

# Earnings at yet another record as franchise operates at higher plane

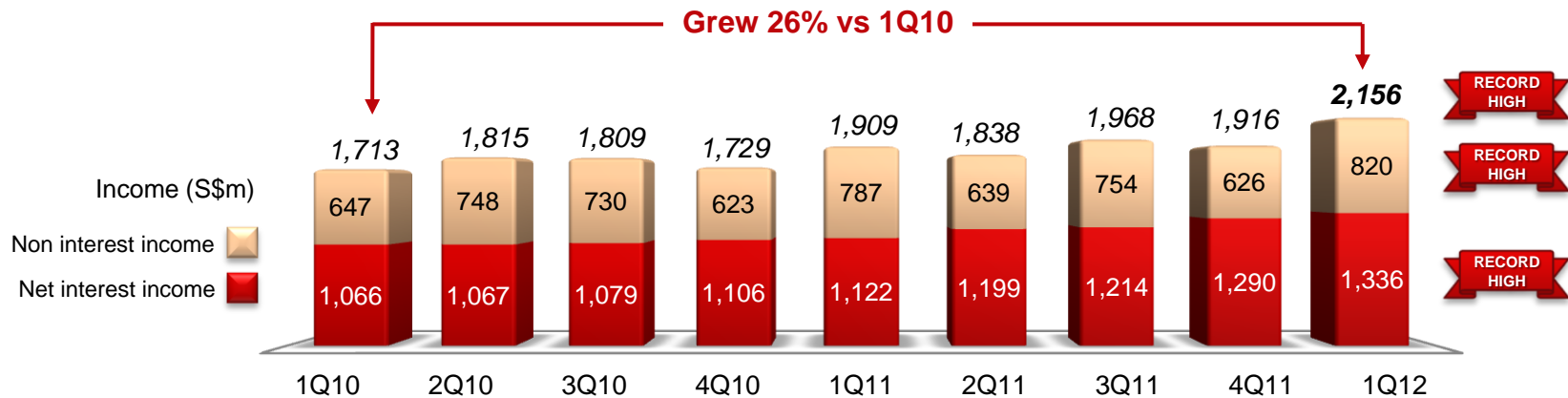
April 27, 2012

# Agenda

- **Key financial drivers**
- **Update on 9 strategic priorities**

# 9 quarters of solid growth

- Sustained business momentum



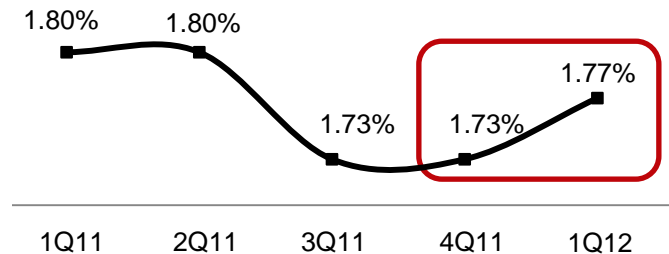
- Record net profit at **S\$933m -- New high!**
- ROE rose to **12.8%** vs. 11% in FY2011

# Key financial drivers

- Sustained loan volumes

- Loans ↑ 3% qoq <sup>(a)</sup> to S\$198b

- Improved net interest margins, on the back of higher loan yields



- Increased fee income ↑ 19% qoq – **Highest ever <sup>(b)</sup> !**

- Led by wealth management, lending, stockbroking, trade, remittances

- Trading income at S\$292m, more than doubled on quarter

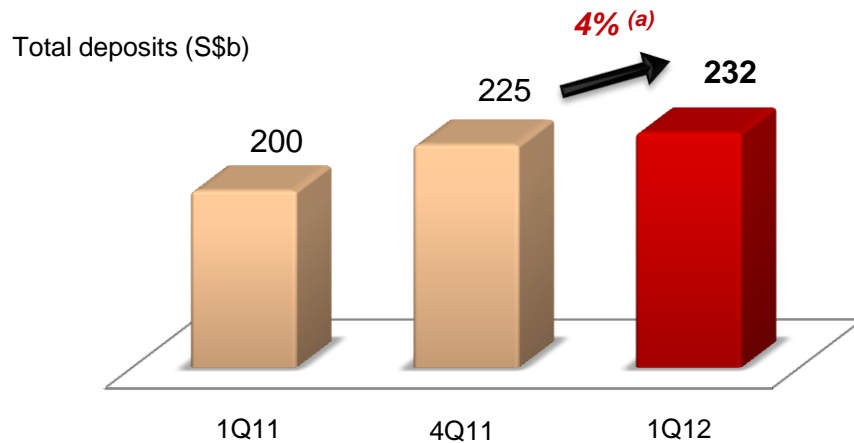
- Higher customer flows for treasury products – **New high!**

(a) Exclude currency translation effects

(b) Exclude one-off items, i.e., fee income related to Hutch transaction in 1Q11

# Liquidity

- Deposit gathering capability remains strong



## Growth for the quarter:

SGD	↑ \$4b
USD	↑ \$3b
HKD	↑ \$2b
-----	
GTS	↑ \$5b
Wealth	↑ \$1b

- Built ~S\$10b surplus USD cushion over the quarter
- Group LDR healthy
  - Non-SGD LDR continues to improve

(a) Exclude currency translation effects

# Asset quality

- **Non-performing assets unchanged from previous quarter at S\$2.91b**
- **NPL rate stable at 1.3%**
- **Conservative NPA recognition**
  - 37% of assets classified as non-performing still current in interest and principal
- **Prudent provisioning policy**
  - Built up cumulative general provisions in excess of 1.0% of loans
  - Allowance coverage at 128%; 172% including collateral

# The Asian Bank of Choice for the New Asia

**1**

*Geographies*

1. Entrench leadership in Singapore
2. Re-energise Hong Kong
3. Rebalance geographic mix of our business

**2**

*Regional Businesses*

4. Build a leading SME business
5. Strengthen wealth proposition
6. Build-out GTS and T&M cross-sell business

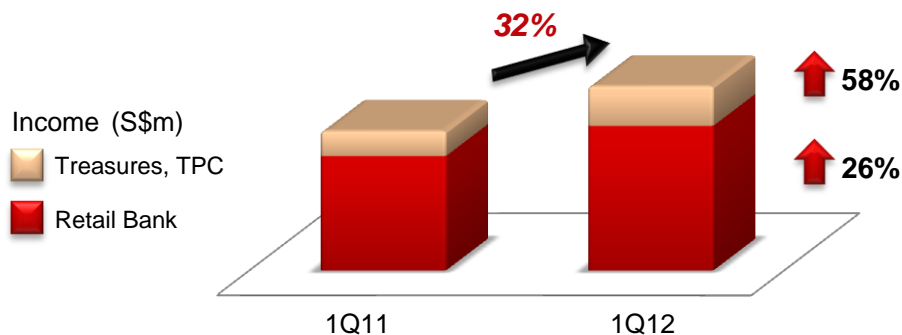
**3**

*Enablers*

7. Place customers at the heart of the banking experience
8. Focus on management processes, people and culture
9. Strengthen technology and infrastructure platform

# 1 Singapore

- 1Q12 income **↑ 15% from a year ago**
- **Institutional Bank**
  - **↑ 20% yoy** <sup>(a)</sup>, powered by SME
  - Continued focus on cross-sell; fee income +17% yoy <sup>(a)</sup>
  - Top of league table for SGD bonds: 25 issues, 45% market share<sup>(b)</sup>
- **Consumer Bank**
  - **↑ 32% yoy** <sup>(a)</sup>, showing traction in Wealth and Retail Banking
    - *Driving sales productivity through new branch operating model*



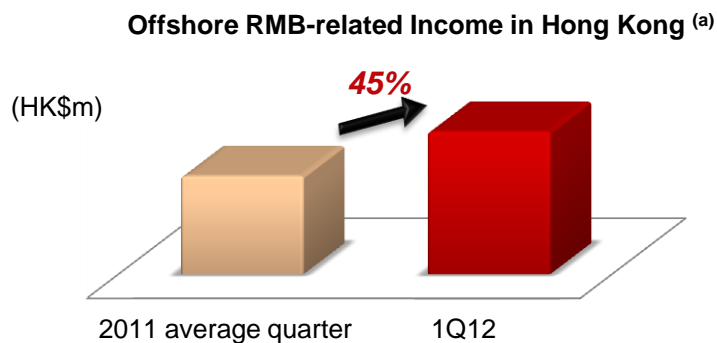
(a) Management view

(b) Source: Bloomberg underwriting rankings, as at 23 Apr 2012



## 2 Hong Kong

- Successfully re-orienting Hong Kong franchise to anchor Greater China



As % of HK's  
total income


17%

24%

Offshore RMB business <sup>(a)</sup>	End 2009	Increased by	1Q 2012
RMB loan volume	RMB <1b	>27x	RMB 27b
RMB deposit volume	RMB 1.3b	10x	RMB13.1b
# of RMB corporate deposit accounts	11	>530x	5,869

(a) Management view

## 2 Hong Kong

- **Build out niche Capital Markets capability**
  - 4 SGD bond issuances to-date
  - 6 USD bonds
  - 2 CNH bonds
  - 1 HKD convertible bond
  
- **Making progress in Consumer Bank; income  15% yoy <sup>(a)</sup>**
  - Refocusing Consumer Bank on Wealth
  - Maintaining our lead as top 4 player in unsecured loans space

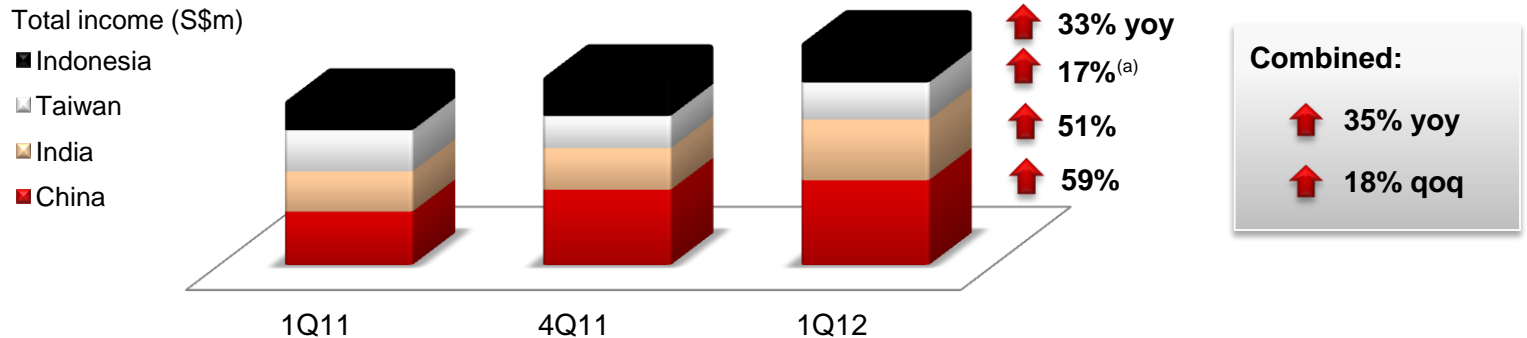
---

(a) Management view

# 3 Other geographies

## Continued growth in regional markets

➤ 1Q12 total income at new high in China and India



**China**

- 81% yoy loan growth, 21% deposit growth
- Cross-sell: fee income +46% yoy
- Opened Chongqing branch; footprint of 25 outlets across 10 cities today



**Taiwan**

- 28% yoy loan growth, 32% deposit growth
- Cross-sell: 55% non-interest income ratio
- Leading player in debt capital markets
  - Joint Global Coordinator for the issuance of Euro-convertible bonds for 2 Taiwanese corporates



**India**

- 42% yoy loan growth, 80% deposit growth
- Cross-sell: fee income +11% yoy
- Early traction in Consumer Bank
  - Income more than tripled from a year ago
  - Acquired > 1,300 customers in the quarter



**Indonesia**

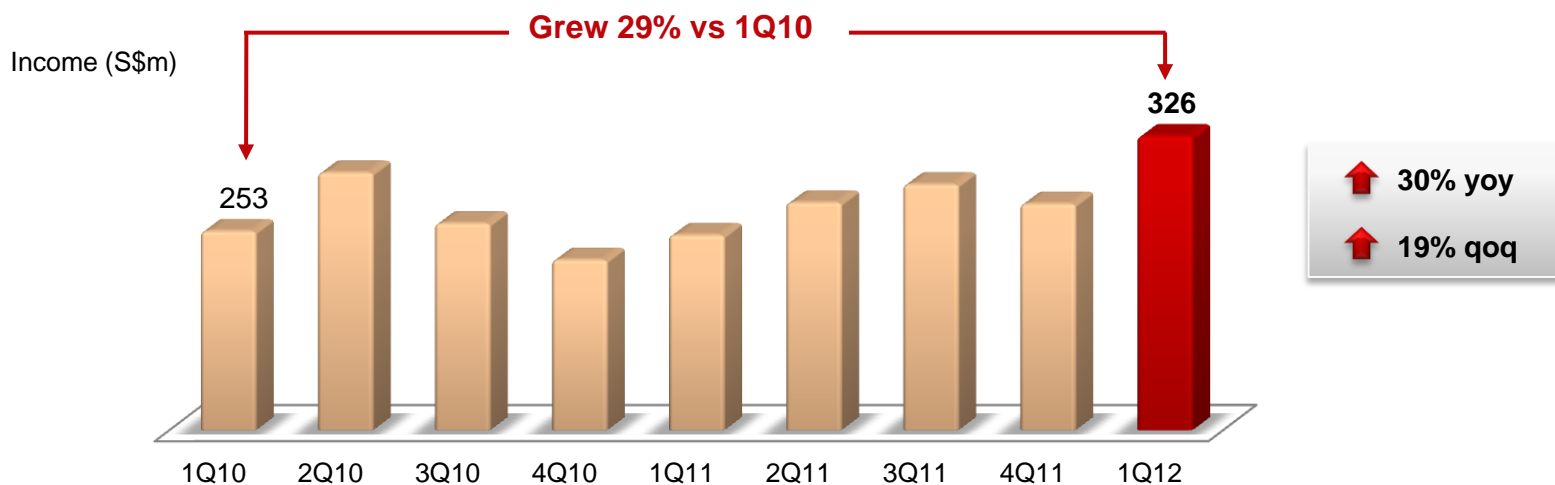
- 36% yoy loan growth, 21% deposit growth
- Cross-sell: fee income +42% yoy
- Continue to grow customer franchise
  - Institutional Bank income +48% yoy
  - Consumer Bank income +59% yoy

Management view except for total income

(a) Exclude one-off items

## 4 SME

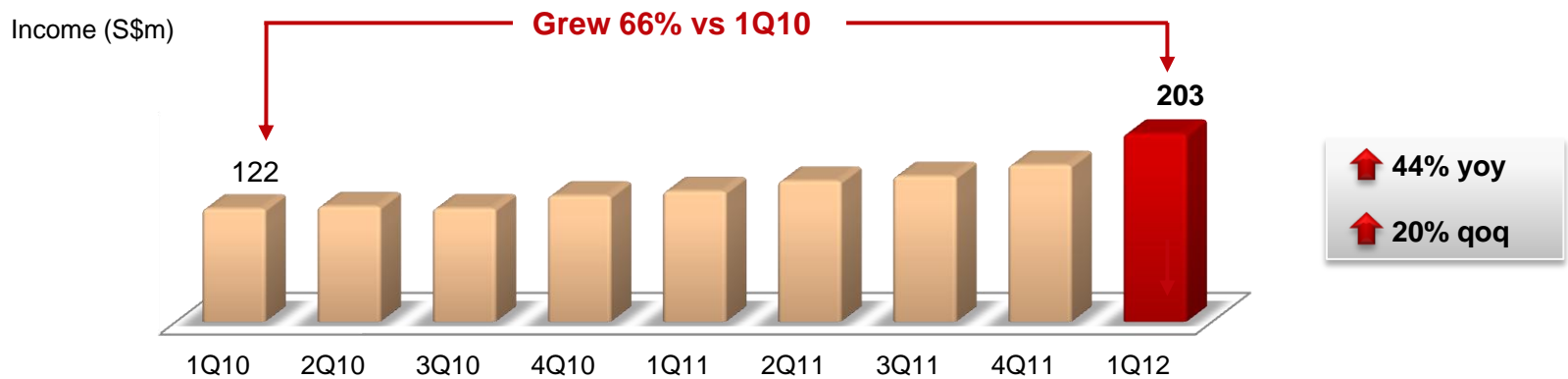
- SME strategy beginning to show results



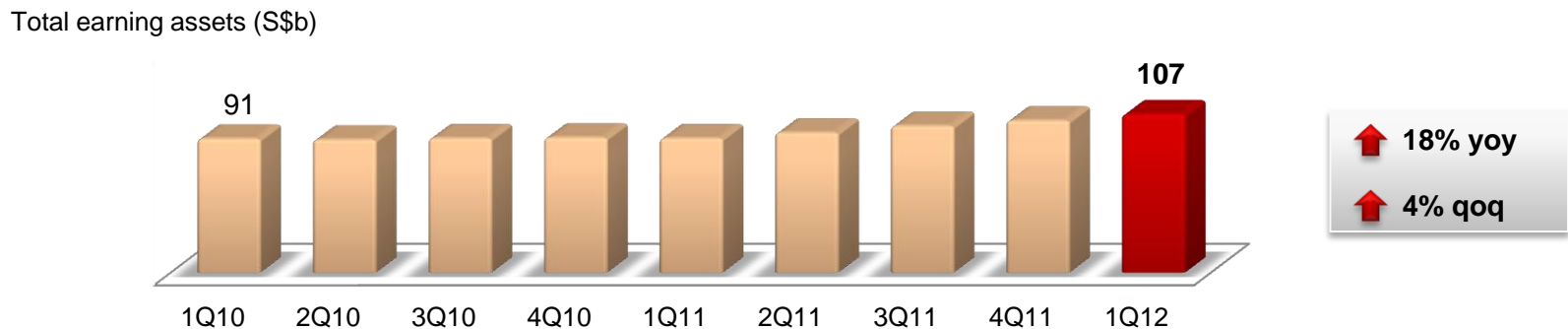
- Loans growth: ↑ 23% yoy
- Deposits growth: ↑ 19% yoy

# 5 Wealth

## Continued growth momentum in Wealth



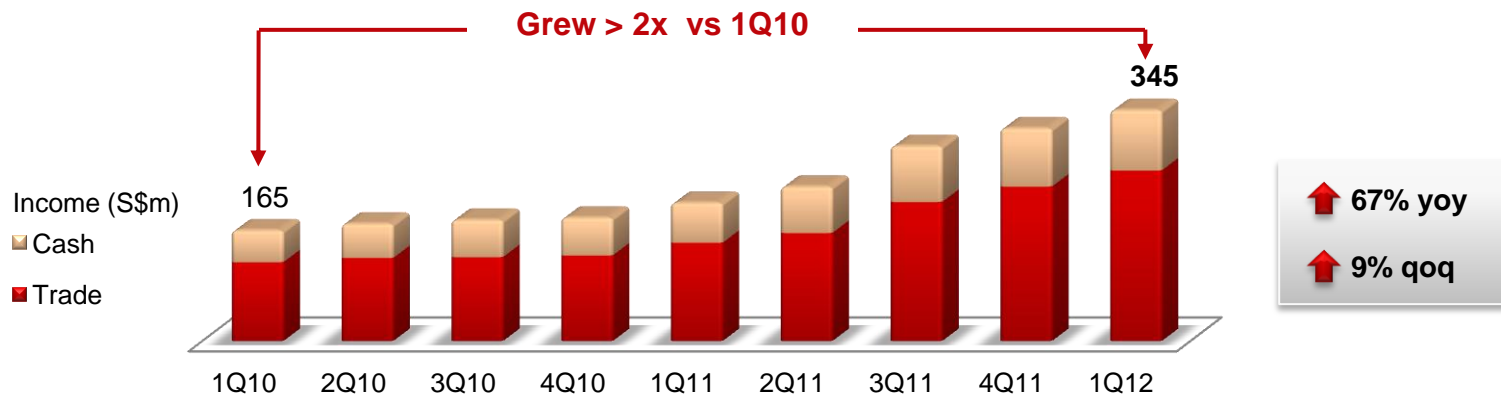
- Private Banking income: +25% yoy
- Treasures Private Client and Treasures income: +51% yoy



Comprising Treasures, Treasures Private Client and Private Bank

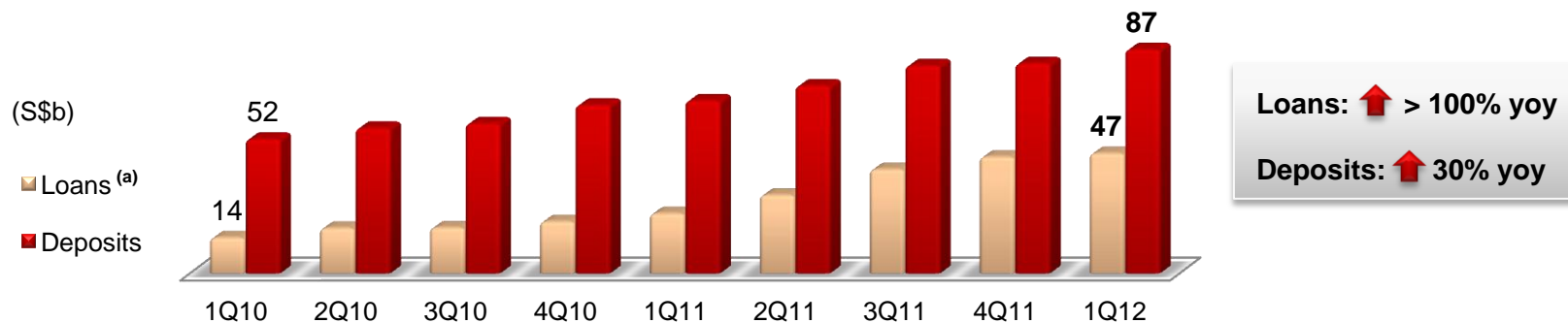
# 6 GTS

## 8 consecutive quarters of growth



➤ Markets outside Singapore and Hong Kong account for **33%** in 1Q12

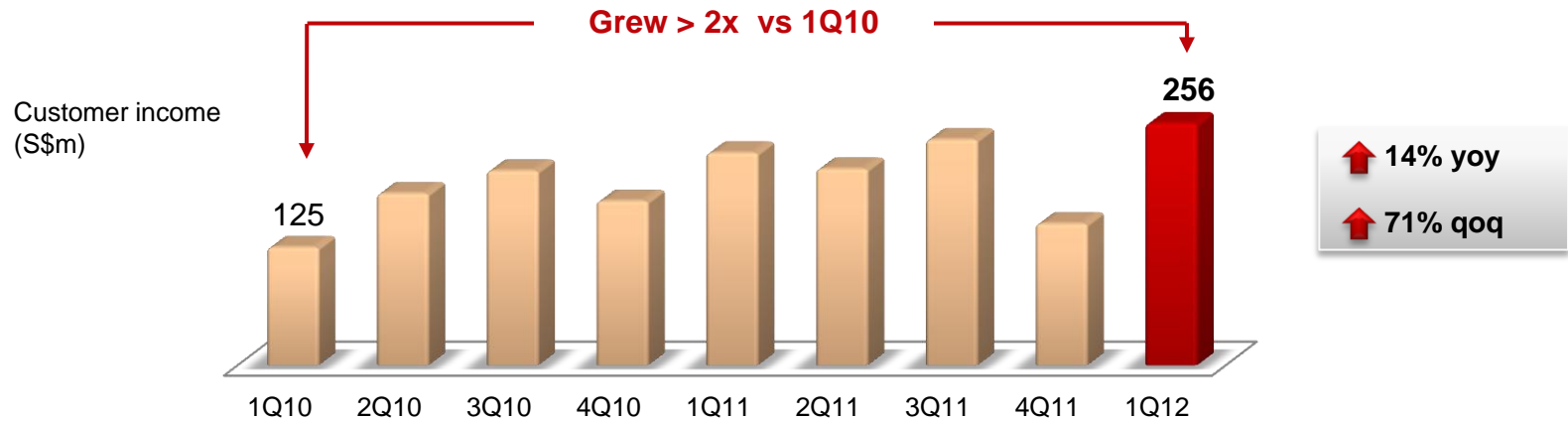
## Strong deposit and loan growth



(a) Includes bank exposures and loans of financial institutions

## 6 Treasury

- Focus on cross-sell showing results
  - Treasury customer income at new high

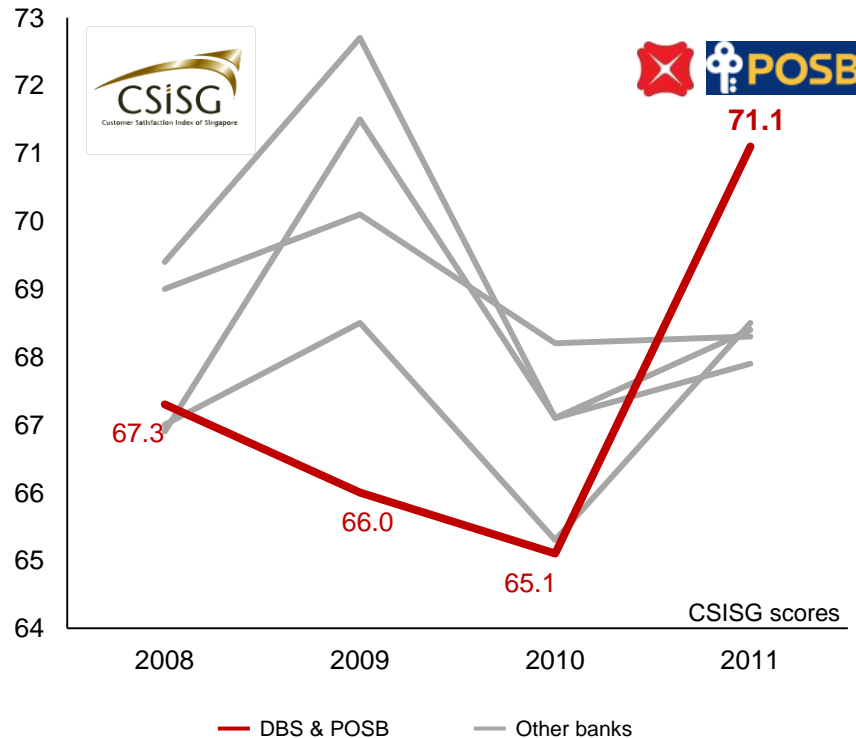


- Continue to gain traction across Institutional Bank and Consumer Bank

# 7 Customers

- Efforts to place customers at the heart of the DBS banking experience bear fruit
  - Focused on improving service standards
    - Topped industry ranking for customer satisfaction in Singapore

SMU Institute of Service Excellence's Customer Satisfaction Index



- Ranked No.1 among 18 banks and insurance companies
- Most improved company in the finance sector

- Put in place central process improvement program
  - 129 service improvement projects completed since 2010
- Launched RED program
  - >4,000 staff trained since 2011
- Expanded distribution touchpoints e.g., SingPost tie-up



## **8 Management processes, people and culture**

- **Stable management team – 1 and 2 downs**
- **Aligned management policies and processes across the region**
- **Balanced scorecard with regional management framework**
- **Robust Corporate Treasury function**

## 9 Technology

- **Infrastructure resiliency projects substantially completed**
- **Rolled out standardized Core Banking platform regionally across 12 countries**
- **Key application roll-outs on track including internet banking**
- **Innovation agenda in place**
  - 4<sup>th</sup> Best Mobile Phone Banking Application Strategy and Portfolio in the World <sup>(a)</sup>
  - Data analytics increasingly used to drive the business

---

(a) Source: Myprivatebankingreport

# In summary

- **9 quarters of consistently strong performance**
- **Underpinned by increased strategic clarity and disciplined execution**
- **Invested in new engines of growth: geographies and businesses**
- **Started reaping initial benefits, now operating at higher plane**
- **On track to fully realize potential**