

First-half earnings at record

DBS Group Holdings
2Q 2012 financial results
August 3, 2012

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First-half earnings at record

- ❑ Earnings rise on sustained business growth
- ❑ Hong Kong performance improves
- ❑ Balance sheet remains robust

1H earnings at record as total income crosses \$4bn

(S\$m)	1H 2012	1H 2011	YoY %	2H 2011	HoH %
Net interest income	2,660	2,321	15	2,504	6
Fee income	785	803	(2)	739	6
Trading income	425	404	5	276	54
Other income	231	219	5	365	(37)
Non-interest income	1,441	1,426	1	1,380	4
Total income	4,101	3,747	9	3,884	6
Staff expenses	951	828	15	884	8
Other expenses	819	743	10	848	(3)
Expenses	1,770	1,571	13	1,732	2
Profit before allowances	2,331	2,176	7	2,152	8
General allowances	149	160	(7)	318	(53)
Specific allowances	99	102	(3)	142	(30)
Allowances	248	262	(5)	460	(46)
Net profit	1,743	1,542	13	1,493	17

2Q earnings up 10% on year

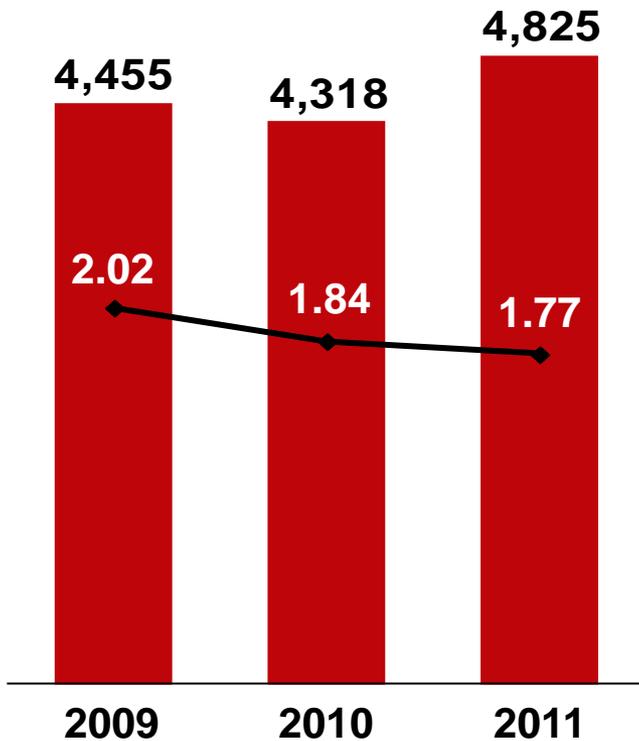
(S\$m)	2Q 2012	2Q 2011	YoY %	1Q 2012	QoQ %
Net interest income	1,324	1,199	10	1,336	(1)
Fee income	379	387	(2)	406	(7)
Trading income	133	146	(9)	292	(54)
Other income	109	106	3	122	(11)
Non-interest income	621	639	(3)	820	(24)
Total income	1,945	1,838	6	2,156	(10)
Staff expenses	466	423	10	485	(4)
Other expenses	406	375	8	413	(2)
Expenses	872	798	9	898	(3)
Profit before allowances	1,073	1,040	3	1,258	(15)
General allowances	64	99	(35)	85	(25)
Specific allowances	40	38	5	59	(32)
Allowances	104	137	(24)	144	(28)
Net profit	810	735	10	933	(13)

1H ROE at 11.9%

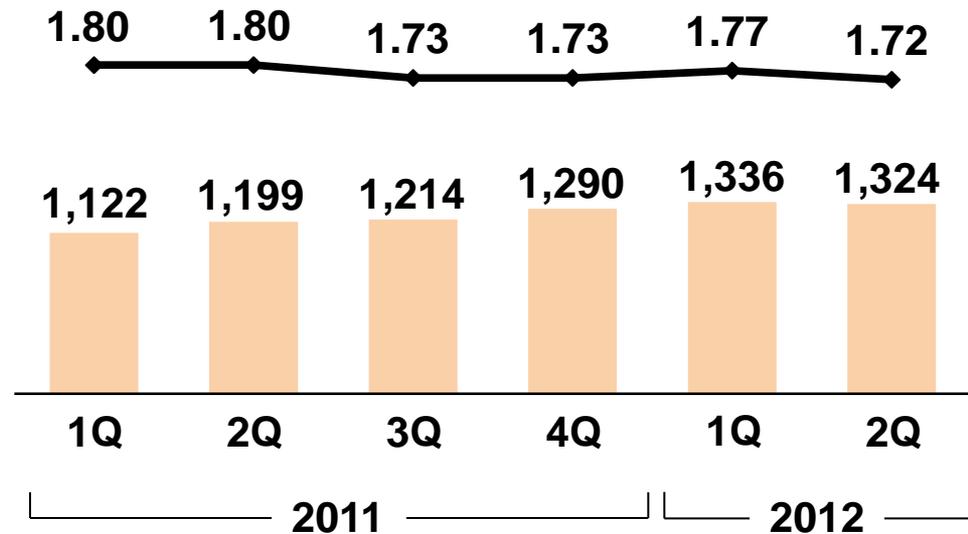
(%)	2Q 2012	2Q 2011	1Q 2012	1H 2012	1H 2011	2H 2011
Net interest margin	1.72	1.80	1.77	1.75	1.80	1.74
Fee income/total income	19	21	19	19	21	19
Non-interest income/total income	32	35	38	35	38	36
Cost/income	45	43	42	43	42	45
ROE	10.9	10.6	12.8	11.9	11.4	10.4
Loan/deposit	89	80	85	89	80	86
SP/average loans (bp)	8	7	9	8	8	14
NPL ratio	1.3	1.5	1.3	1.3	1.5	1.3

Net interest income up 10% on year

(S\$m)



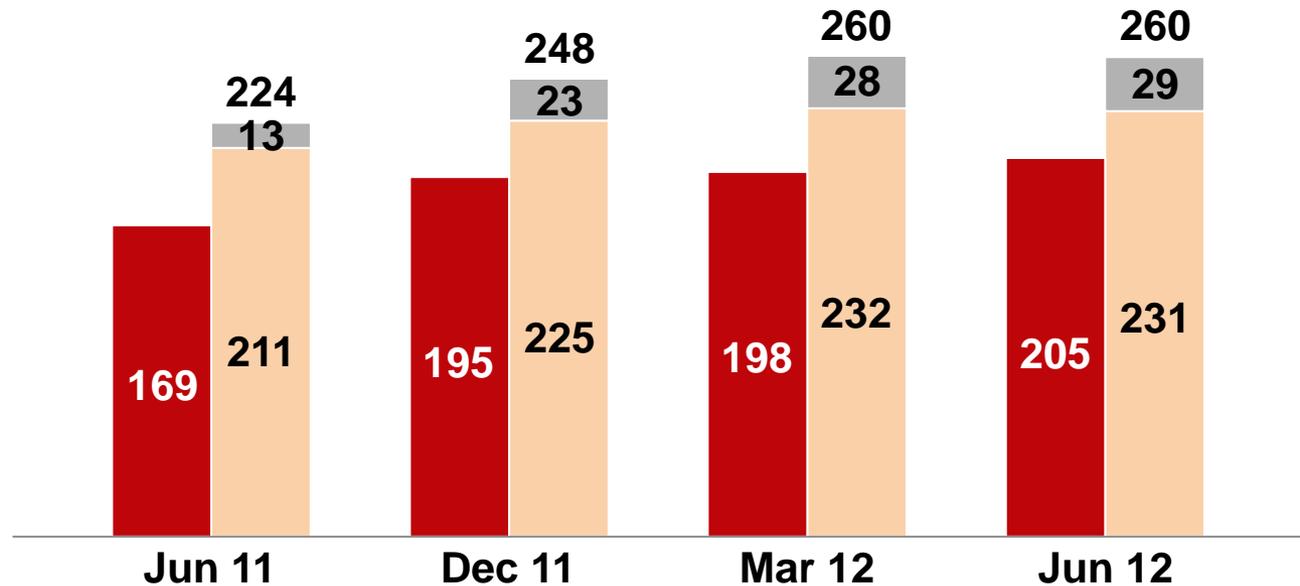
◆ Net interest margin (%)



Liquidity remains healthy

(S\$bn)

Loans Deposits
Other funding



Loan/deposit (%)

Group	80	86	85	89
SGD	60	64	65	68
Non-SGD	109	116	113	117

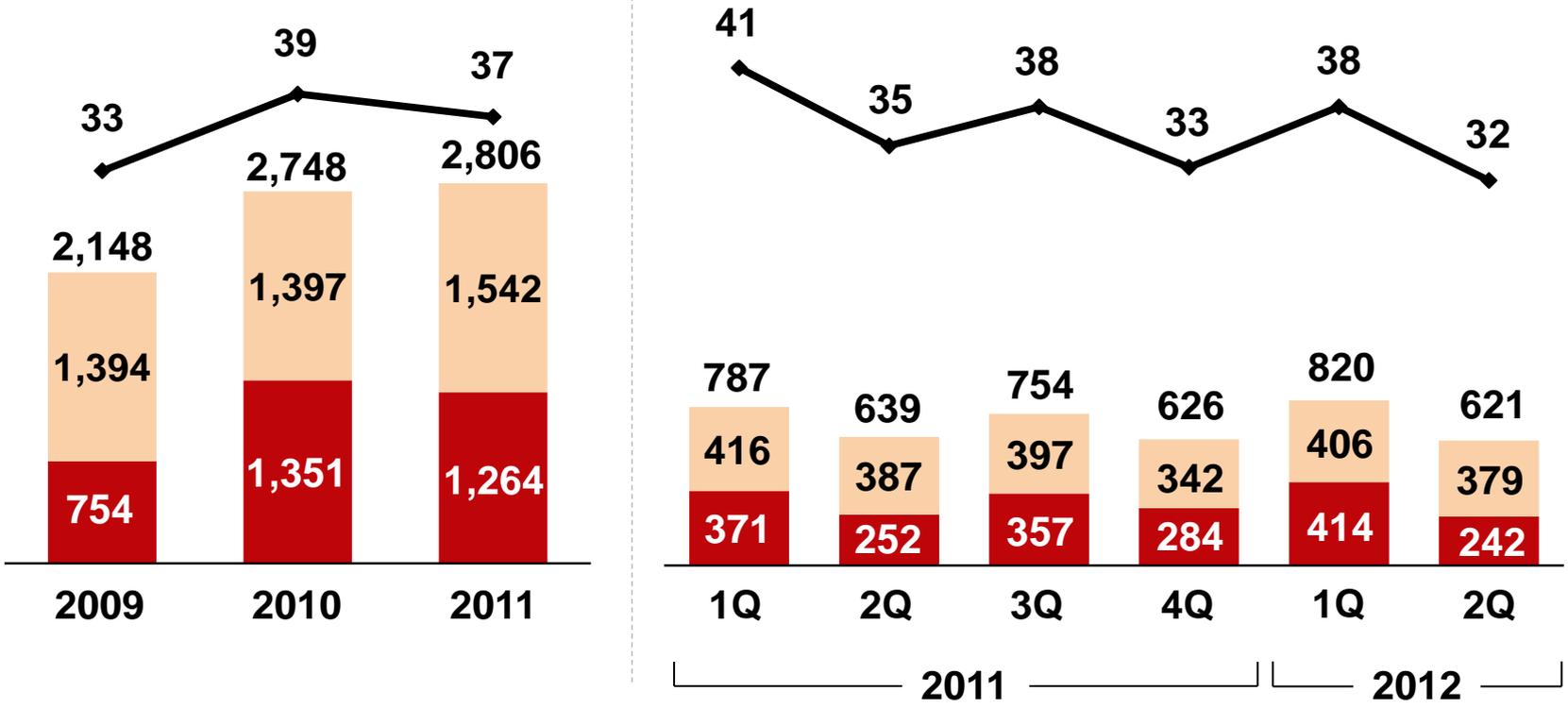
SGD and Non-SGD loan/deposit ratios are based on gross loans.

Other funding comprises institutional funding, medium-term notes, commercial papers, certificates of deposit and other debt securities in issue



Fee income eases 2% on year from market related fees

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

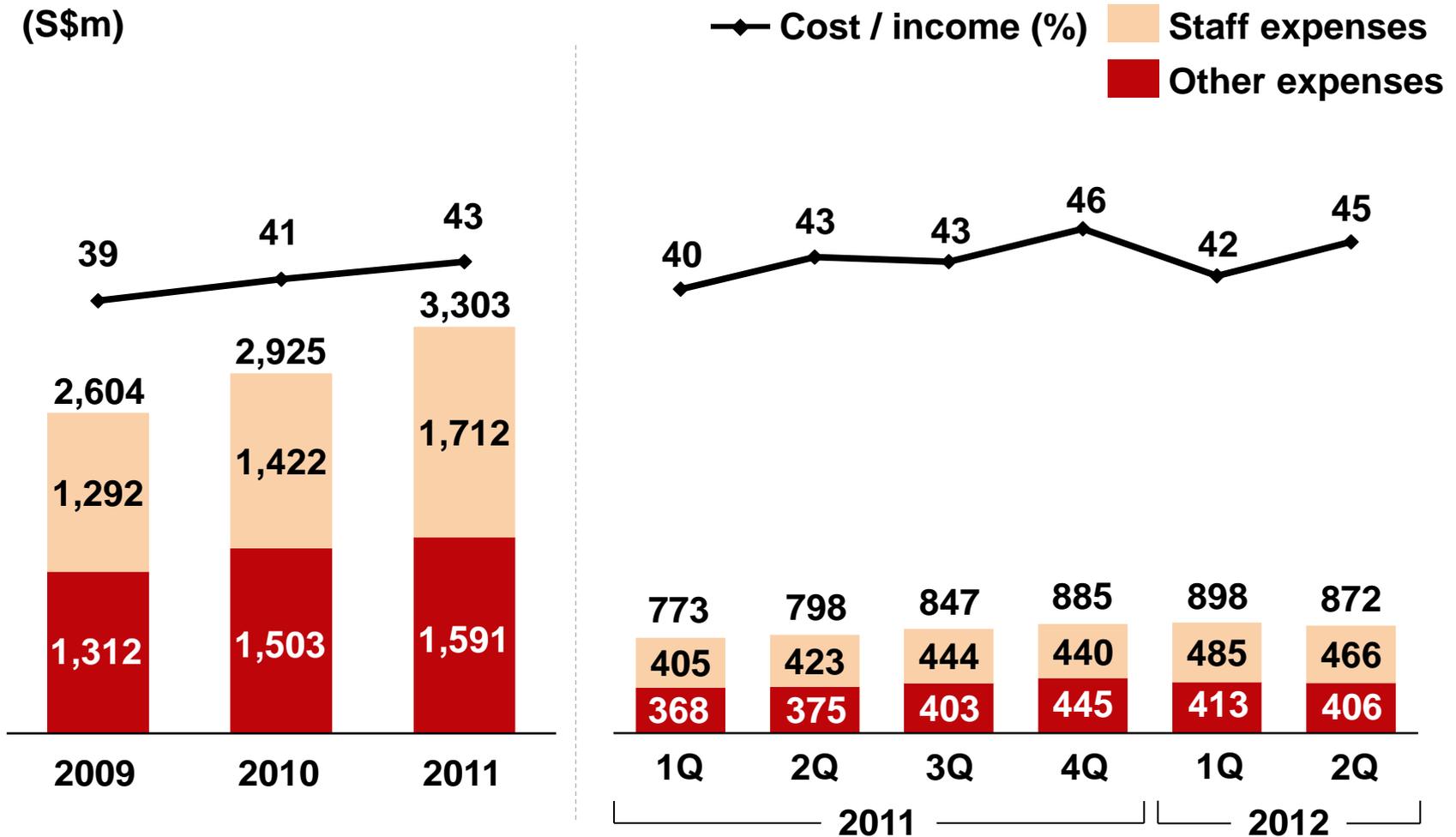


Treasury customer income ratio is stable

(S\$m)	1H 2012	1H 2011	YoY %	2H 2011	HoH %
Customer income	500	433	15	389	29
Other income, principally from balance sheet management, market-making and warehousing	604	537	12	615	(2)
Total Treasury income	1,104	970	14	1,004	10
Customer income as % of total Treasury income	45	45	0pt	39	7pt

Expenses fall 3% on quarter

(S\$m)



1H regional earnings up 19% on year

(S\$m)	1H 2012	1H 2011	YoY %	2H 2011	HoH %
Net interest income	632	504	25	626	1
Non-interest income	213	189	13	140	52
Total income	845	693	22	766	10
Expenses	388	321	21	388	0
Profit before allowances	457	372	23	378	21
Allowances	43	25	72	75	(43)
Net profit	367	308	19	279	32

Figures for operations outside of Singapore and Hong Kong

2Q regional earnings up 29% on year

(S\$m)	2Q 2012	2Q 2011	YoY %	1Q 2012	QoQ %
Net interest income	314	272	15	318	(1)
Non-interest income	96	68	41	117	(18)
Total income	410	340	21	435	(6)
Expenses	199	168	18	189	5
Profit before allowances	211	172	23	246	(14)
Allowances	20	22	(9)	23	(13)
Net profit	171	133	29	196	(13)

Figures for operations outside of Singapore and Hong Kong

First-half earnings at record

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- ❑ Hong Kong performance improves

- ❑ Balance sheet remains robust

Hong Kong's 1H earnings up 10% on year

(S\$m)	Constant-currency terms						
	1H 2012	1H 2011	YoY %	YoY %	2H 2011	HoH %	HoH %
Net interest income	437	389	12	11	400	9	9
Non-interest income	327	377	(13)	(14)	287	14	13
Total income	764	766	0	(1)	687	11	11
Expenses	323	309	5	3	337	(4)	(4)
Profit before allowances	441	457	(4)	(4)	350	26	25
General allowances	(4)	45	NM	NM	45	NM	NM
Specific allowances	10	18	(44)	(46)	22	(55)	(56)
Allowances	6	63	(90)	(91)	67	(91)	(91)
Net profit	367	333	10	10	238	54	52
Net interest margin (%)	1.43	1.50			1.30		
Loan growth (%)				7			(3)
Deposit growth (%)				7			(1)

Hong Kong's 2Q earnings up 24% on year on better net-interest income and allowances

Constant-currency terms

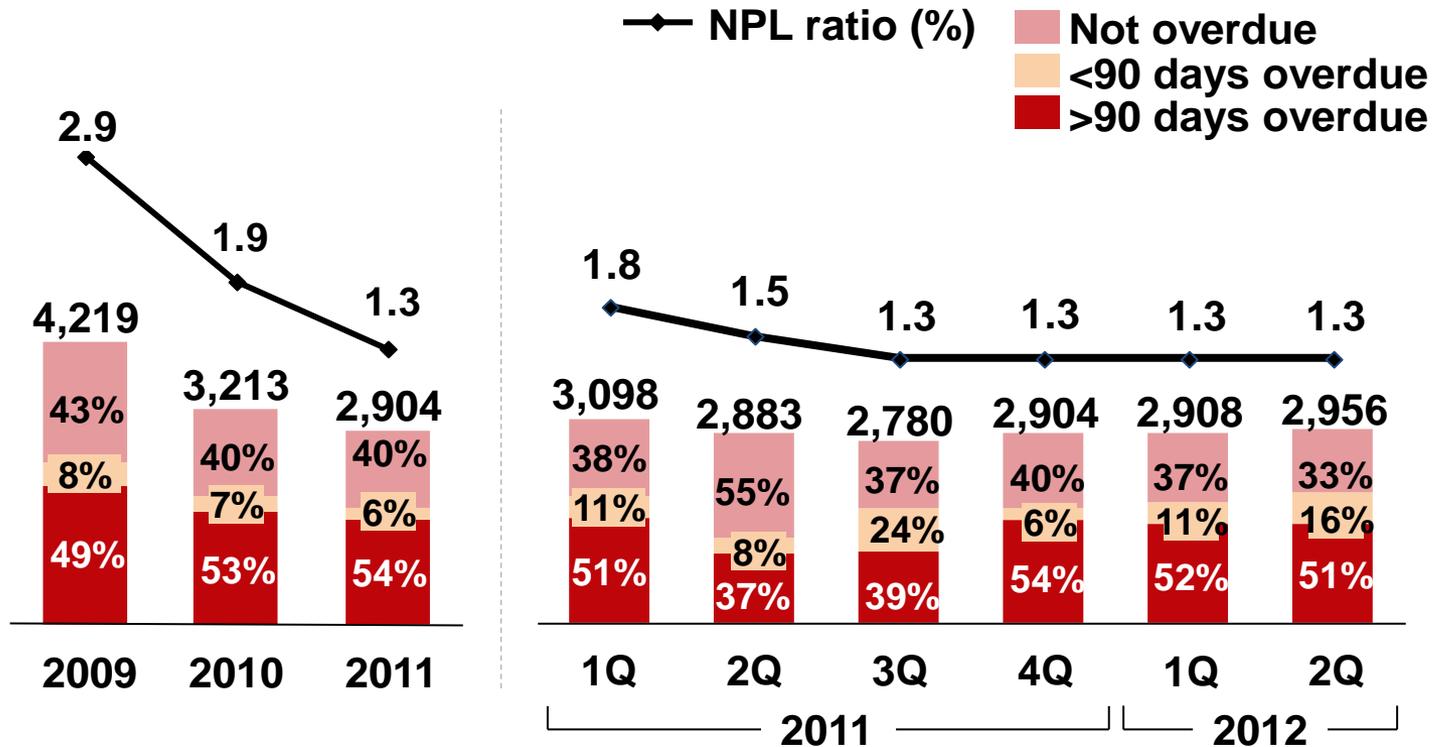
(S\$m)	2Q 2012	2Q 2011	YoY %	YoY %	1Q 2012	QoQ %	QoQ %
Net interest income	228	199	15	11	209	9	8
Non-interest income	151	177	(15)	(17)	176	(14)	(15)
Total income	379	376	1	(2)	385	(2)	(2)
Expenses	168	154	9	6	155	8	8
Profit before allowances	211	222	(5)	(8)	230	(8)	(9)
General allowances	(4)	38	NM	NM	0	NM	NM
Specific allowances	8	16	(50)	(49)	2	>100	>100
Allowances	4	54	(93)	(93)	2	100	>100
Net profit	177	143	24	19	190	(7)	(8)
Net interest margin (%)	1.52	1.52			1.34		
Loan growth (%)				7			(2)
Deposit growth (%)				7			(7)

First-half earnings at record

- ❑ Earnings rise on sustained business growth
- ❑ Hong Kong performance improves
- ❑ Balance sheet remains robust

NPL ratio unchanged at 1.3%

NPA (\$m)



SP/loans (bp)	85	43	11	9	7	9	19	9	8
Cumulative general and specific allowances as % of:									
NPAs	83	100	126	103	113	124	126	128	129
Unsecured NPAs	108	127	165	134	148	158	165	172	171

NPAs remain stable

(S\$m)	2Q 2012	1Q 2012	2Q 2011
NPAs at start of period	2,908	2,904	3,098
New NPAs	121	133	91
Upgrades and recoveries	(36)	(96)	(266)
Write-offs	(37)	(33)	(40)
NPAs at end of period	2,956	2,908	2,883

Specific allowances remain low

(S\$m)	2Q 2012	1Q 2012	2Q 2011
<u>Add charges for</u>			
New NPLs	36	31	44
Existing NPLs	31	64	56
	67	95	100
<u>Subtract charges for</u>			
Upgrading	0	0	4
Settlements	16	45	38
Recoveries	11	7	31
	27	52	73
Total SP charges	40	43	27
SP / average loans (bp)	8	9	7

AFS portfolio diversified between investment-grade government and corporate debt

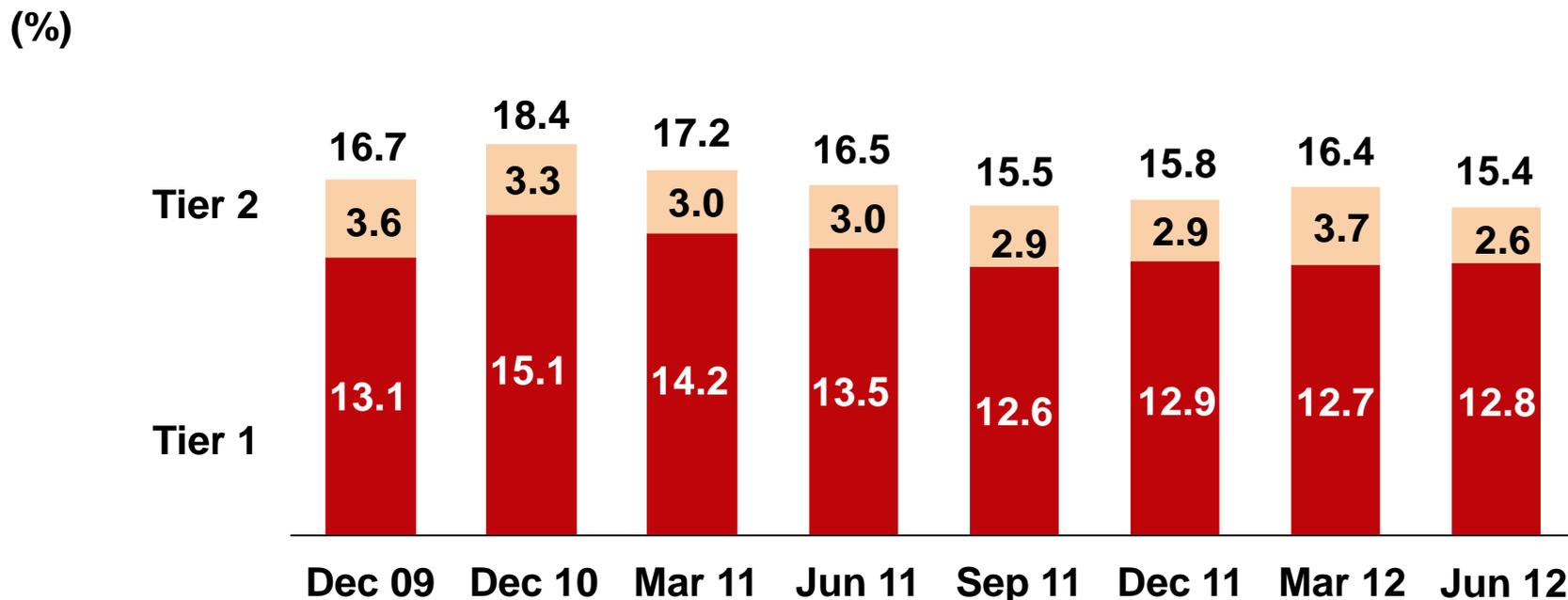
	Jun 12 (S\$m)	Mar 12 (S\$m)
Singapore government securities	9,952	10,733
Other government securities	12,615	11,858
Supranational, bank and corporate debt securities	11,240	10,853
Equities	1,148	1,175
Total	34,955	34,619
European governments and banks	2,278	2,296
As percentage of total assets	0.6%	0.7%

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

(S\$m)	Government / Govt-owned	Bank	Total
Supranational	669 *	0	669
Germany	751 *	0	751
United Kingdom	724 *	118	842
Netherlands	0	16	16
Total	2,144	134	2,278

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

Capital ratios remain strong

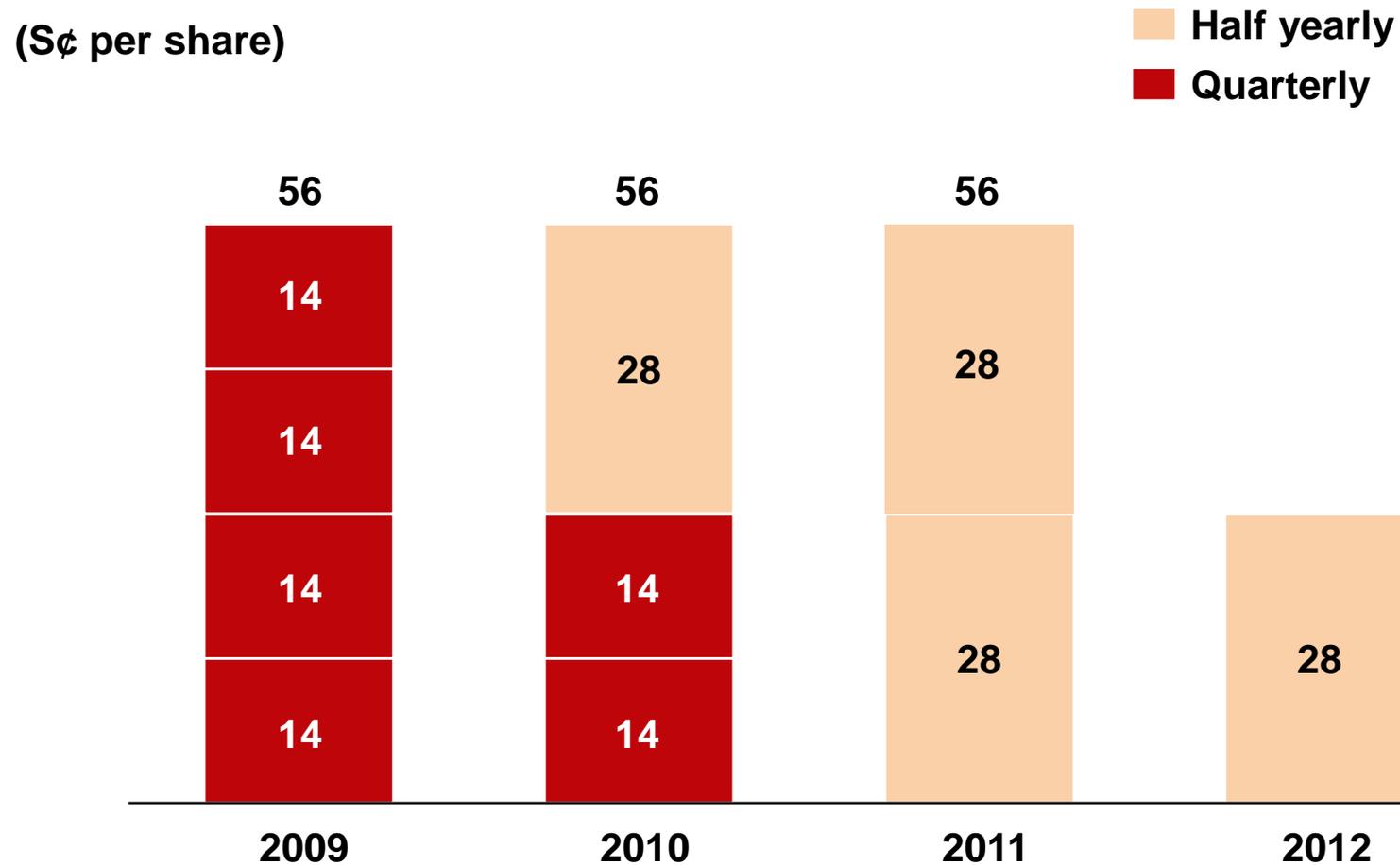


Core Tier 1 (%) based on deductions that are:

Phased in *	13.1	14.5	14.1	13.5	12.6	12.9	12.7	12.8
Full	11.0	11.8	11.5	11.5	10.7	11.0	10.9	11.0
RWA (S\$bn)	177	183	190	198	214	214	220	225

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

Interim dividend of 28 cents per share



In summary – first-half earnings at record

Sustained business growth reflects strengthened regional franchise

Consistent execution, improved capabilities and strong balance sheet

Positioned for further growth while managing risks

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