

Record nine-month earnings on broad-based performance

DBS Group Holdings
3Q 2015 financial results
November 2, 2015

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Highlights

Record 9M earnings at \$3.45 billion

- Total income rises 12%, propelled by 13% rise in net interest income and broad-based fee income growth
- ROE of 11.6%

3Q earnings of \$1.07 billion

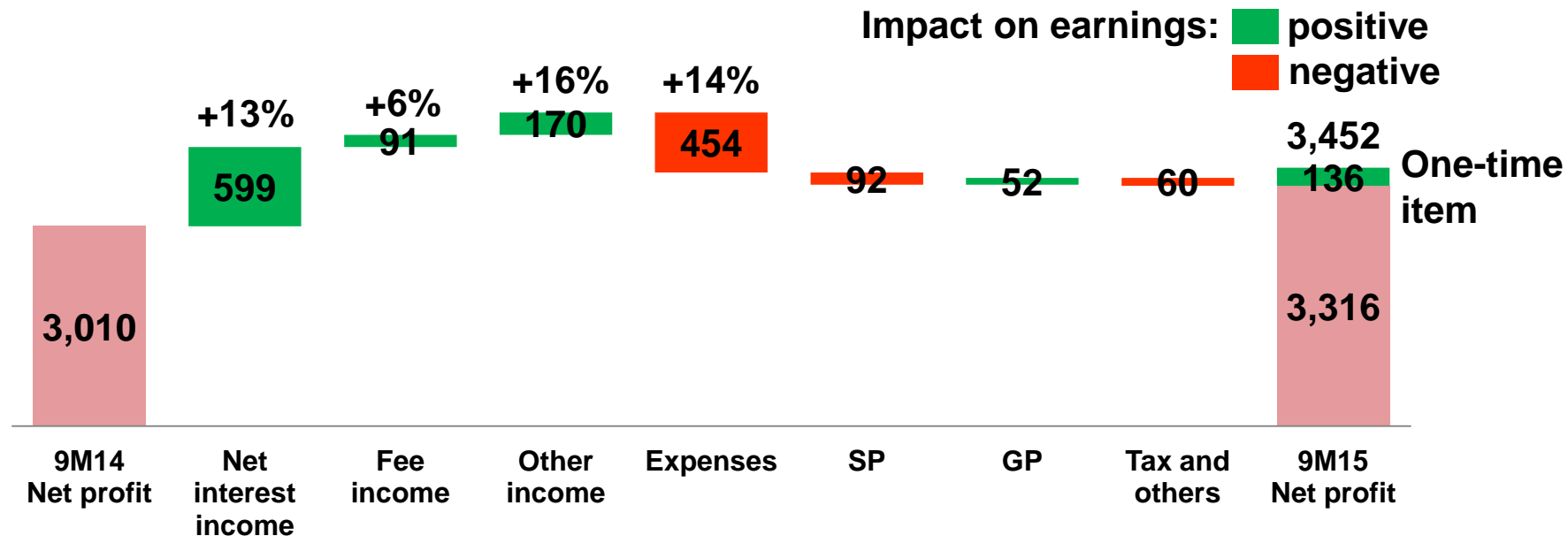
- Total income up 8% on year to \$2.71 billion on record net interest income
- NIM up 3bp on quarter and 10bp on year to 1.78%, highest in four years
- Constant-currency non-trade loan growth of 1% on quarter and 8% on year
- Underlying cost-income ratio at 45%
- Adjusting for new funding valuation adjustment (FVA) charge of \$50 million, earnings would have risen 10% on year

Strong liquidity and asset quality maintained

- LCR of 121%, NSFR above 100%, raised US\$1 billion in covered bonds
- SP stable at 20bp, NPL unchanged 0.9%, allowance coverage at 161%

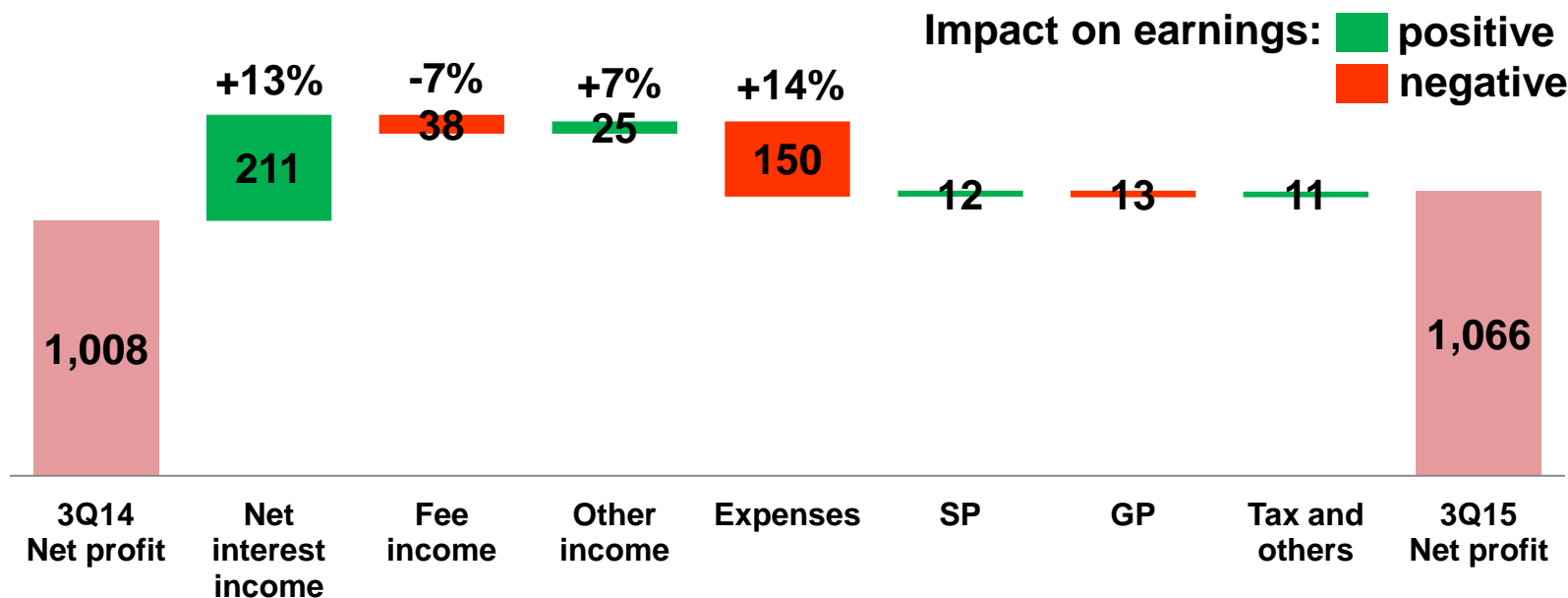
9M earnings rise to record \$3.45bn

(S\$m)		9M15	YoY %	
Total income	record	8,138	12	<ul style="list-style-type: none"> Total income up 12% Broad-based growth from higher NIM (+7 bp), loan volumes, fee and trading income
Expenses		3,658	14	
Profit before allowances	record	4,480	10	<ul style="list-style-type: none"> Underlying expenses up 10%
Allowances		496	9	
Net profit	record	3,316	10	
Net profit incl. one-time item		3,452	8	



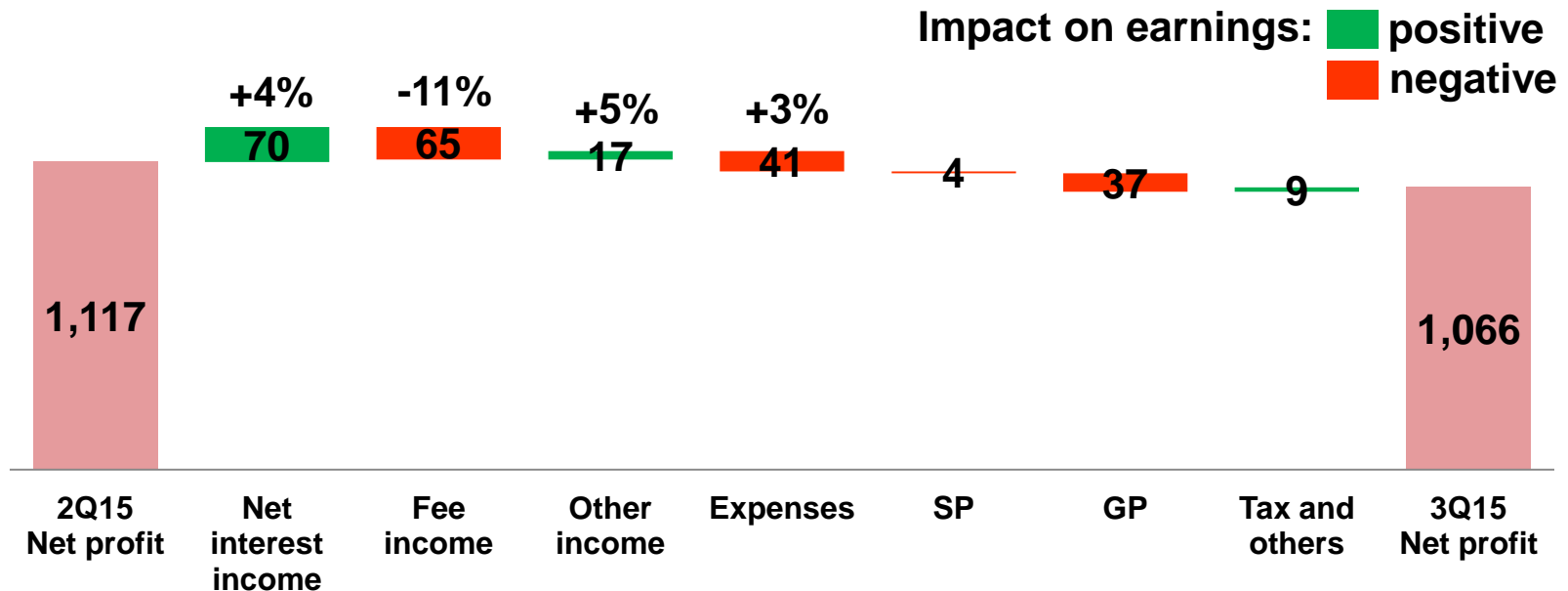
3Q earnings up 6% from a year ago

(S\$m)	3Q15	YoY %	
Total income	2,712	8	<ul style="list-style-type: none"> Earnings up 10% before FVA Higher NIM (+10 bp), loan volumes and trading income Fee income decline due to high base for investment banking Underlying expenses up 9%
Expenses	1,259	14	
Profit before allowances	1,453	3	
Allowances	178	1	
Net profit	1,066	6	



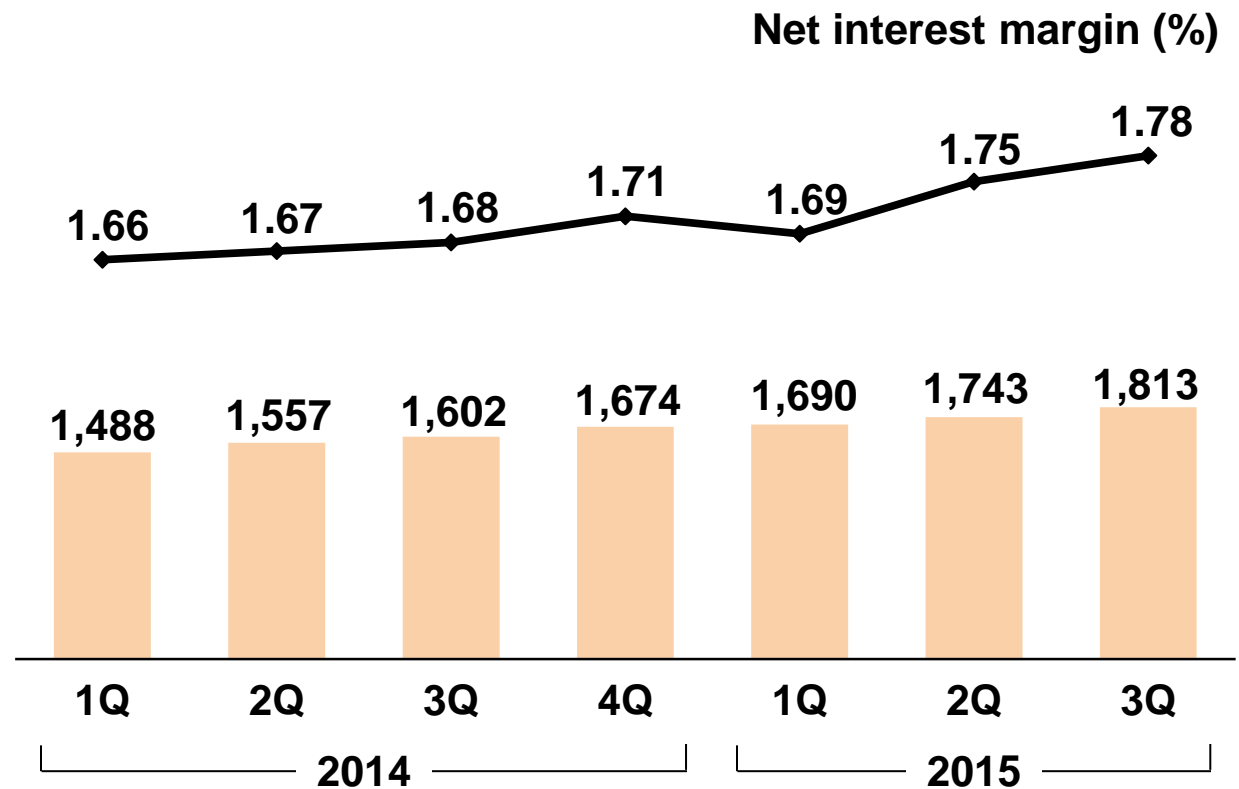
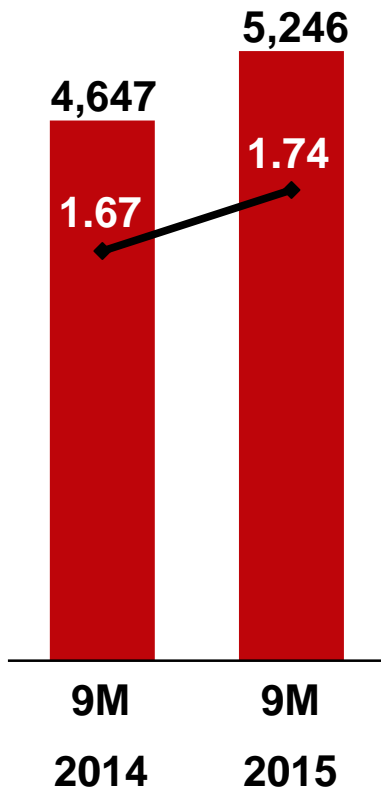
3Q earnings decline 5% on quarter

(S\$m)	3Q15	QoQ %	
Total income	2,712	1	<ul style="list-style-type: none"> Earnings stable before FVA NIM rose 3 bp to 1.78% Specific allowances little changed
Expenses	1,259	3	
Profit before allowances	1,453	(1)	
Allowances	178	30	
Net profit	1,066	(5)	

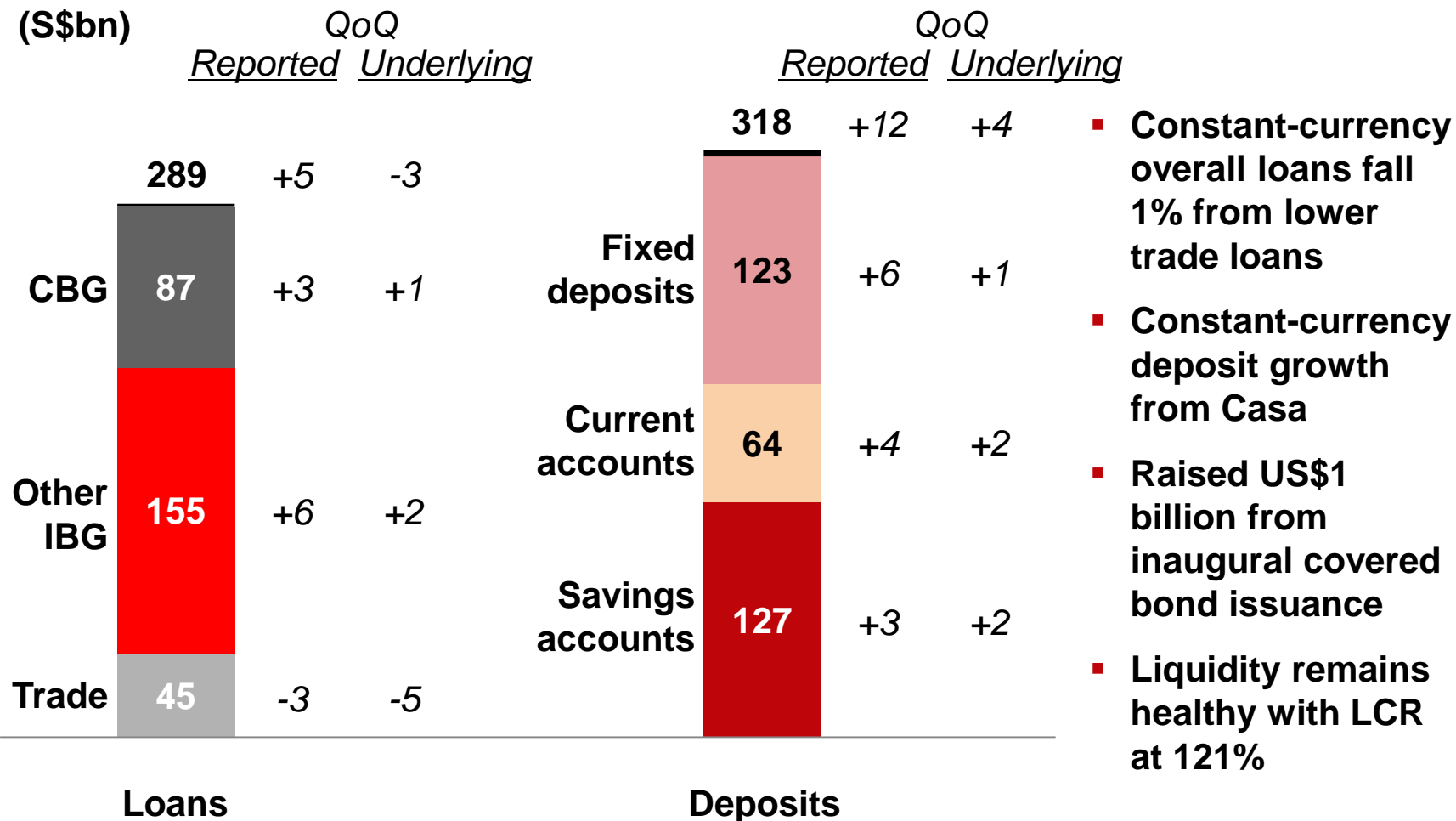


NIM rises 3bp on quarter to 1.78%, highest in four years, boosting net interest income to record

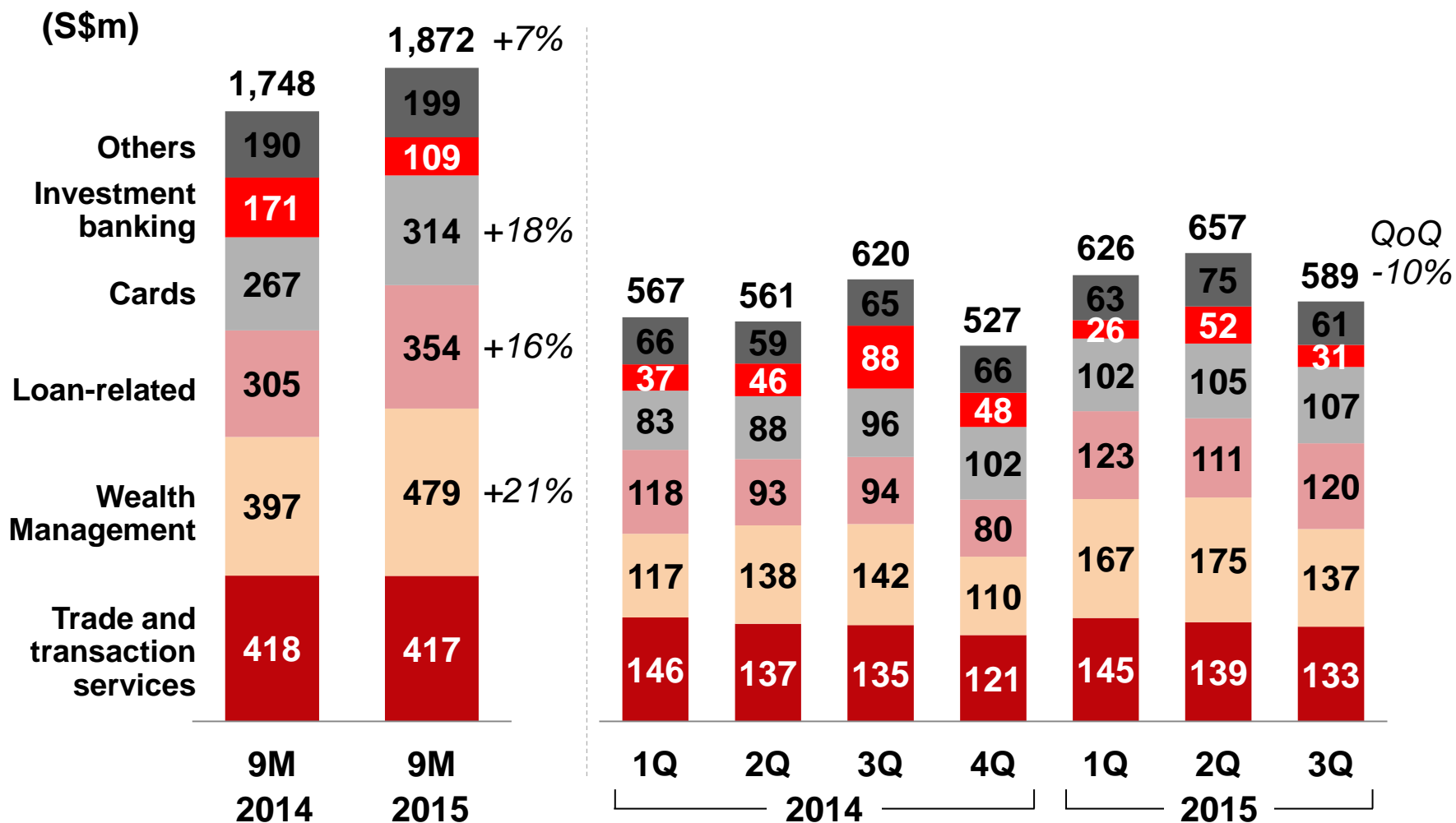
(S\$m)



Underlying non-trade loans up 1% on quarter; ample liquidity with LCR at 121%



3Q fee income 10% lower on quarter due to volatile financial markets, 9M fee income at new high



Gross fee income



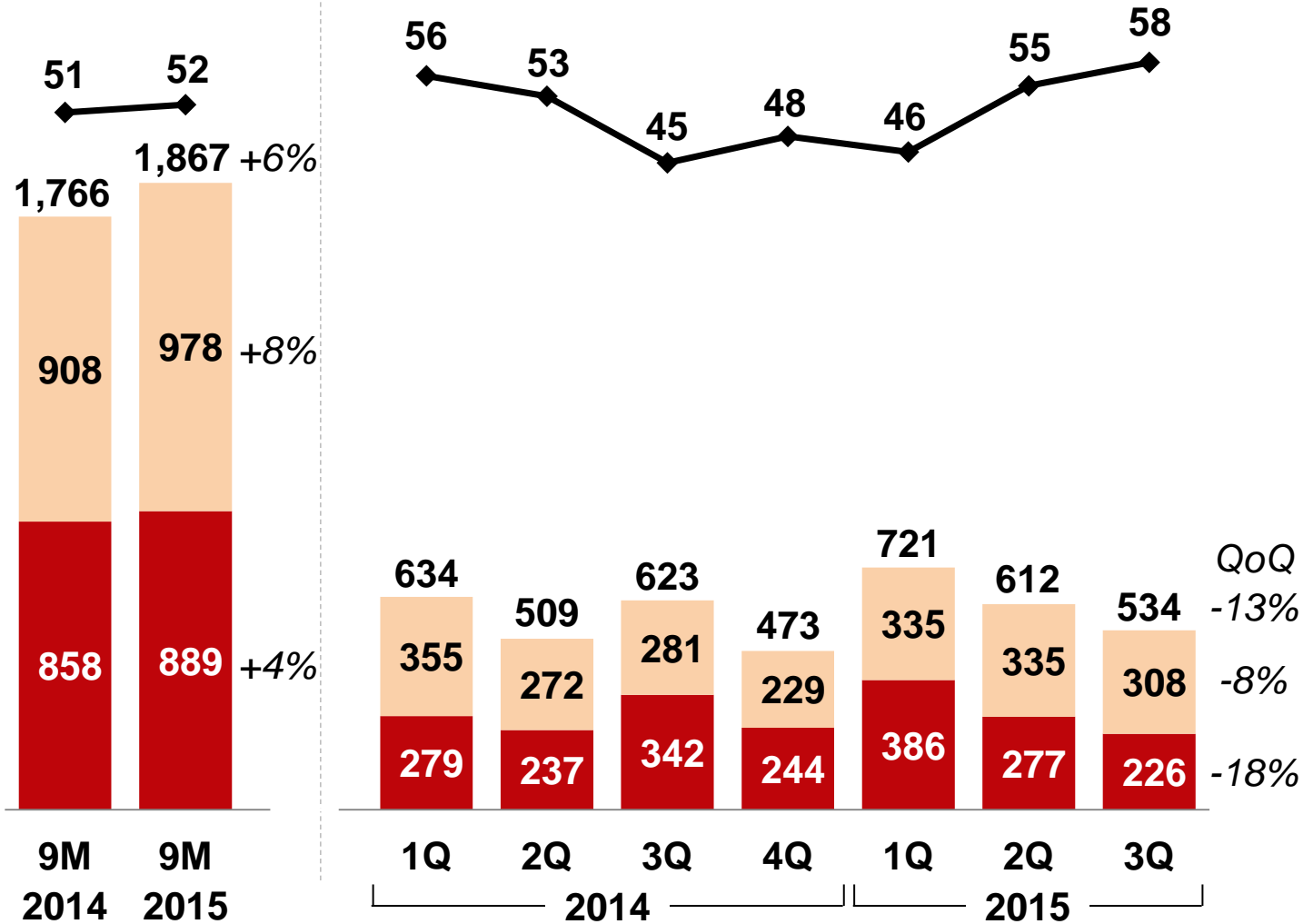
9M treasury customer income up 8%, 3Q other treasury income reduced by FVA

(S\$m)

Customer income / total treasury income (%)

Customer income

Other treasury income

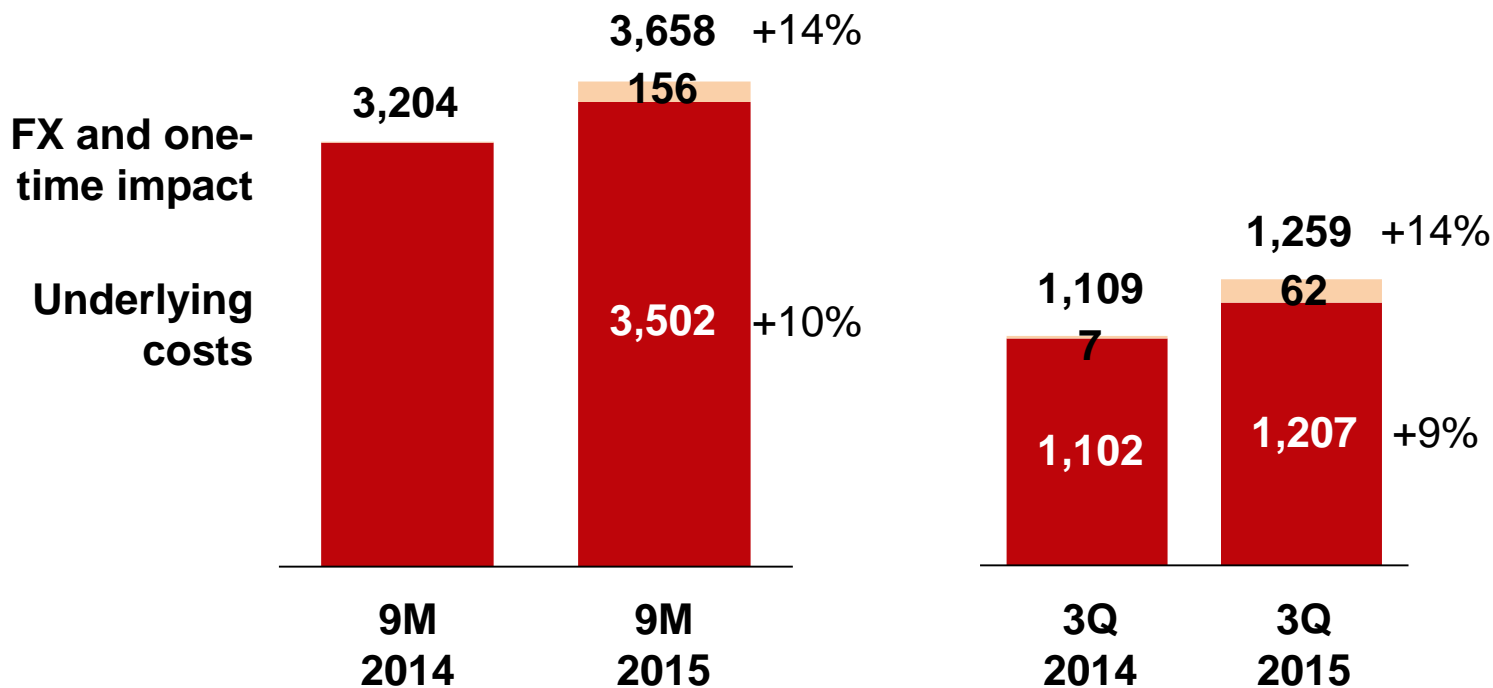
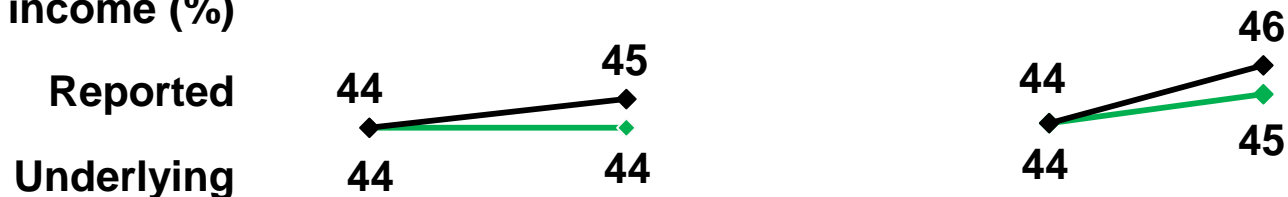


All business units' incomes at new high

(S\$m)	9M 2015	9M 2014	YoY %	Mix %
Institutional Banking	4,015	3,751	7	49
Consumer Banking / Wealth Management	2,644	2,138	24	33
Treasury	889	858	4	11
Others	590	531	11	7
Total	8,138	7,278	12	100

Underlying 3Q cost-income ratio at 45%

Cost / income (%)

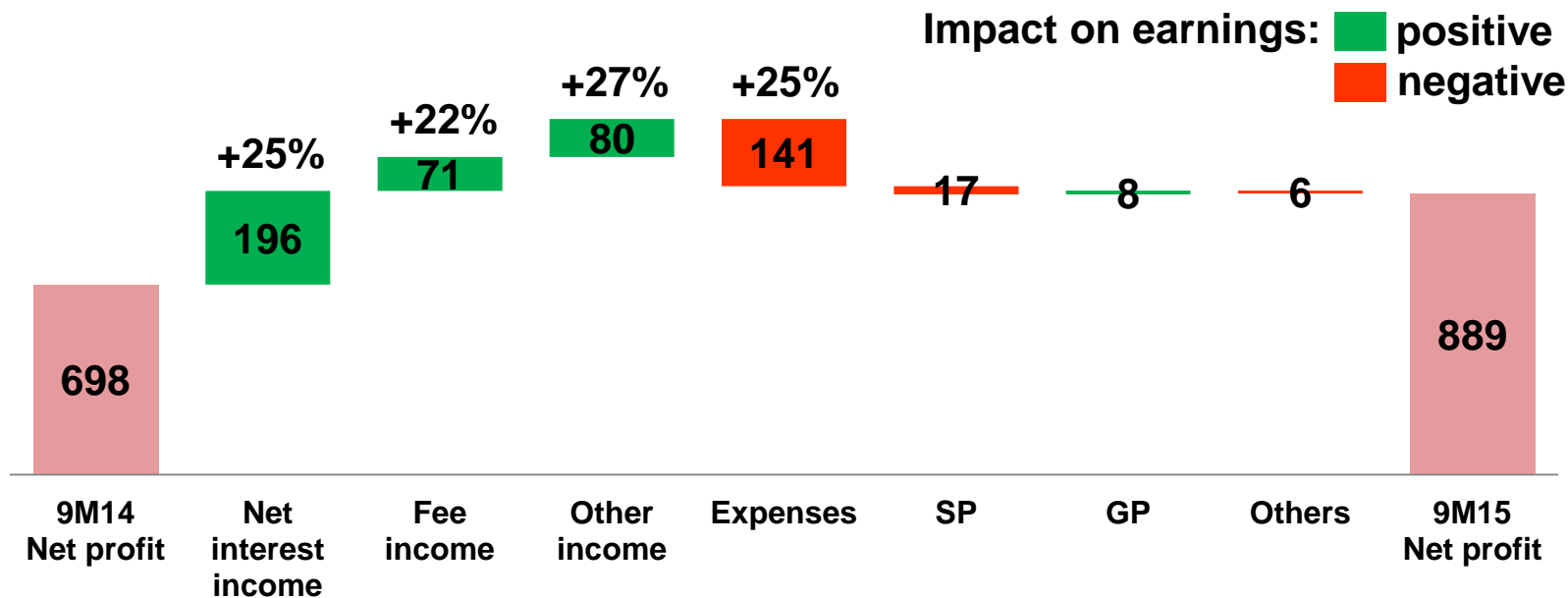


One-time impact on income and expenses from acquisition of Soc-Gen, consolidation of credit card joint venture and currency effects. In addition, funding valuation adjustments were taken against income in 3Q15

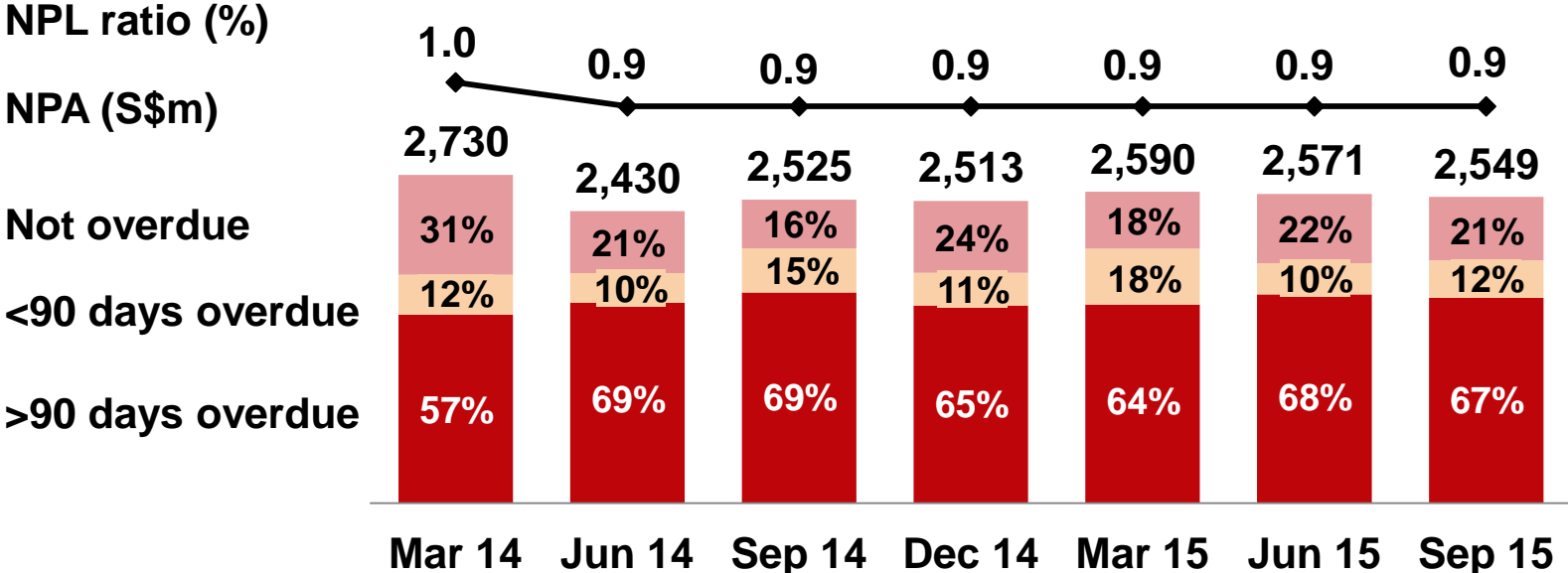


Hong Kong's 9M earnings up 27% on year to record

(S\$m)		9M15	YoY %	Underlying YoY %	
Total income	record	1,765	24	15	<ul style="list-style-type: none"> Income growth from higher NIM, fee and other income Asset quality remains sound
Expenses	record	700	25	15	
Profit before allowances		1,065	24	14	
Allowances	record	30	43	28	
Net profit		889	27	17	



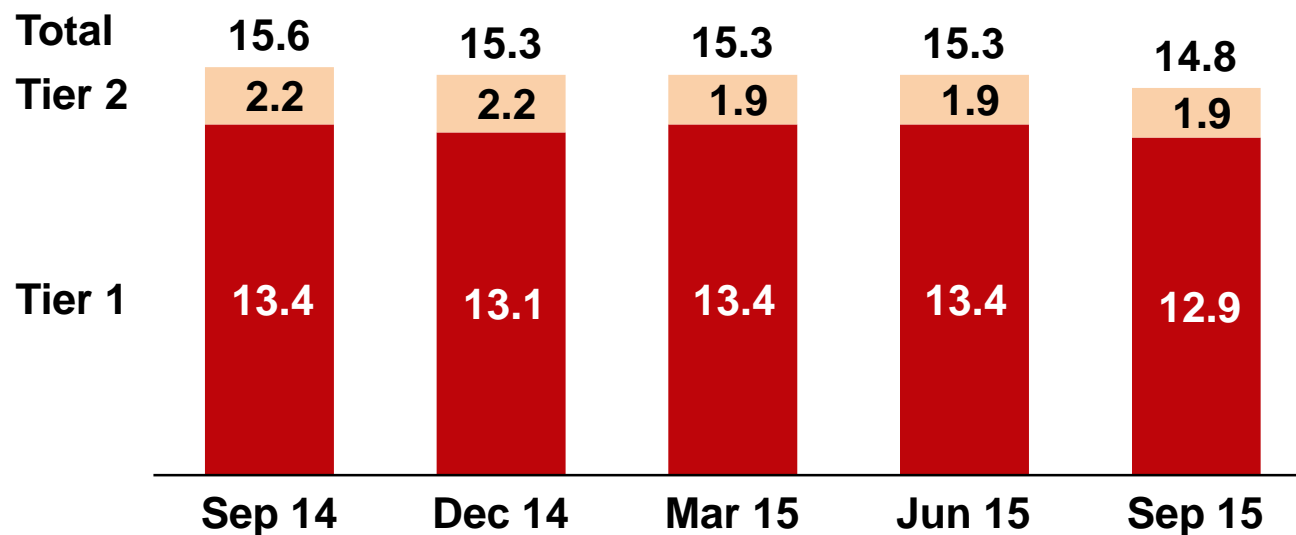
NPL ratio unchanged at 0.9%, allowance coverage of 161% around historical highs



SP / loans (bp)	15	14	22	22	22	19	20
<u>Cumulative general and specific allowances as % of:</u>							
NPA	148	162	160	163	161	160	161
Unsecured NPA	271	321	324	296	294	304	324

Capital ratios remain strong

(%)



Common Equity Tier 1 (%)

Transitional	13.4	13.1	13.4	13.4	12.9
Pro-forma final	12.1	11.9	12.2	12.3	11.9
RWA (\$bn)	254	264	269	268	279

Leverage ratio (%)			7.1	7.3	7.1
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In summary – Record nine-month earnings on broad-based performance

Broad-based growth despite regional slowdown due to multiple business engines

Balance sheet remains healthy, the result of strong risk management

Sufficient areas of growth, loan pipeline healthy

Remaining vigilant to risks while staying nimble to capture opportunities

Supplementary slides

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9M earnings excluding one-time items up 10%

(S\$m)	9M 2015	9M 2014	YoY %
Net interest income	5,246	4,647	13
Fee income	1,659	1,568	6
Trading income	915	809	13
Other income	318	254	25
Non-interest income	2,892	2,631	10
Total income	8,138	7,278	12
Staff expenses	2,008	1,684	19
Other expenses	1,650	1,520	9
Expenses	3,658	3,204	14
Profit before allowances	4,480	4,074	10
General allowances	54	106	(49)
Specific allowances	442	350	26
Allowances	496	456	9
Net profit	3,316	3,010	10
One-time items	136	198	(31)
Net profit incl. one-time items	3,452	3,208	8

3Q earnings up 6% on year

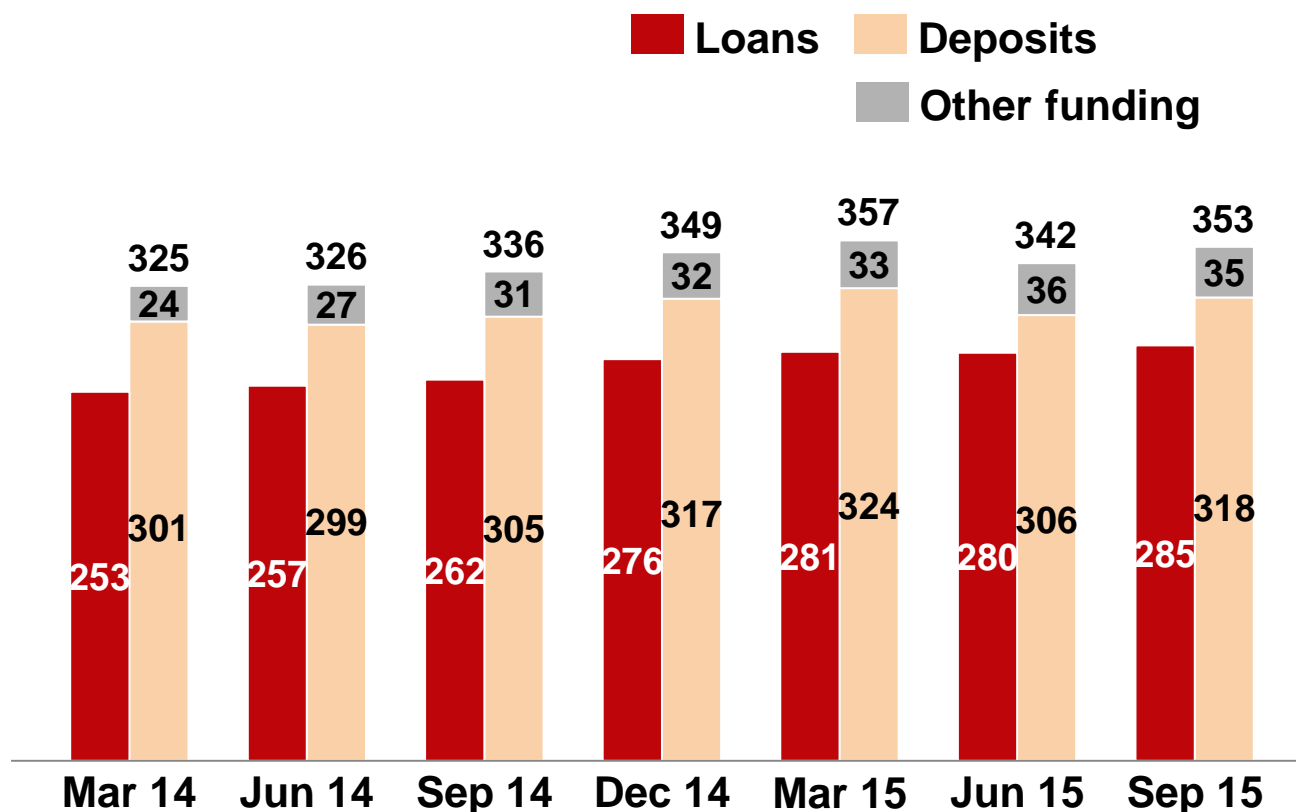
(S\$m)	3Q 2015	3Q 2014	YoY %	2Q 2015	QoQ %
Net interest income	1,813	1,602	13	1,743	4
Fee income	517	555	(7)	582	(11)
Trading income	286	271	6	273	5
Other income	96	86	12	92	4
Non-interest income	899	912	(1)	947	(5)
Total income	2,712	2,514	8	2,690	1
Staff expenses	667	573	16	669	-
Other expenses	592	536	10	549	8
Expenses	1,259	1,109	14	1,218	3
Profit before allowances	1,453	1,405	3	1,472	(1)
General allowances	35	22	59	(2)	NM
Specific allowances	143	155	(8)	139	3
Allowances	178	177	1	137	30
Net profit	1,066	1,008	6	1,117	(5)
One-time items	-	-	-	-	-
Net profit incl. one-time items	1,066	1,008	6	1,117	(5)

9M15 ROE at 11.6%

(%)	3Q 2015	3Q 2014	2Q 2015	9M 2015	9M 2014
Net interest margin	1.78	1.68	1.75	1.74	1.67
Fee income/total income	19	22	22	20	22
Non-interest income/total income	33	36	35	36	36
Cost/income	46	44	45	45	44
ROE	10.9	11.2	11.6	11.6	11.5
Loan/deposit	90	86	92	90	86
SP/loans (bp)	20	22	19	20	17
NPL ratio	0.9	0.9	0.9	0.9	0.9

Ample liquidity with LCR at 121%

(S\$bn)



Ratios (%)

LDR	84	86	86	87	87	92	90
LCR *					135	131	121

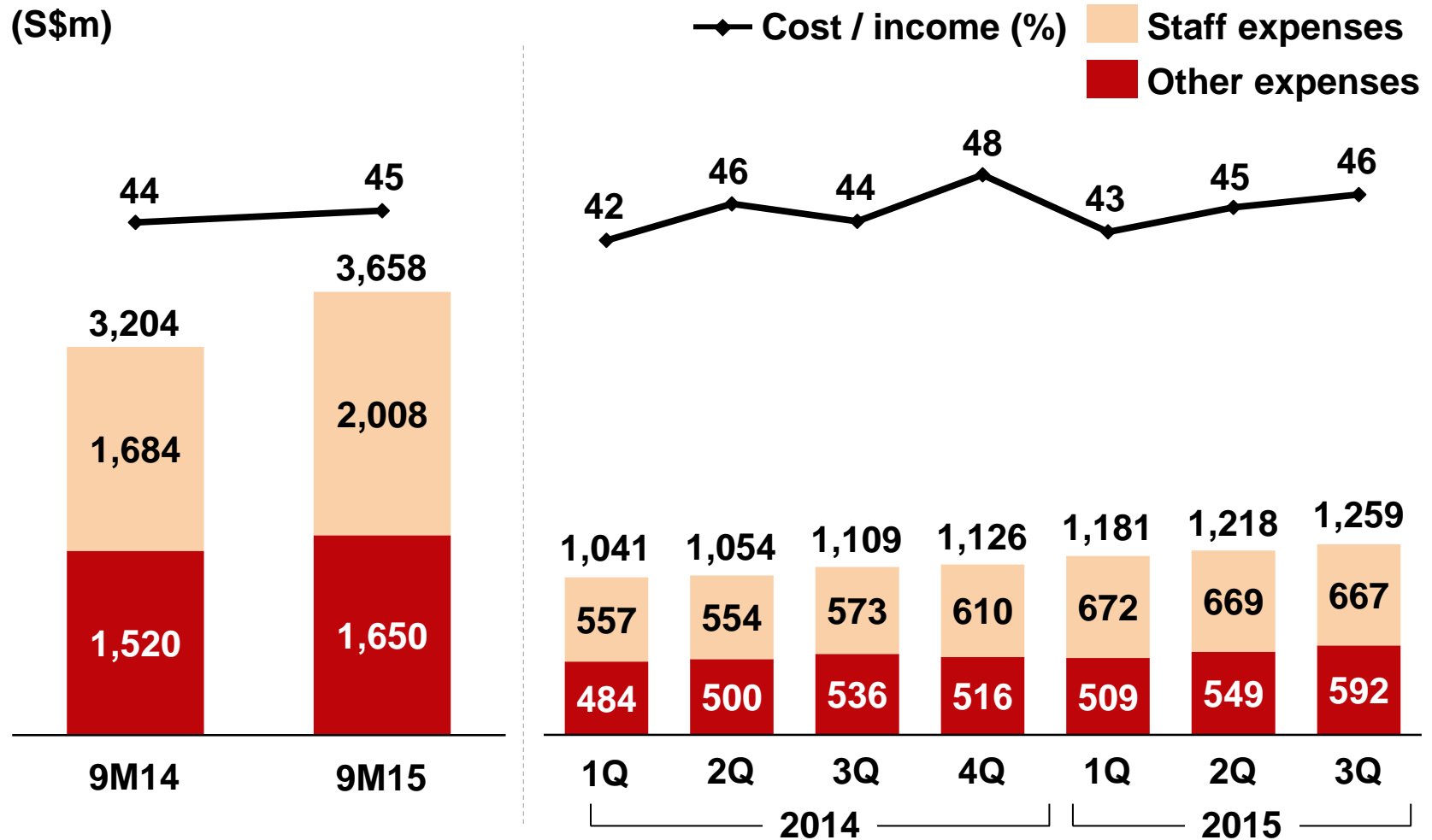
Other funding comprises senior medium term notes, commercial papers, negotiable certificates of deposit, other debt securities and covered bonds

* Average for quarter



9M cost-income ratio at 45%

(S\$m)



Hong Kong's 9M earnings rise 27% on year

Constant-currency terms

(S\$m)	9M 2015	9M 2014	YoY %	YoY %
Net interest income	986	790	25	15
Non-interest income	779	628	24	15
Total income	1,765	1,418	24	15
Expenses	700	559	25	15
Profit before allowances	1,065	859	24	14
General allowances	(28)	(20)	NM	NM
Specific allowances	58	41	41	26
Allowances	30	21	43	28
Net profit	889	698	27	17
Net interest margin (%)	1.65	1.55		
Loan growth (%)				(2)
Non-trade growth (%)				7
Trade growth (%)				(23)
Deposit growth (%)				(2)

Hong Kong's 3Q earnings rise 46% on year

(S\$m)	Constant-currency terms						
	3Q 2015	3Q 2014	YoY %	YoY %	2Q 2015	QoQ %	QoQ %
Net interest income	356	277	29	15	321	11	6
Non-interest income	248	209	19	6	301	(18)	(21)
Total income	604	486	24	11	622	(3)	(7)
Expenses	240	195	23	11	231	4	0
Profit before allowances	364	291	25	12	391	(7)	(11)
General allowances	(31)	(3)	NM	NM	7	NM	NM
Specific allowances	18	19	(5)	(17)	8	>100	>100
Allowances	(13)	16	NM	NM	15	NM	NM
Net profit	329	226	46	30	320	3	(2)
Net interest margin (%)	1.73	1.60			1.67		
Loan growth (%)				(2)			(6)
Non-trade growth (%)				7			(2)
Trade growth (%)				(23)			(16)
Deposit growth (%)				(2)			1

Regional income up 5% on year

(S\$m)	9M 2015	9M 2014	YoY %
Net interest income	840	898	(6)
Non-interest income	561	431	30
Total income	1,401	1,329	5
Expenses	847	737	15
Profit before allowances	554	592	(6)
Allowances	294	200	47
Net profit	224	374	(40)

Figures for operations outside of Singapore and Hong Kong

NPAs remain low

(S\$m)	3Q 2015	2Q 2015	3Q 2014
NPAs at start of period	2,571	2,590	2,430
New NPAs	339	281	349
Upgrades, recoveries and translation	(74)	(142)	(150)
Write-offs	(287)	(158)	(104)
NPAs at end of period	2,549	2,571	2,525

Specific allowances stable on quarter

(S\$m)	3Q 2015	2Q 2015	3Q 2014
<u>Add charges for</u>			
New NPLs	89	59	65
Existing NPLs	112	116	118
	201	175	183
<u>Subtract charges for</u>			
Upgrading	-	-	2
Settlements	41	32	14
Recoveries	18	11	19
	59	43	35
Total SP charges for loans	142	132	148
SP/loans (bp)	20	19	22

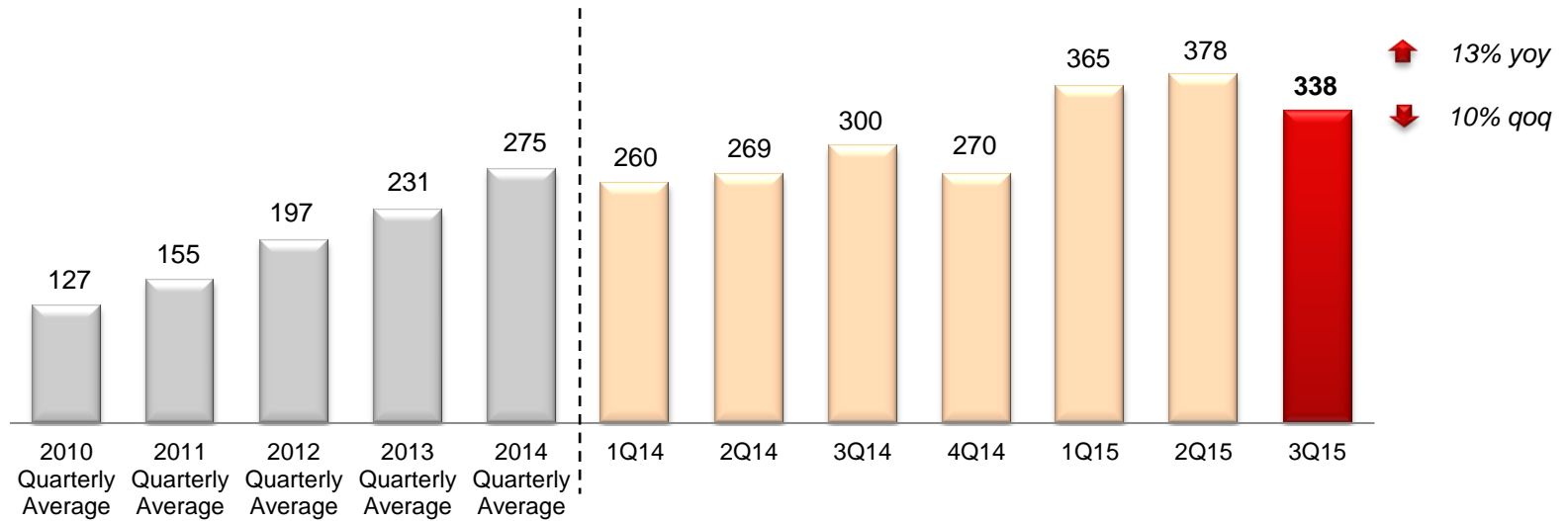
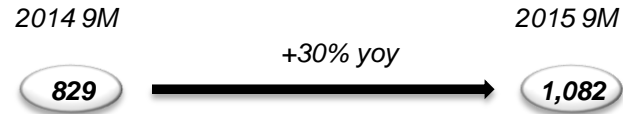
AFS duration remains short

(S\$m)	Sep 15	Jun 15
Government securities	23,266	26,754
Less than 3 years	14,370	17,995
3 to 5 years	3,347	1,648
5 to 10 years	4,308	6,026
More than 10 years	1,240	1,085
Supranational, bank and corporate bonds	11,960	11,668
Equities	1,361	1,392
Total	36,587	39,814
AFS reserves	96	143

Time-banding is based on maturity date from reporting date

Wealth Management segment

Income (S\$m)



AUM (S\$b)

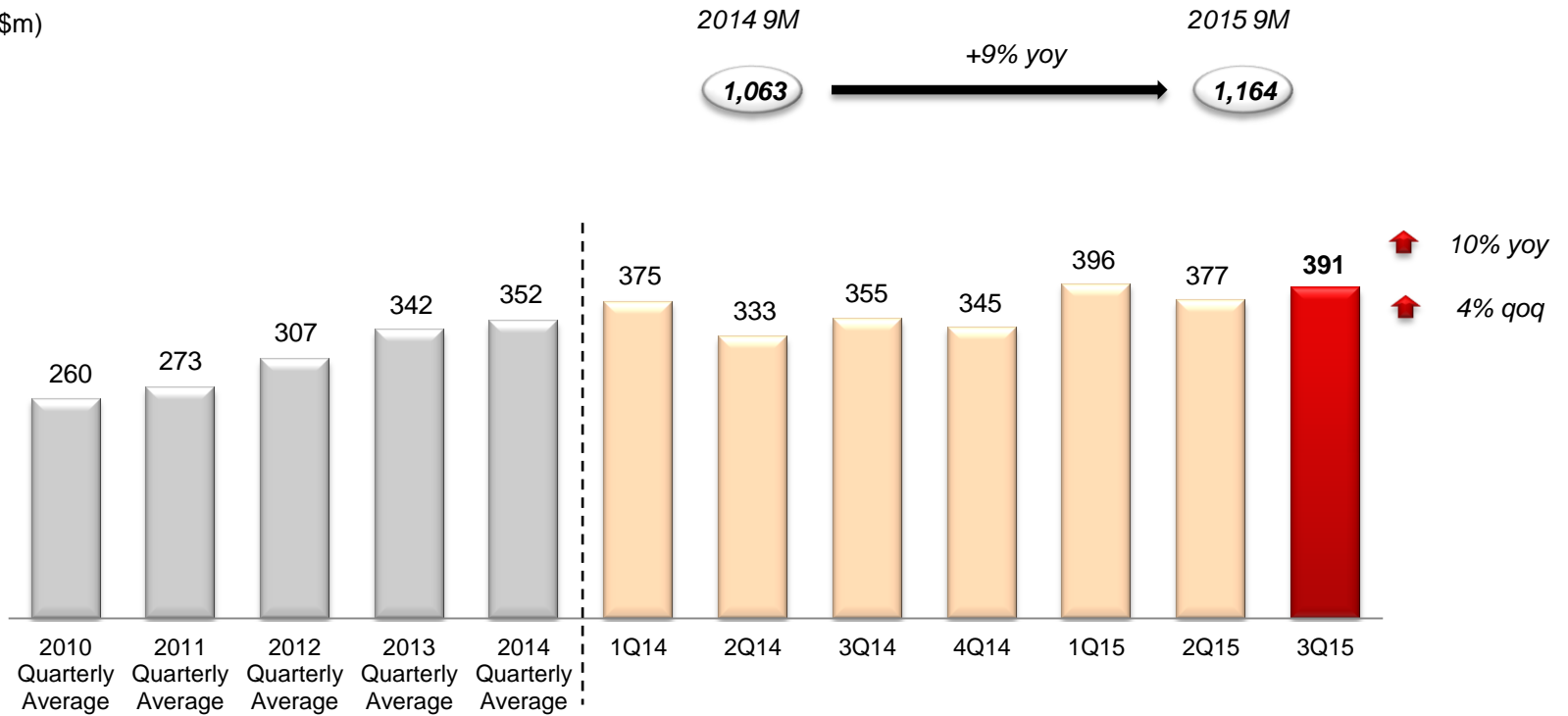


Comprising Treasures, Treasures Private Client and Private Bank Assets under management at end of period



SME segment

Income (S\$m)

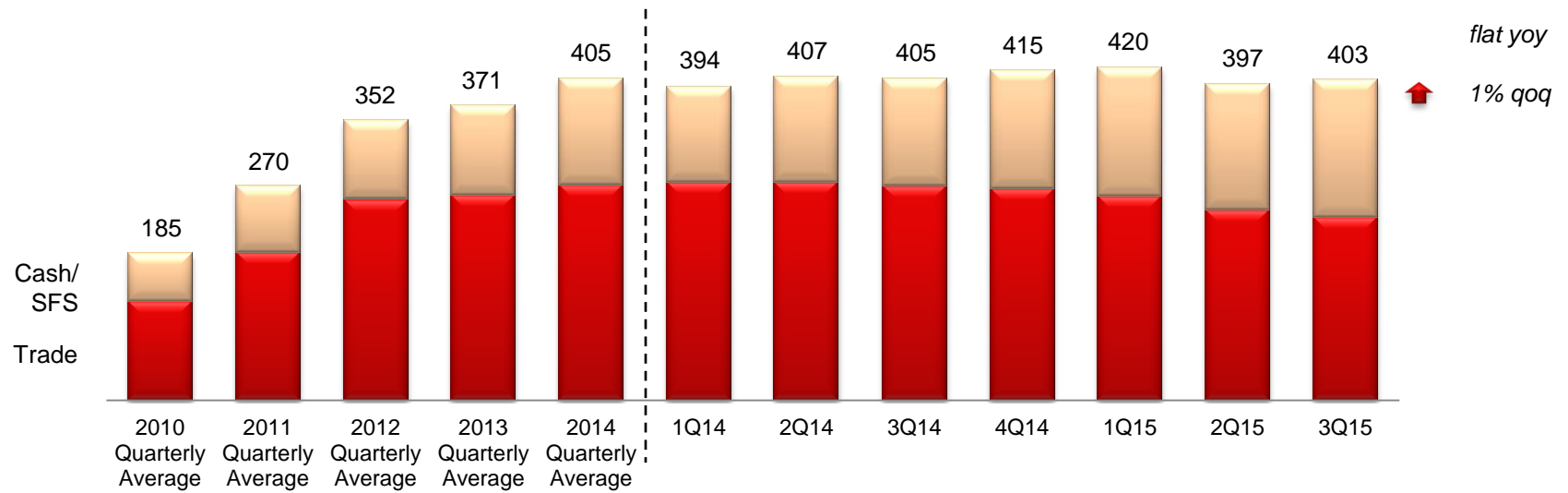
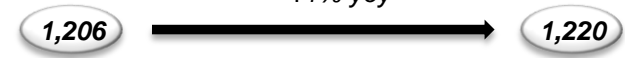


Global transaction services

Income (S\$m)

2014 9M

2015 9M



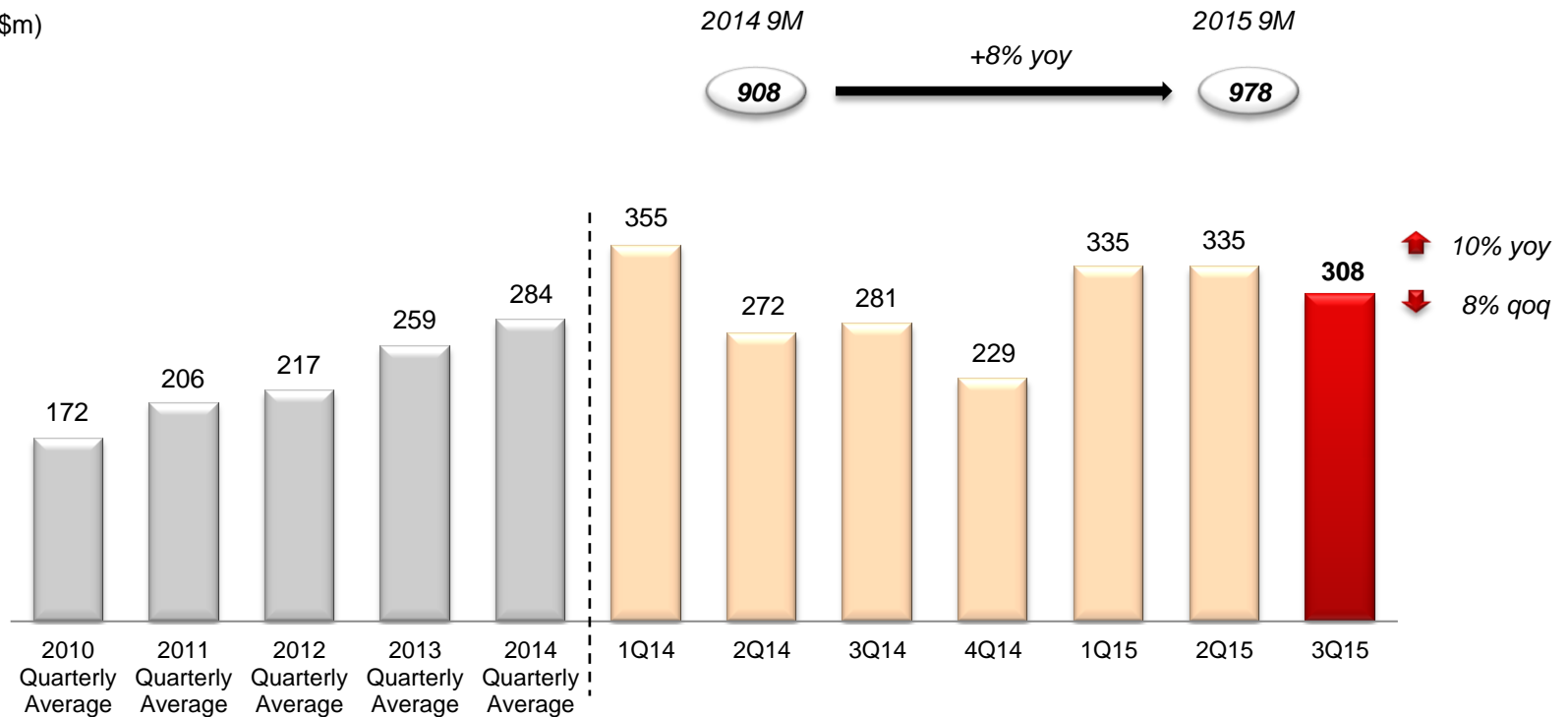
Category	2010	2011	2012	2013	2014	1Q14	2Q14	3Q14	4Q14	1Q15	2Q15	3Q15	Change
Assets (S\$b) ^(a)	20	45	52	63	62	63	61	59	62	55	56	53	↓ 12% yoy ↓ 6% qoq
Deposits (S\$b)	65	81	95	119	135	130	124	130	135	131	114	124	↓ 5% yoy ↑ 9% qoq

Assets and deposits at end of period
 (a) Trade assets; includes bank exposures and loans of financial institutions



Treasury customer flows

Income (S\$m)



9M15 customer income: 52% of total Treasury income

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