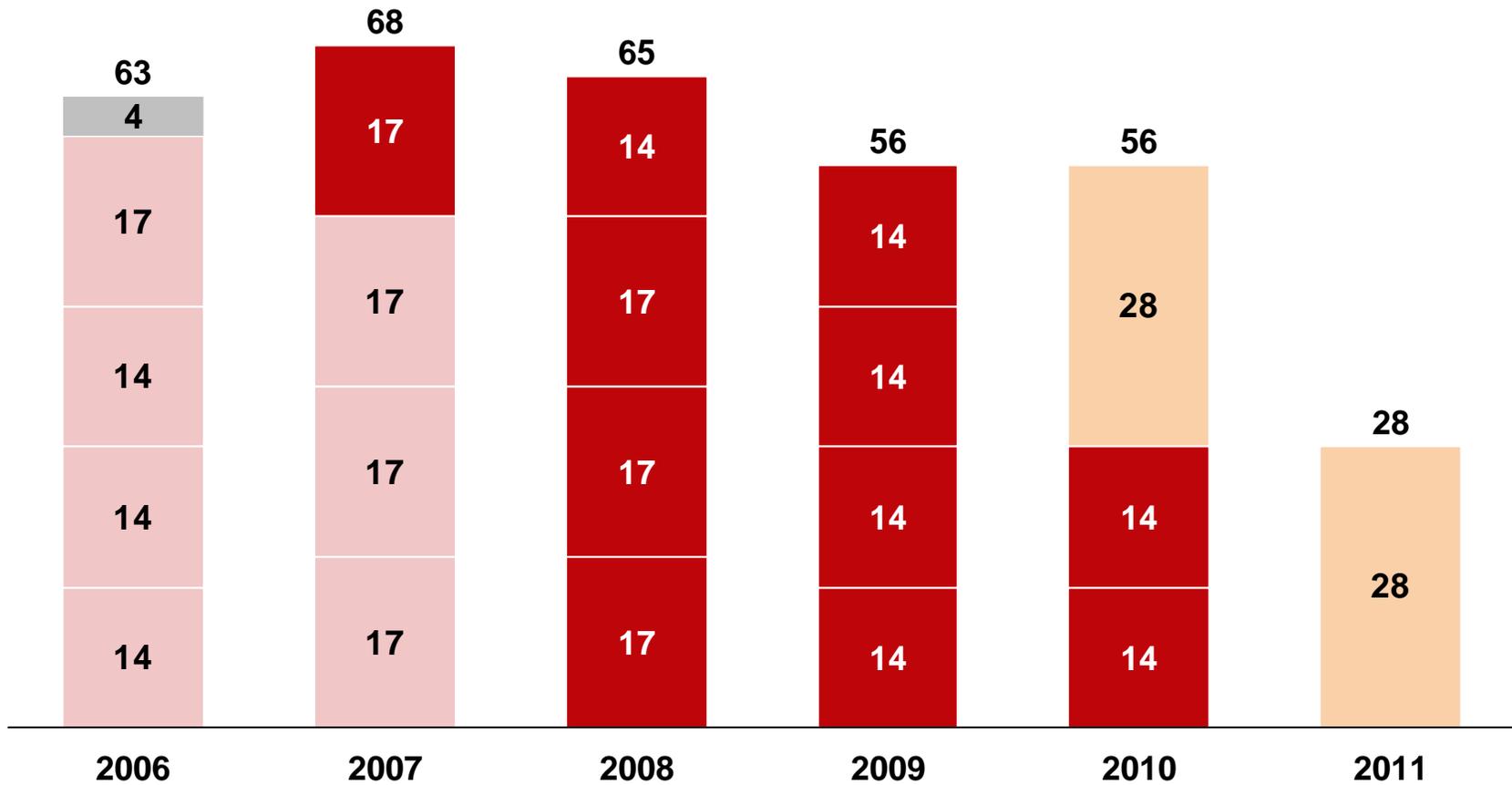
(%)



Core Tier 1 (%)	8.0	11.0	11.3	11.1	11.2	11.8	11.5	11.5
RWA (S\$bn)	183	177	176	185	187	183	190	198

Interim dividend of 28 cents per share

(S¢) ■ Special (gross) ■ Quarterly (gross) ■ Quarterly (one-tier) ■ Half-yearly (one-tier)



In summary – sustained customer income underpins performance

First-half results underscore momentum in implementing strategic initiatives

Will remain focused on execution to take advantage of growth opportunities

Well-positioned to weather near-term uncertainties

Sustained customer income underpins performance

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