

# **Strong execution and balance sheet drive record full-year earnings**

**DBS Group Holdings  
4Q 2011 financial results  
February 10, 2012**

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# Record full-year earnings from focused execution and strong balance sheet

- ❑ Full-year income at record, underpinned by customer flows
- ❑ Full-year underlying Hong Kong trends improve
- ❑ Balance sheet remains strong

# Full-year earnings up 15% from loan growth and customer-driven non-interest income

(S\$m)	FY 2011	FY 2010	YoY %
<b>Net interest income</b>	<b>4,825</b>	<b>4,318</b>	<b>12</b>
Fee income	1,542	1,397	10
Trading income	680	895	(24)
Other income	584	456	28
<b>Non-interest income</b>	<b>2,806</b>	<b>2,748</b>	<b>2</b>
<b>Total income</b>	<b>7,631</b>	<b>7,066</b>	<b>8</b>
Staff expenses	1,712	1,422	20
Other expenses	1,591	1,503	6
<b>Expenses</b>	<b>3,303</b>	<b>2,925</b>	<b>13</b>
<b>Profit before allowances</b>	<b>4,328</b>	<b>4,141</b>	<b>5</b>
General allowances	478	232	>100
Specific allowances	244	679	(64)
<b>Allowances</b>	<b>722</b>	<b>911</b>	<b>(21)</b>
<b>Net profit</b>	<b>3,035</b>	<b>2,650</b>	<b>15</b>

Excluding one-time items

# 4Q earnings up 8% on year

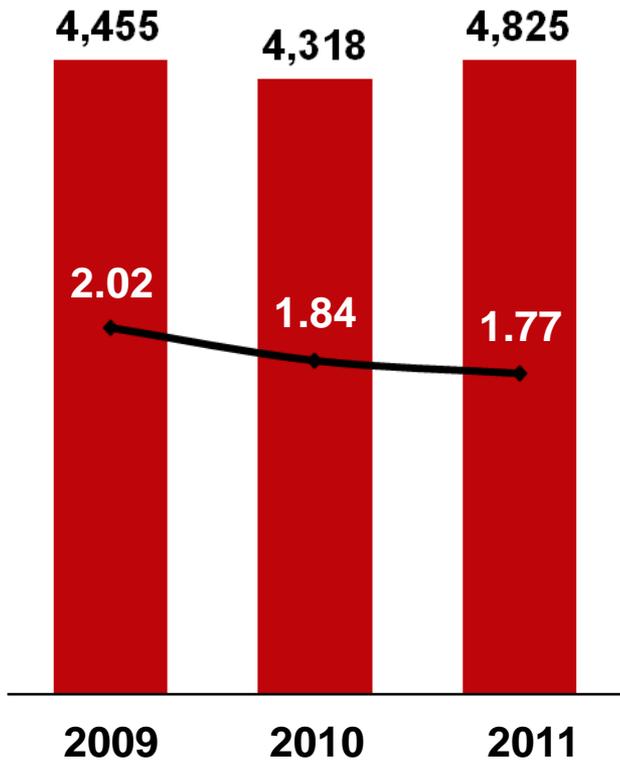
(S\$m)	4Q 2011	4Q 2010	YoY %	3Q 2011	QoQ %
<b>Net interest income</b>	<b>1,290</b>	<b>1,106</b>	<b>17</b>	<b>1,214</b>	<b>6</b>
Fee income	342	358	(4)	397	(14)
Trading income	133	164	(19)	143	(7)
Other income	151	101	50	214	(29)
<b>Non-interest income</b>	<b>626</b>	<b>623</b>	<b>0</b>	<b>754</b>	<b>(17)</b>
<b>Total income</b>	<b>1,916</b>	<b>1,729</b>	<b>11</b>	<b>1,968</b>	<b>(3)</b>
Staff expenses	440	362	22	444	(1)
Other expenses	445	418	6	403	10
<b>Expenses</b>	<b>885</b>	<b>780</b>	<b>13</b>	<b>847</b>	<b>4</b>
<b>Profit before allowances</b>	<b>1,031</b>	<b>949</b>	<b>9</b>	<b>1,121</b>	<b>(8)</b>
General allowances	131	44	>100	187	(30)
Specific allowances	98	113	(13)	44	>100
<b>Allowances</b>	<b>229</b>	<b>157</b>	<b>46</b>	<b>231</b>	<b>(1)</b>
<b>Net profit</b>	<b>731</b>	<b>678</b>	<b>8</b>	<b>762</b>	<b>(4)</b>

# Full-year ROE improves to 11.0%

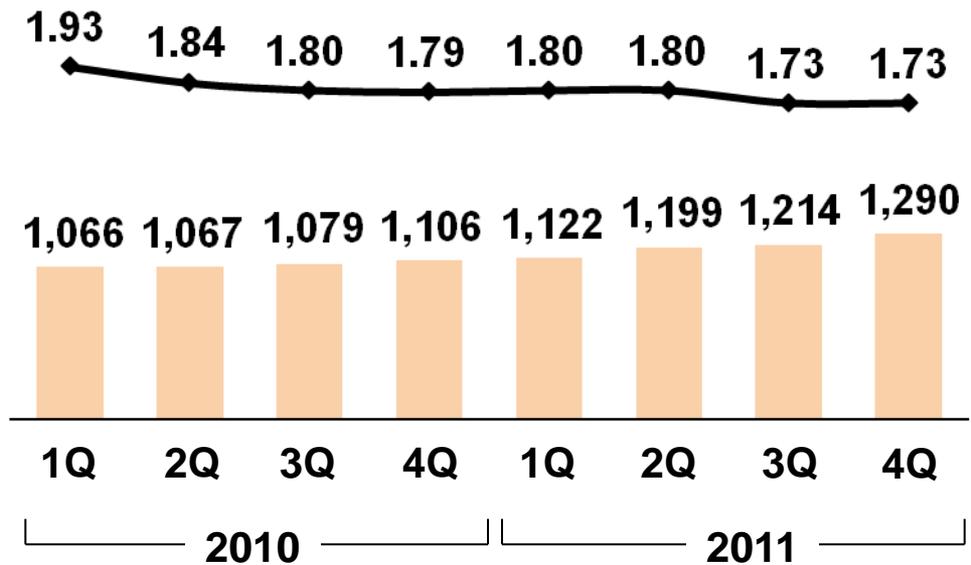
(%)	4Q 2011	4Q 2010	3Q 2011	FY 2011	FY 2010
Net interest margin	1.73	1.79	1.73	1.77	1.84
Fee income/total income	18	21	20	20	20
Non-interest income/total income	33	36	38	37	39
Cost/income	46	45	43	43	41
ROE	10.2	10.2	10.8	11.0	10.2
Loans/deposits	86	79	84	86	79
SP/average loans (bp)	19	25	9	11	43
NPL ratio	1.3	1.9	1.3	1.3	1.9

# 4Q net interest income up 17% on year to record

(S\$m)



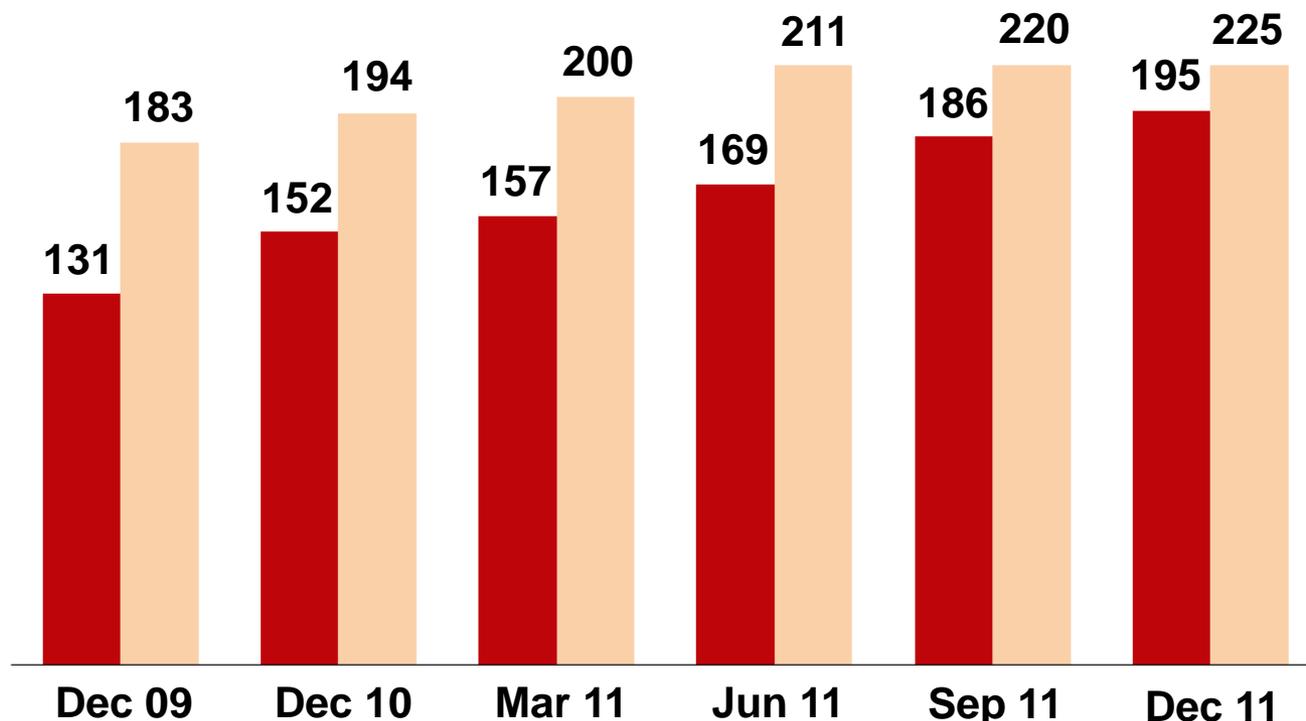
◆ Net interest margin (%)



# Loans up 5% on quarter, LDR healthy at 86%

(S\$bn)

Loans Deposits



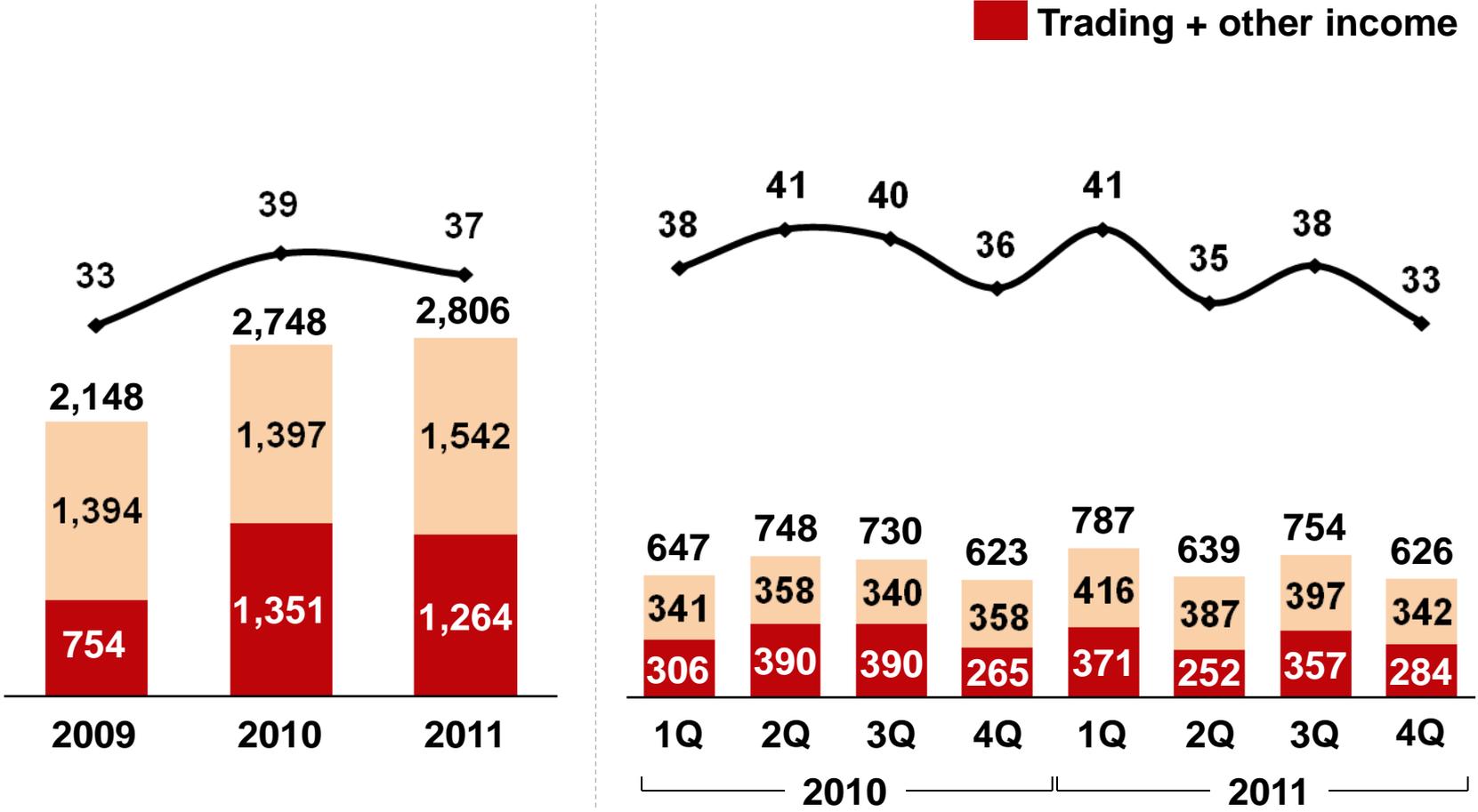
## Loans/deposits (%)

Group	71	79	79	80	84	86
SGD *	55	60	60	60	62	64
Non-SGD *	96	107	108	109	115	116

\* Based on gross loans

# 4Q fee income declines 4% on year from lower market-related activities

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



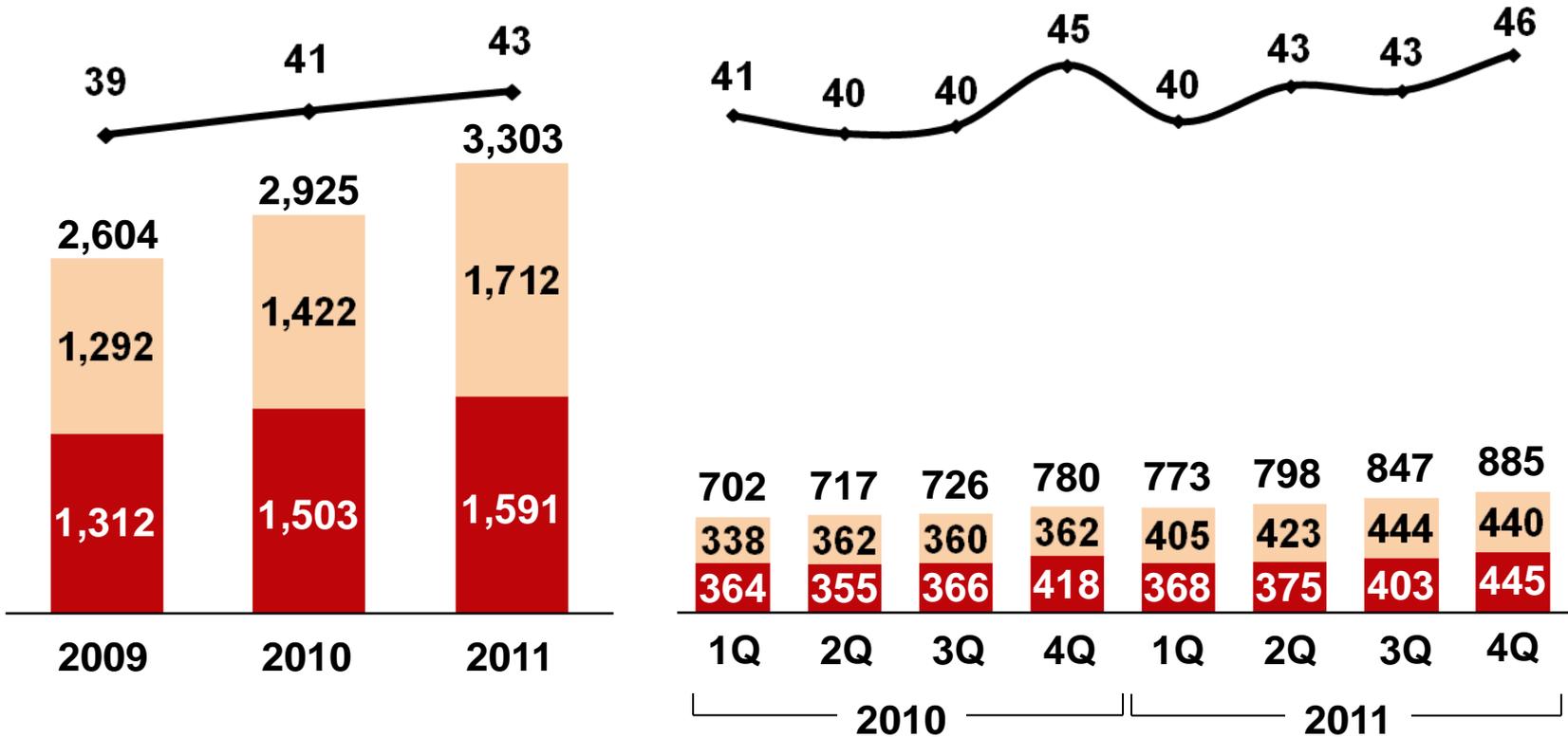
# Full-year Treasury customer income up 20%, accounting for 42% of total Treasury income

(S\$m)	FY 2011	FY 2010	YoY %
Customer income	822	687	20
Other income, principally from balance sheet management, market-making and warehousing	1,152	1,233	(7)
<b>Total Treasury income</b>	<b>1,974</b>	<b>1,919</b>	<b>3</b>
<b>Customer income as % of total Treasury income</b>	<b>42</b>	<b>36</b>	<b>6 pt</b>

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

(S\$m)

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



# Full-year regional earnings up 53%

(S\$m)	FY 2011	FY 2010	YoY %
Net interest income	1,130	852	33
Non-interest income	329	323	2
<b>Total income</b>	<b>1,459</b>	<b>1,175</b>	<b>24</b>
<b>Expenses</b>	<b>709</b>	<b>594</b>	<b>19</b>
<b>Profit before allowances</b>	<b>750</b>	<b>581</b>	<b>29</b>
<b>Allowances</b>	<b>100</b>	<b>186</b>	<b>(46)</b>
<b>Net profit</b>	<b>587</b>	<b>383</b>	<b>53</b>

Figures for operations outside of Singapore and Hong Kong

# Record full-year earnings from focused execution and strong balance sheet

- ❑ Full-year income at record, underpinned by customer flows
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# Hong Kong's full-year constant-currency profit before allowances up 18%

Constant currency terms

(S\$m)	FY 2011	FY 2010	YoY %	YoY %
Net interest income	789	783	1	9
Non-interest income	664	682	(3)	6
Total income	1,453	1,465	(1)	8
Expenses	646	720	(10)	(3)
Profit before allowances	807	745	8	18
General allowances	90	45	100	>100
Specific allowances	40	28	43	53
Allowances	130	73	78	94
Net profit	571	579	(1)	7
Net interest margin (%)	1.39	1.60		
Loan growth (%)				26
Deposit growth (%)				3

# Hong Kong's 4Q constant-currency earnings up 14% on quarter on better NIM and lower allowances

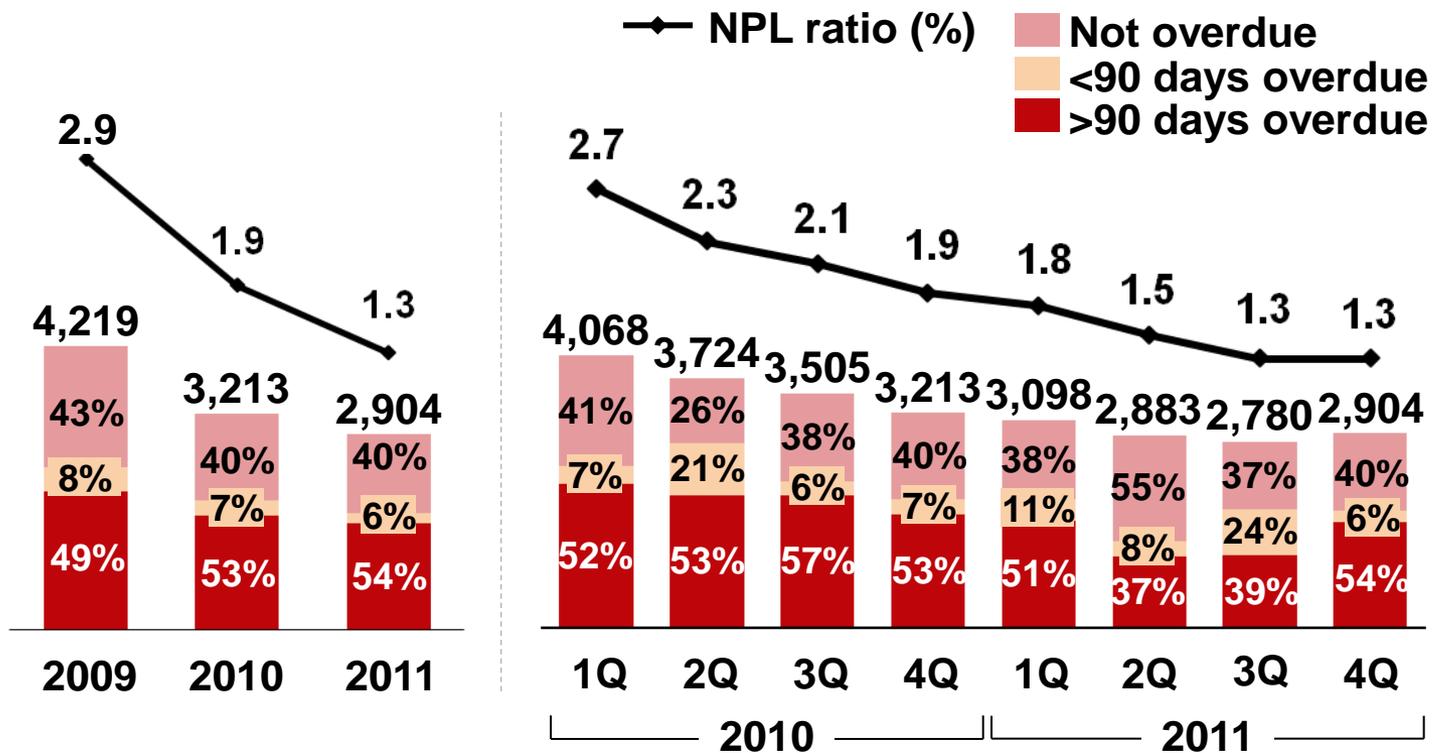
	Constant currency terms						
(S\$m)	4Q 2011	4Q 2010	YoY %	YoY %	3Q 2011	QoQ %	QoQ %
Net interest income	211	192	10	12	189	12	7
Non-interest income	151	157	(4)	(2)	136	11	5
Total income	362	349	4	5	325	11	6
Expenses	184	177	4	6	153	20	16
Profit before allowances	178	172	3	5	172	3	(2)
General allowances	15	8	88	76	30	(50)	(54)
Specific allowances	9	8	13	10	13	(31)	(32)
Allowances	24	16	50	43	43	(44)	(47)
Net profit	130	144	(10)	(8)	108	20	14
Net interest margin (%)	1.35	1.49			1.25		
Loan growth (%)				26			3
Deposit growth (%)				3			(2)

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# NPL ratio unchanged on quarter at 1.3%

NPA (\$m)



SP/loans (bp)	85	43	11	97	19	33	25	9	7	9	19
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Cumulative general and specific allowances as % of:

NPAs	83	100	126	92	101	97	100	103	113	124	126
Unsecured NPAs	108	127	165	119	126	124	127	134	148	158	165

# NPAs up 4% on quarter from one legacy exposure

(S\$m)	4Q 2011	3Q 2011	4Q 2010
NPAs at start of period	2,780	2,883	3,505
New NPAs	212	161	207
Upgrades and recoveries	(27)	(157)	(153)
Write-offs	(61)	(107)	(346)
NPAs at end of period	2,904	2,780	3,213

# Specific allowances remain low

(S\$m)	4Q 2011	3Q 2011	4Q 2010
<u>Add charges for</u>			
New NPLs	83	39	28
Existing NPLs	39	78	128
	122	117	156
<u>Subtract charges for</u>			
Upgrading	0	44	0
Settlements	20	20	53
Recoveries	10	12	6
	30	76	59
<b>Total SP charges</b>	<b>92</b>	<b>41</b>	<b>97</b>
<b>SP / average loans (bp)</b>	<b>19</b>	<b>9</b>	<b>25</b>

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

	<b>Dec 11 (S\$m)</b>	<b>Sep 11 (S\$m)</b>
<b>Singapore government securities</b>	<b>10,464</b>	<b>10,745</b>
<b>Other government securities</b>	<b>9,616</b>	<b>7,945</b>
<b>Supranational, bank and corporate debt securities</b>	<b>10,474</b>	<b>10,533</b>
<b>Equities</b>	<b>1,157</b>	<b>1,141</b>
<b>Total</b>	<b>31,711</b>	<b>30,364</b>
<b>European governments and banks</b>	<b>2,103</b>	
<b>As percentage of total assets</b>	<b>0.6%</b>	

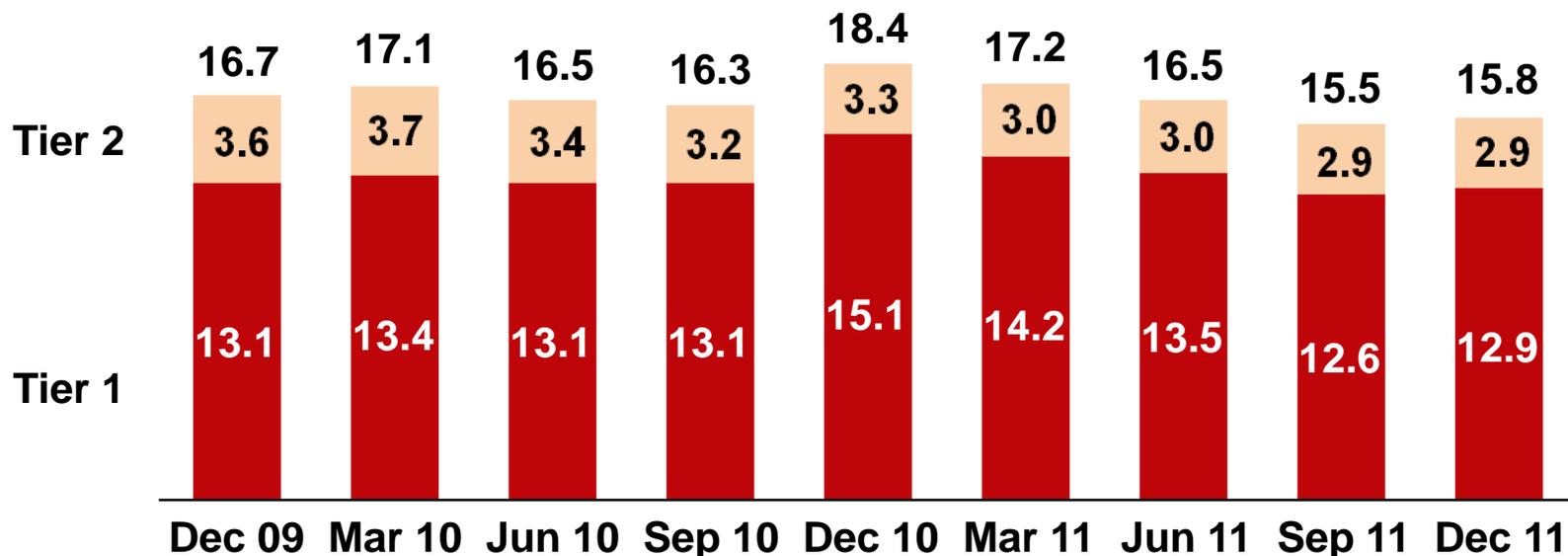
# European AFS exposure mostly in AAA entities; no exposure to peripheral countries

(S\$m)	Government / Govt-owned	Bank	Total
Supranational	799*	0	799
Germany	759*	20	779
United Kingdom	321*	188	509
Netherlands	0	16	16
<b>Total</b>	<b>1,879</b>	<b>224</b>	<b>2,103</b>

\* Entities rated AAA by S&P and Fitch, and Aaa by Moody's

# Capital ratios remain strong

(%)



## Core Tier 1 (%) based on deductions that are:

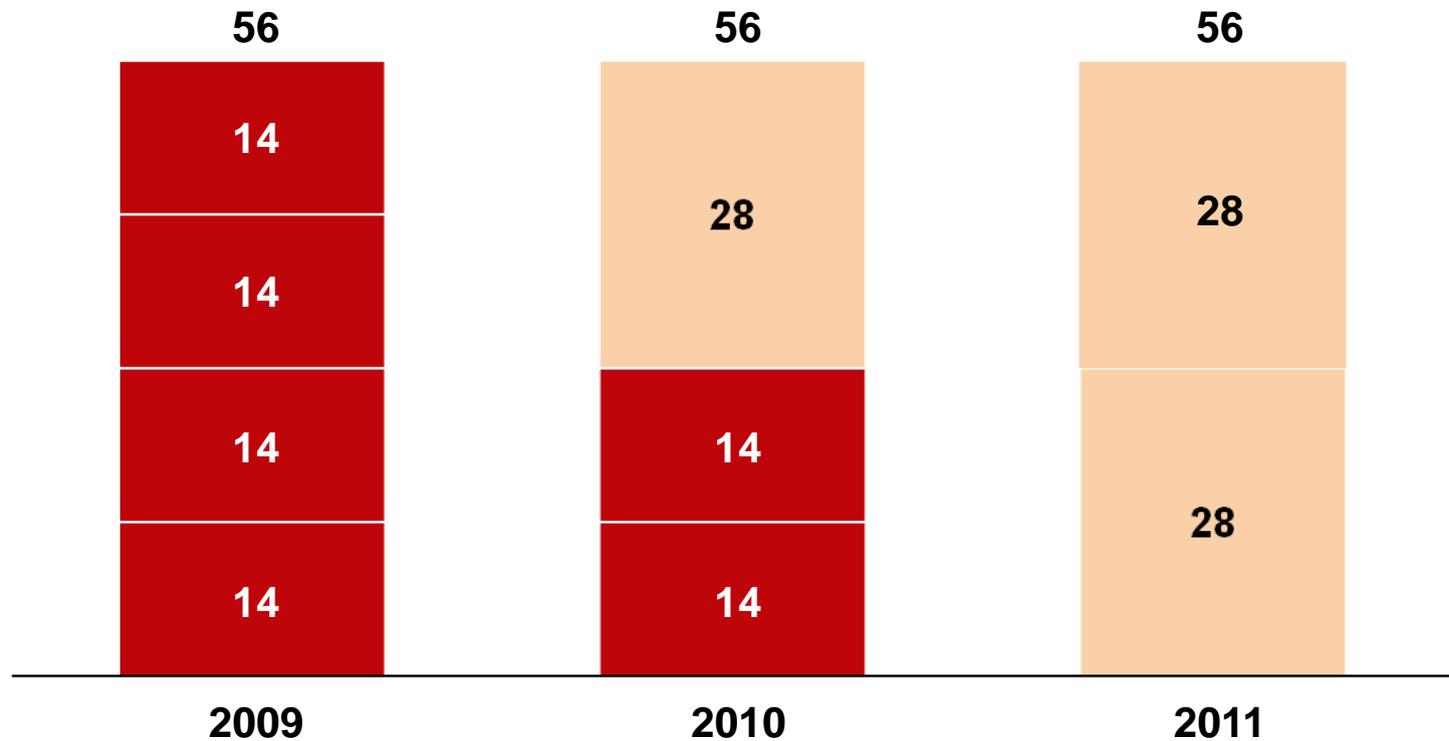
Phased in *	13.1	13.4	13.1	13.1	14.5	14.1	13.5	12.6	12.9
Full	11.0	11.3	11.1	11.2	11.8	11.5	11.5	10.7	11.0
RWA (S\$bn)	177	176	185	187	183	190	198	214	214

\* Phased-in deduction (of mainly goodwill) against core equity (0% until 31 December 2013)

# Final dividend of 28 cents per share

(S¢ per share)

Half yearly  
Quarterly



# **In summary – record full-year earnings from focused execution and strong balance sheet**

**Record earnings from focused execution of strategic initiatives,  
prudent risk management and strong balance sheet**

**Liquidity, asset quality and capital remain strong**

**We are well positioned to capture opportunities across the region  
in a judicious and disciplined manner**

# **Strong execution and balance sheet drive record full-year earnings**

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