

# Nine-month earnings at record

**DBS Group Holdings**  
**3Q 2012 financial results**  
**November 1, 2012**

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# Nine-month earnings at record

- ❑ Sustained earnings momentum
- ❑ Hong Kong profitability improves
- ❑ Balance sheet remains robust

# 9M earnings up 13% on year to record \$2.60bn

| (S\$m)                          | 9M<br>2012   | 9M<br>2011   | YoY<br>%    |
|---------------------------------|--------------|--------------|-------------|
| <b>Net interest income</b>      | <b>3,992</b> | <b>3,535</b> | <b>13</b>   |
| Fee income                      | 1,207        | 1,200        | 1           |
| Trading income                  | 555          | 547          | 1           |
| Other income                    | 351          | 433          | (19)        |
| <b>Non-interest income</b>      | <b>2,113</b> | <b>2,180</b> | <b>(3)</b>  |
| <b>Total income</b>             | <b>6,105</b> | <b>5,715</b> | <b>7</b>    |
| Staff expenses                  | 1,433        | 1,272        | 13          |
| Other expenses                  | 1,238        | 1,146        | 8           |
| <b>Expenses</b>                 | <b>2,671</b> | <b>2,418</b> | <b>10</b>   |
| <b>Profit before allowances</b> | <b>3,434</b> | <b>3,297</b> | <b>4</b>    |
| General allowances              | 164          | 347          | (53)        |
| Specific allowances             | 139          | 146          | (5)         |
| <b>Allowances</b>               | <b>303</b>   | <b>493</b>   | <b>(39)</b> |
| <b>Net profit</b>               | <b>2,599</b> | <b>2,304</b> | <b>13</b>   |

# 3Q earnings up 12% on year and 6% on quarter

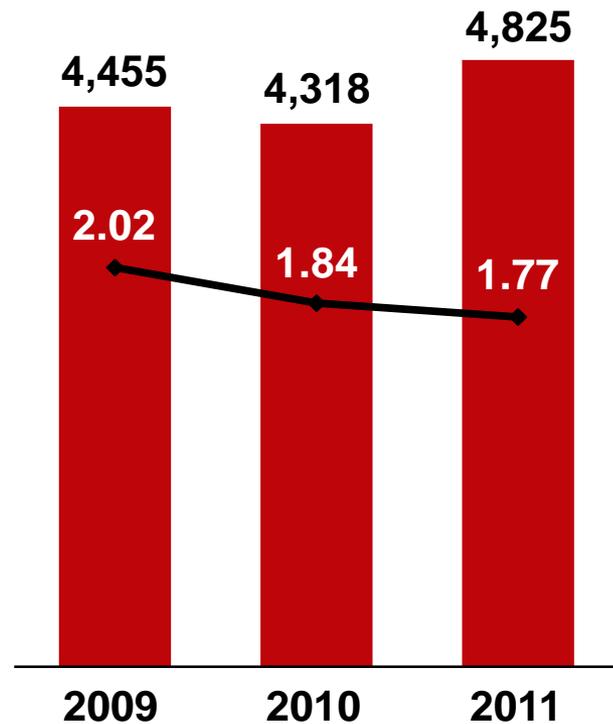
| (S\$m)                          | 3Q<br>2012   | 3Q<br>2011   | YoY<br>%    | 2Q<br>2012   | QoQ<br>%    |
|---------------------------------|--------------|--------------|-------------|--------------|-------------|
| <b>Net interest income</b>      | <b>1,332</b> | <b>1,214</b> | <b>10</b>   | <b>1,324</b> | <b>1</b>    |
| Fee income                      | 422          | 397          | 6           | 379          | 11          |
| Trading income                  | 130          | 143          | (9)         | 133          | (2)         |
| Other income                    | 120          | 214          | (44)        | 109          | 10          |
| <b>Non-interest income</b>      | <b>672</b>   | <b>754</b>   | <b>(11)</b> | <b>621</b>   | <b>8</b>    |
| <b>Total income</b>             | <b>2,004</b> | <b>1,968</b> | <b>2</b>    | <b>1,945</b> | <b>3</b>    |
| Staff expenses                  | 482          | 444          | 9           | 466          | 3           |
| Other expenses                  | 419          | 403          | 4           | 406          | 3           |
| <b>Expenses</b>                 | <b>901</b>   | <b>847</b>   | <b>6</b>    | <b>872</b>   | <b>3</b>    |
| <b>Profit before allowances</b> | <b>1,103</b> | <b>1,121</b> | <b>(2)</b>  | <b>1,073</b> | <b>3</b>    |
| General allowances              | 15           | 187          | (92)        | 64           | (77)        |
| Specific allowances             | 40           | 44           | (9)         | 40           | 0           |
| <b>Allowances</b>               | <b>55</b>    | <b>231</b>   | <b>(76)</b> | <b>104</b>   | <b>(47)</b> |
| <b>Net profit</b>               | <b>856</b>   | <b>762</b>   | <b>12</b>   | <b>810</b>   | <b>6</b>    |

# 9M ROE improves to 11.7%

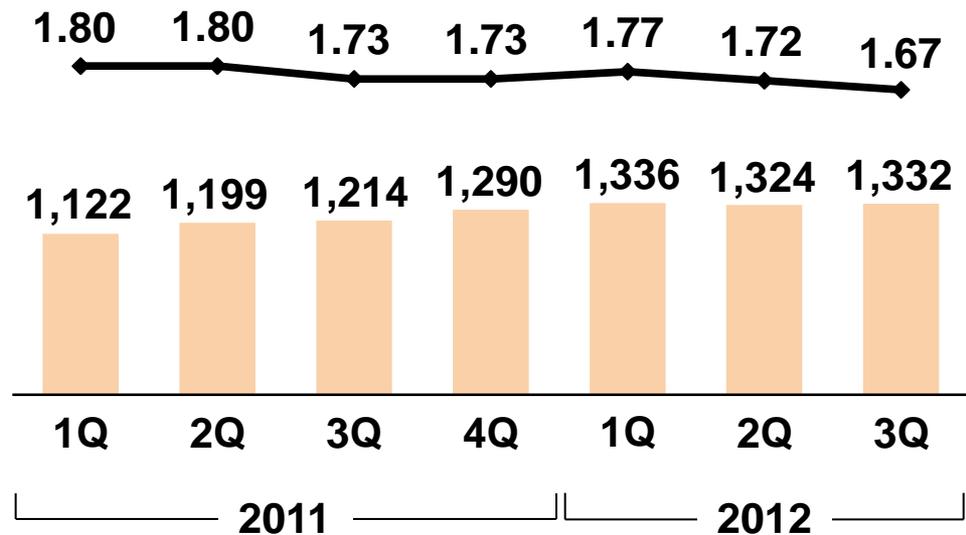
| (%)                              | 3Q<br>2012 | 3Q<br>2011 | 2Q<br>2012 | 9M<br>2012 | 9M<br>2011 |
|----------------------------------|------------|------------|------------|------------|------------|
| Net interest margin              | 1.67       | 1.73       | 1.72       | 1.72       | 1.78       |
| Fee income/total income          | 21         | 20         | 19         | 20         | 21         |
| Non-interest income/total income | 34         | 38         | 32         | 35         | 38         |
| Cost/income                      | 45         | 43         | 45         | 44         | 42         |
| ROE                              | 11.2       | 10.8       | 10.9       | 11.7       | 11.3       |
| Loan/deposit                     | 84         | 84         | 89         | 84         | 84         |
| SP/average loans (bp)            | 7          | 9          | 8          | 8          | 8          |
| NPL ratio                        | 1.3        | 1.3        | 1.3        | 1.3        | 1.3        |

# 3Q net interest income up 10% on year

(S\$m)



◆ Net interest margin (%)



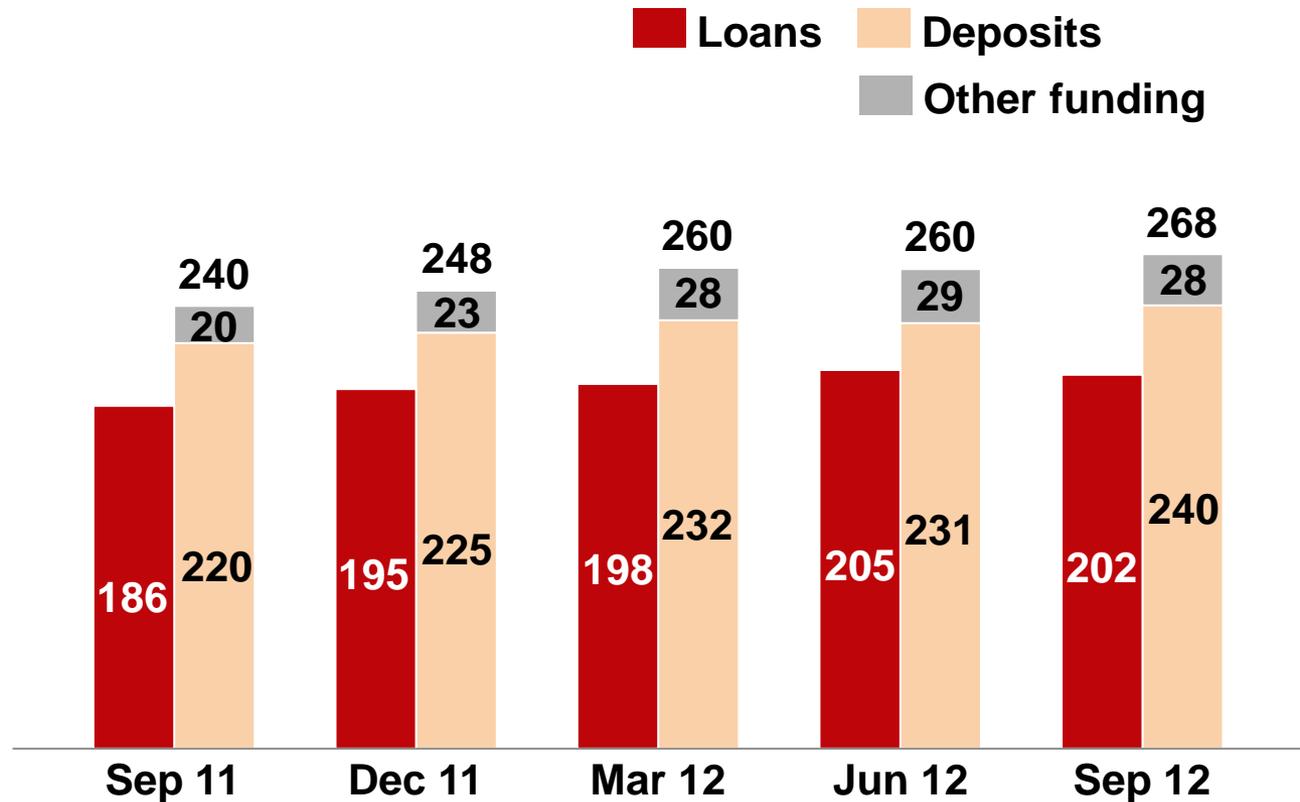
# Loans up 1%, deposits up 5% on quarter excluding currency effects

|                 | Sep 12<br>(S\$bn) | Jun 12<br>(S\$bn) | Reported<br>QoQ (%) | Underlying<br>QoQ (%) |
|-----------------|-------------------|-------------------|---------------------|-----------------------|
| <b>Loans</b>    |                   |                   |                     |                       |
| SGD             | 87.6              | 84.2              | 4                   | 4                     |
| HKD             | 29.2              | 30.3              | (4)                 | (0)                   |
| USD             | 62.3              | 65.7              | (5)                 | (2)                   |
| Others          | 26.7              | 28.2              | (5)                 | (4)                   |
| <b>Total</b>    | <b>205.7</b>      | <b>208.5</b>      | <b>(1)</b>          | <b>1</b>              |
| <b>Deposits</b> |                   |                   |                     |                       |
| SGD             | 129.2             | 124.1             | 4                   | 4                     |
| HKD             | 22.7              | 21.4              | 6                   | 10                    |
| USD             | 48.4              | 43.6              | 11                  | 15                    |
| Others          | 39.9              | 41.5              | (4)                 | (2)                   |
| <b>Total</b>    | <b>240.2</b>      | <b>230.6</b>      | <b>4</b>            | <b>5</b>              |

Underlying excludes currency translation effects

# Loan-deposit ratio moderates to 84%

(S\$bn)



## Loan/deposit (%)

|                |            |            |            |            |            |
|----------------|------------|------------|------------|------------|------------|
| <b>Group</b>   | <b>84</b>  | <b>86</b>  | <b>85</b>  | <b>89</b>  | <b>84</b>  |
| <b>SGD</b>     | <b>62</b>  | <b>64</b>  | <b>65</b>  | <b>68</b>  | <b>68</b>  |
| <b>Non-SGD</b> | <b>115</b> | <b>116</b> | <b>113</b> | <b>117</b> | <b>106</b> |

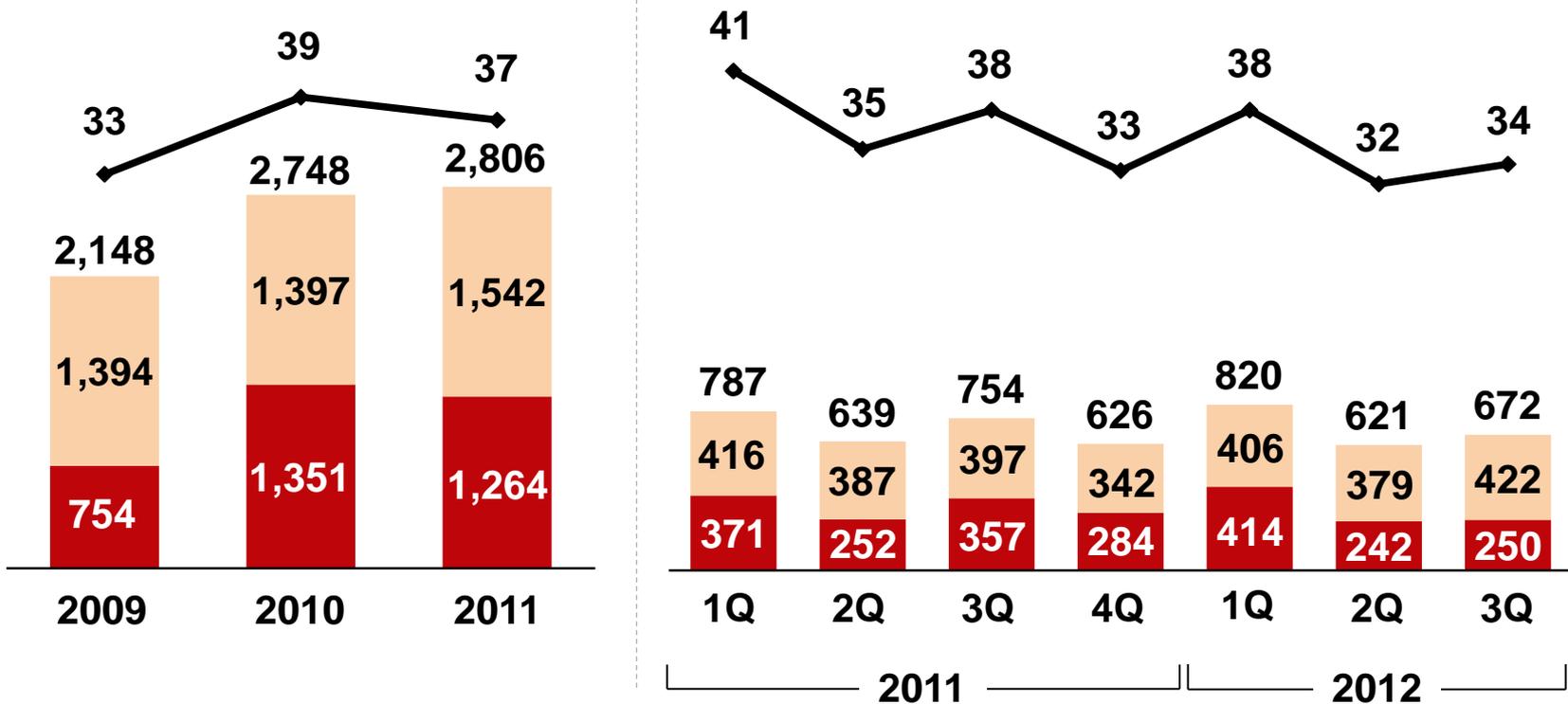
SGD and Non-SGD loan/deposit ratios are based on gross loans.

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



# 3Q fee income up 11% on quarter

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

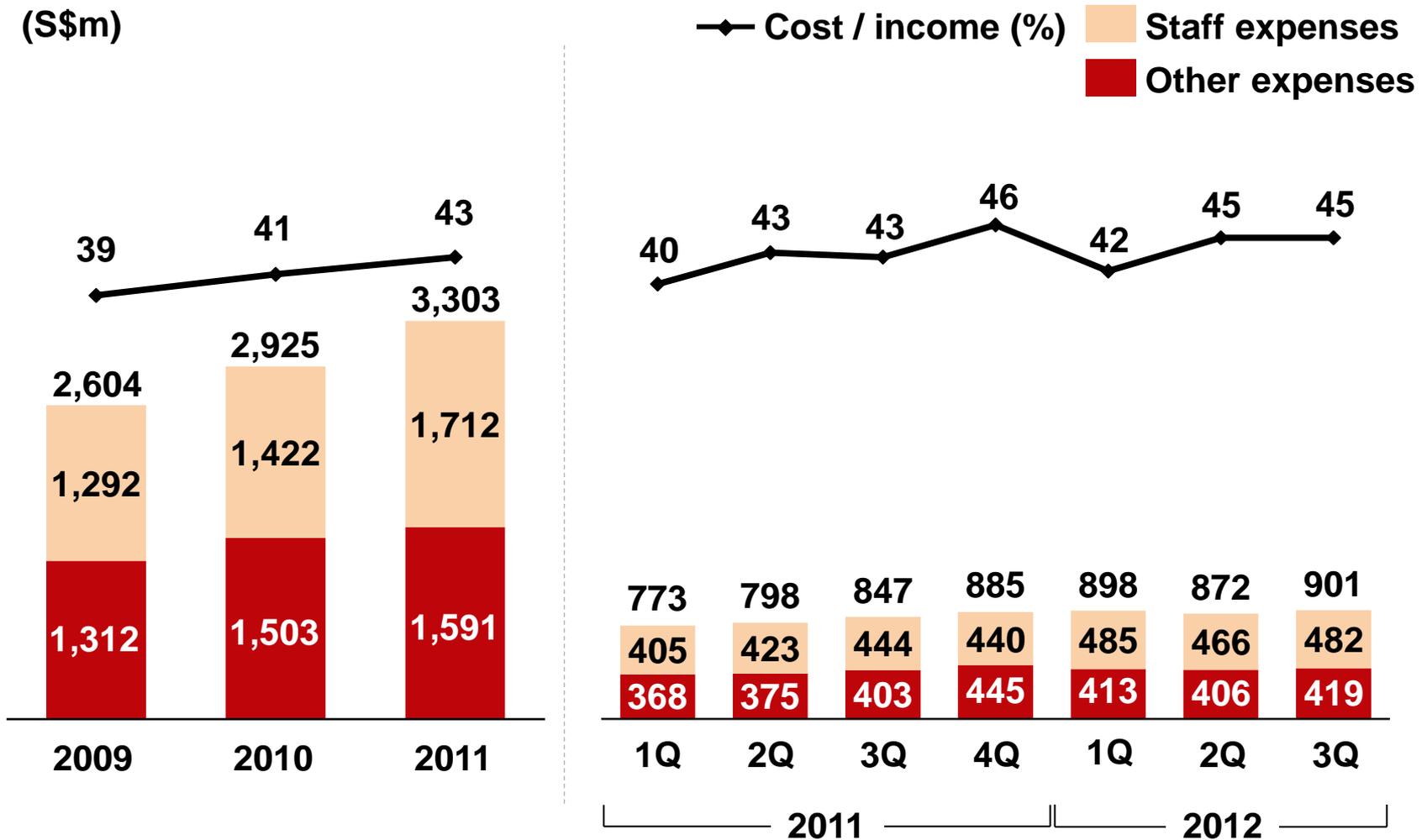


# 9M Treasury customer income up 7% on year, accounting for 46% of total Treasury income

| (S\$m)   | 9M 2012      | 9M 2011      | YoY %       |
|--|--------------|--------------|-------------|
| Customer income  | 719          | 672          | 7           |
| Other income, principally from balance sheet management, market-making and warehousing | 828          | 843          | (2)         |
| <b>Total Treasury income</b>   | <b>1,547</b> | <b>1,515</b> | <b>2</b>    |
| <b>Customer income as % of total Treasury income</b>                                   | <b>46</b>    | <b>44</b>    | <b>2 pt</b> |

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

(S\$m)



# 9M regional earnings up 10% on year

| (S\$m)                   | 9M<br>2012 | 9M<br>2011 | YoY<br>% |
|--------------------------|------------|------------|----------|
| Net interest income      | 923        | 817        | 13       |
| Non-interest income      | 277        | 258        | 7        |
| Total income             | 1,200      | 1,075      | 12       |
| Expenses                 | 594        | 498        | 19       |
| Profit before allowances | 606        | 577        | 5        |
| Allowances               | 49         | 74         | (34)     |
| Net profit               | 501        | 456        | 10       |

Figures for operations outside of Singapore and Hong Kong

# Nine-month earnings at record

- ❑ Sustained earnings momentum
- ❑ Hong Kong profitability improves
- ❑ Balance sheet remains robust

# Hong Kong's 9M earnings up 26% on year

Constant-currency terms

| (S\$m)                          | 9M<br>2012   | 9M<br>2011   | YoY<br>%  | YoY<br>%  |
|---------------------------------|--------------|--------------|-----------|-----------|
| Net interest income             | 665          | 578          | 15        | 14        |
| Non-interest income             | 472          | 513          | (8)       | (9)       |
| <b>Total income</b>             | <b>1,137</b> | <b>1,091</b> | <b>4</b>  | <b>3</b>  |
| Expenses                        | 491          | 462          | 6         | 5         |
| <b>Profit before allowances</b> | <b>646</b>   | <b>629</b>   | <b>3</b>  | <b>1</b>  |
| General allowances              | (31)         | 75           | NM        | NM        |
| Specific allowances             | 17           | 31           | (45)      | (45)      |
| <b>Allowances</b>               | <b>(14)</b>  | <b>106</b>   | <b>NM</b> | <b>NM</b> |
| <b>Net profit</b>               | <b>554</b>   | <b>441</b>   | <b>26</b> | <b>24</b> |
| <b>Net interest margin (%)</b>  | <b>1.47</b>  | <b>1.40</b>  |           |           |
| Loan growth (%)                 |              |              |           | (8)       |
| Deposit growth (%)              |              |              |           | 6         |

# Hong Kong's 3Q earnings up 73% on year on better net-interest income and allowances

Constant-currency terms

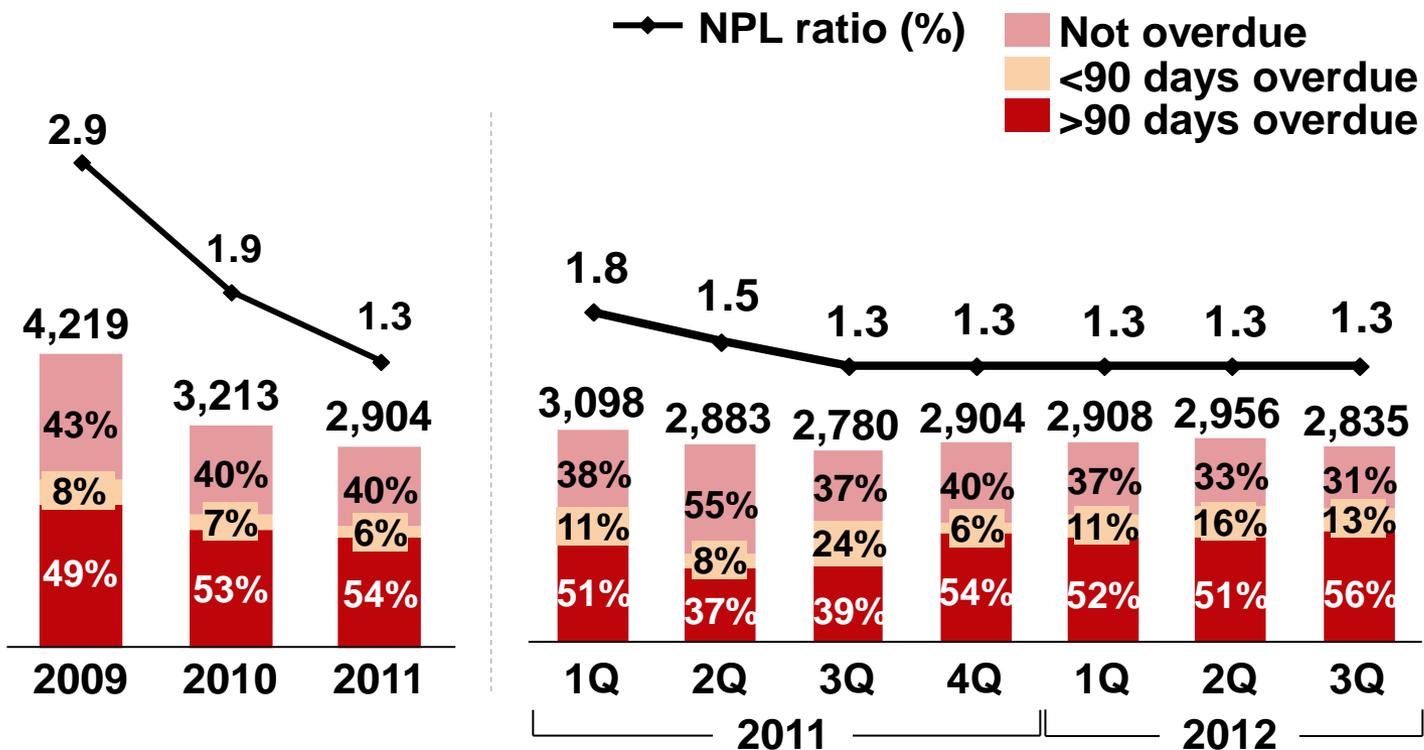
| (S\$m)                   | 3Q<br>2012 | 3Q<br>2011 | YoY<br>% | YoY<br>% | 2Q<br>2012 | QoQ<br>% | QoQ<br>% |
|--------------------------|------------|------------|----------|----------|------------|----------|----------|
| Net interest income      | 228        | 189        | 21       | 20       | 228        | 0        | 2        |
| Non-interest income      | 145        | 136        | 7        | 4        | 151        | (4)      | (3)      |
| Total income             | 373        | 325        | 15       | 13       | 379        | (2)      | 0        |
| Expenses                 | 168        | 153        | 10       | 9        | 168        | 0        | 2        |
| Profit before allowances | 205        | 172        | 19       | 16       | 211        | (3)      | (1)      |
| General allowances       | (28)       | 30         | NM       | NM       | (4)        | NM       | NM       |
| Specific allowances      | 7          | 13         | (44)     | (44)     | 8          | (11)     | (9)      |
| Allowances               | (20)       | 43         | NM       | NM       | 4          | NM       | NM       |
| Net profit               | 187        | 108        | 73       | 69       | 177        | 6        | 8        |
| Net interest margin (%)  | 1.54       | 1.25       |          |          | 1.52       |          |          |
| Loan growth (%)          |            |            |          | (8)      |            |          | (8)      |
| Deposit growth (%)       |            |            |          | 6        |            |          | 8        |

# Nine-month earnings at record

- ❑ Sustained earnings momentum
- ❑ Hong Kong profitability improves
- ❑ Balance sheet remains robust

# NPL ratio is stable at 1.3%

NPA (\$m)



|  |     |     |     |     |     |     |     |     |     |     |
|--|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| SP/loans (bp)  | 85  | 43  | 11  | 9   | 7   | 9   | 19  | 9   | 8   | 7   |
| <b>Cumulative general and specific allowances as % of:</b> |     |     |     |     |     |     |     |     |     |     |
| NPAs   | 83  | 100 | 126 | 103 | 113 | 124 | 126 | 128 | 129 | 134 |
| Unsecured NPAs   | 108 | 127 | 165 | 134 | 148 | 158 | 165 | 172 | 171 | 176 |

# NPAs decline 4% on quarter

| (S\$m)                               | 3Q<br>2012 | 2Q<br>2012 | 3Q<br>2011 |
|--------------------------------------|------------|------------|------------|
| NPAs at start of period              | 2,956      | 2,908      | 2,883      |
| New NPAs                             | 50         | 121        | 161        |
| Upgrades, recoveries and translation | (120)      | (36)       | (157)      |
| Write-offs                           | (51)       | (37)       | (107)      |
| NPAs at end of period                | 2,835      | 2,956      | 2,780      |

# Specific allowances remain low

| (S\$m)                            | 3Q<br>2012 | 2Q<br>2012 | 3Q<br>2011 |
|-----------------------------------|------------|------------|------------|
| <u>Add charges for</u>            |            |            |            |
| New NPLs                          | 25         | 36         | 39         |
| Existing NPLs                     | 55         | 31         | 78         |
|                                   | 80         | 67         | 117        |
| <u>Subtract charges for</u>       |            |            |            |
| Upgrading                         | 0          | 0          | 44         |
| Settlements                       | 28         | 16         | 20         |
| Recoveries                        | 16         | 11         | 12         |
|                                   | 44         | 27         | 76         |
| <b>Total SP charges for loans</b> | <b>36</b>  | <b>40</b>  | <b>41</b>  |
| <br>                              |            |            |            |
| <b>SP / average loans (bp)</b>    | <b>7</b>   | <b>8</b>   | <b>9</b>   |

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

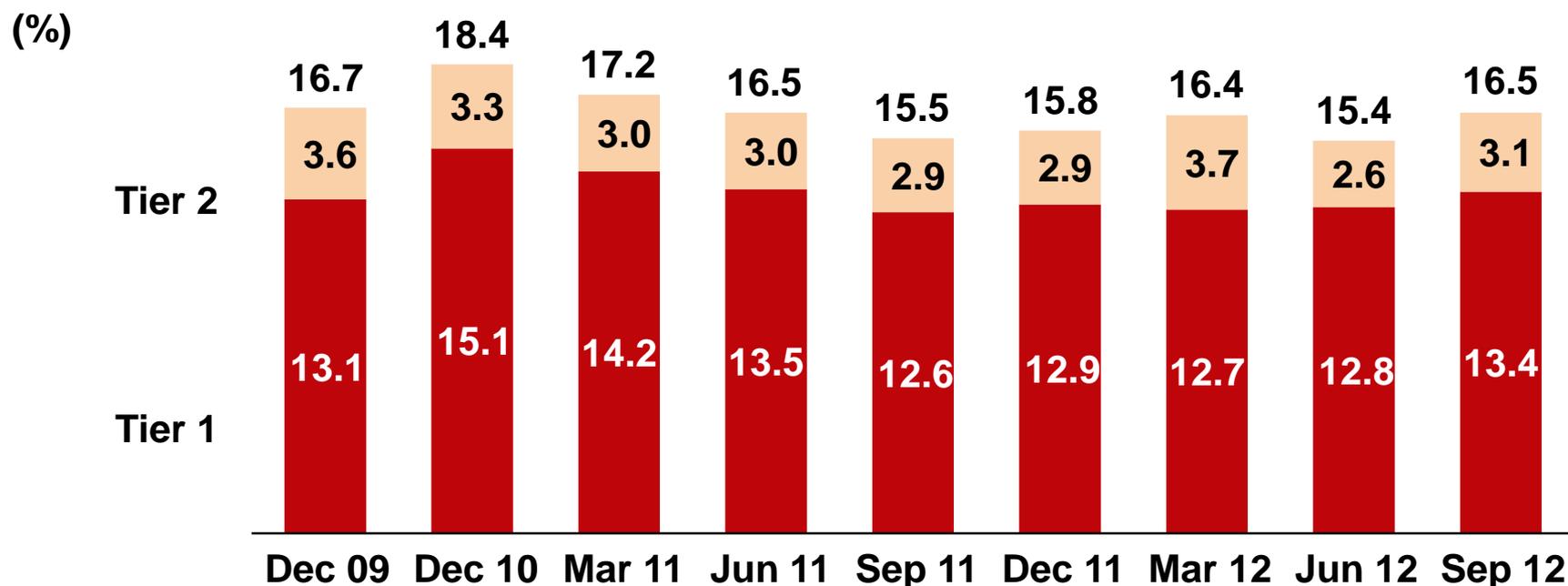
|   | Sep 12<br>(S\$m) | Jun 12<br>(S\$m) |
|---|------------------|------------------|
| Singapore government securities                   | 10,007           | 9,952            |
| Other government securities                       | 12,175           | 12,615           |
| Supranational, bank and corporate debt securities | 10,651           | 11,240           |
| Equities  | 1,107            | 1,148            |
| <b>Total</b>                                      | <b>33,940</b>    | <b>34,955</b>    |
| European governments and banks                    | 1,956            | 2,278            |
| As percentage of total assets                     | 0.5%             | 0.6%             |

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

| (S\$m)         | Government /<br>Govt-owned | Bank       | Total        |
|----------------|----------------------------|------------|--------------|
| Supranational  | 276 *                      | 0          | 276          |
| Germany        | 690 *                      | 0          | 690          |
| United Kingdom | 857 *                      | 117        | 974          |
| Netherlands    | 0                          | 16         | 16           |
| <b>Total</b>   | <b>1,823</b>               | <b>133</b> | <b>1,956</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 | 14.5 | 14.1 | 13.5 | 12.6 | 12.9 | 12.7 | 12.8 | 13.4 |
| Full        | 11.0 | 11.8 | 11.5 | 11.5 | 10.7 | 11.0 | 10.9 | 11.0 | 11.6 |
| RWA (S\$bn) | 177  | 183  | 190  | 198  | 214  | 214  | 220  | 225  | 217  |

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

# **In summary – nine-month earnings at record**

**Record performance demonstrates resilience and nimbleness of our franchise**

**Strong liquidity, capital and asset quality**

**While there are headwinds we are well positioned for growth**

# Nine-month earnings at record

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