Shareholders

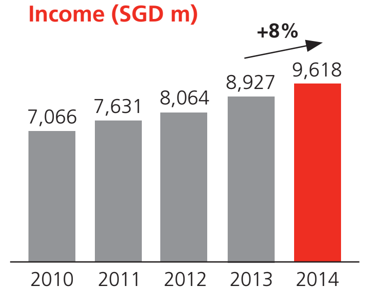
Our net profit rose to a record SGD 4.05 billion for 2014, crossing the SGD 4 billion mark for the first time. Net profit growth was underpinned by an 8% increase in total income. Asset quality remained healthy. There was ample liquidity to support business growth and we remained well capitalised.

SHAREHOLDER KPIs

1. GROW INCOME

Target: Deliver consistent income growth
Outcome: 8% income growth to record SGD 9.62 billion

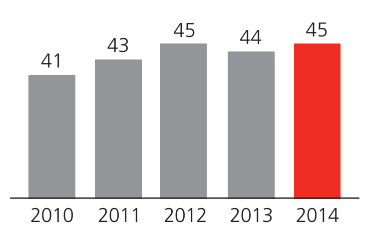
Income (SGD m)



2. MANAGE EXPENSES

Target: Be cost efficient while investing for growth; cost-income ratio target of 45% or better
Outcome: Cost-income ratio in line with target of 45%.
Continue to drive efficiency through strategic cost management efforts. Savings of SGD 500 million over three years reinvested in headcount and new capabilities including digital

Cost/Income (%)

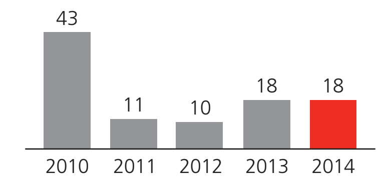


SHAREHOLDER KPIs

3. MANAGE PORTFOLIO RISK

Target: Grow exposures prudently, aligned to risk appetite. Expect specific allowances to average 25 basis points (bp) of loans through the economic cycle
Outcome: Specific allowances as a percentage of loans maintained at 18 bp

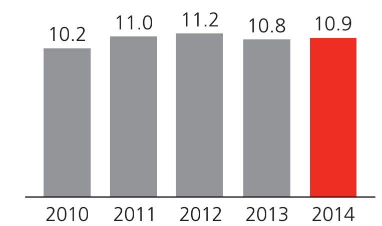
Specific Allowances/Average Loans (bp)



4. IMPROVE RETURNS

Target: Return on equity of 12% or better in a normalised interest rate environment
Outcome: Double-digit return on equity in a low interest rate environment

Return on Equity (%)



FINANCIAL PERFORMANCE HIGHLIGHTS

	2014	2013	% chg
Selected income statement items (SGD m)			
Total income	**9,618**	8,927	8
Expenses	**4,330**	3,918	11
Profit before allowances	**5,288**	5,009	6
Allowances for credit and other losses	**667**	770	(13)
Net profit	**3,848**	3,501	10
One-time items	**198**	171	16
Net profit including one-time items	**4,046**	3,672	10
Selected balance sheet items (SGD m)			
Customer loans	**275,588**	248,654	11
Customer deposits	**317,173**	292,365	8
Shareholders' funds	**37,708**	34,233	10
Key financial ratios (%)			
Return on equity [1/]	**10.9**	10.8	–
NPL ratio	**0.9**	1.1	–
Allowance coverage	**163**	135	–
Common Equity Tier 1 Capital Adequacy Ratio	**13.1**	13.7	–

1/ *Excluding one-time items and calculated based on net profit attributable to shareholders net of dividends on preference shares and other equity instruments. Non-controlling interests, preference shares and other equity instruments are not included as equity in the computation of return on equity*

"DBS hit a new milestone with full-year profit exceeding SGD 4 billion in 2014. This is testament to the strength and resilience of the franchise. We believe that the multiple business engines we've built are sustainable and scalable."
– Piyush Gupta, CEO, DBS

FINANCIAL PERFORMANCE HIGHLIGHTS

We reported net profit of SGD 4.05 billion, a 10% increase over the previous year. Excluding one-time items, net profit rose 10% to SGD 3.85 billion. Total income rose 8% to SGD 9.62 billion led by growth in the Consumer Banking/Wealth Management (CBG) and Institutional Banking (IBG) businesses. Return on equity was slightly higher at 10.9% in a low interest rate environment.

We ensured that our balance sheet remained strong. Asset quality was healthy with the non-performing loan ratio at 0.9% and the allowance coverage of non-performing assets reaching a new high of 163%. We maintained ample liquidity from diversified sources of funding. Our all-currency and Singapore-dollar liquidity coverage ratios were both above 100%, putting us in full compliance with final rules effective 2019. Our Common Equity Tier 1 ratio, a measure of the highest-quality capital, based on final rules effective 2018 was 11.9% and above the stringent requirements imposed by our regulator.

Shareholder value was enhanced by a 9% increase in net book value per diluted share to SGD 14.74 as well as dividends per share of SGD 58 cents. Total shareholder returns comprising share price accretion and dividends during the calendar year amounted to 24%.

BUSINESS UNIT PERFORMANCE

(SGD m)	Consumer Banking/ Wealth Management (CBG)	Institutional Banking (IBG)	Treasury	Others	Total
Selected income items					
2014					
Total income	**2,882**	**4,967**	**1,102**	**667**	**9,618**
Profit before tax	**876**	**2,891**	**593**	**340**	**4,700**
2013					
Total income	**2,538**	**4,676**	**1,034**	**679**	**8,927**
Profit before tax	**710**	**2,755**	**559**	**294**	**4,318**

CBG and IBG drove the improved performance, accounting for 92% of the Group's income growth.

CBG's total income rose 14% to SGD 2.88 billion. Loans grew 16% to SGD 82 billion as housing loans were drawn down in Singapore and secured consumer loans were made to high net worth individuals across the region. Net interest margin also improved from better housing loan pricing. Pretax profit increased 23% to SGD 876 million. Earnings grew at a faster rate than income as a result of productivity gains and stable credit costs.

The Wealth Management customer segment grew income by 19% to SGD 1.10 billion as we acquired new customers and deepened relationships. The growth was underpinned by a 25% increase in the earning assets base to SGD 167 billion, as well as by higher customer demand for bancassurance and investment products such as unit trusts and treasury products. The acquisition of Societe Generale's Asian private banking business was completed in October and did not have a material impact on performance.

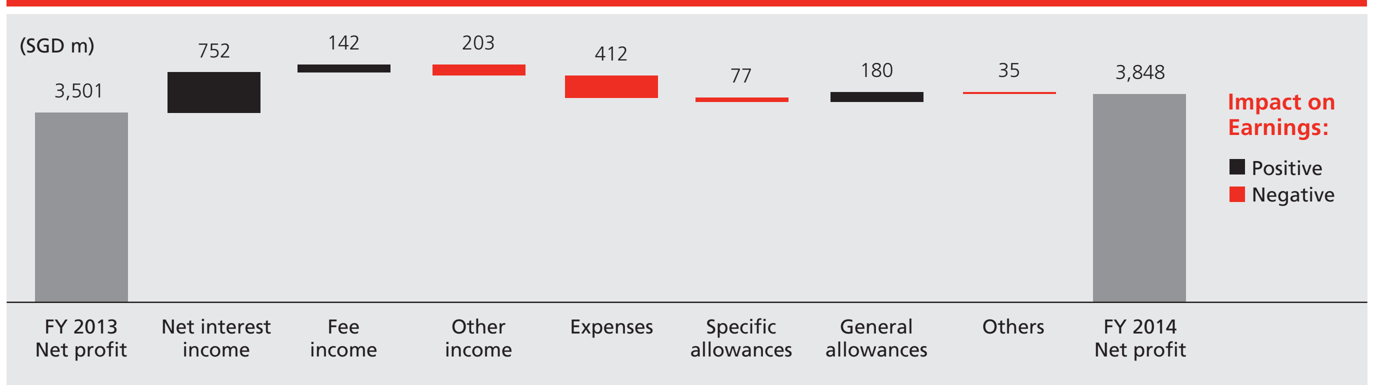
IBG's total income increased 6% to SGD 4.97 billion. Loans grew 9% to SGD 195 billion, led by higher borrowing from Singapore and Hong Kong corporates and SMEs. Trade loans were flat during the year. Non-interest income was boosted by higher capital market activities and treasury customer flows. The cost-income ratio rose moderately to 31% while total allowances declined due to lower general allowances. Pretax profit increased 5% to SGD 2.89 billion.

The Treasury segment reflects only market-making and warehousing activities. Income from customer flows is booked in the CBG and IBG business segments. On this basis, Treasury's total income rose 7% to SGD 1.10 billion while pretax profit increased 6% to SGD 593 million. Treasury segment income and earnings have been generally flat in recent years as emphasis has been placed on growing customer flows.

The Others segment comprises income and expenses from activities not attributed to the three business segments, such as balance sheet management. It also includes our stockbroking business.

› Please refer to page 44 for more information on the performance of our countries

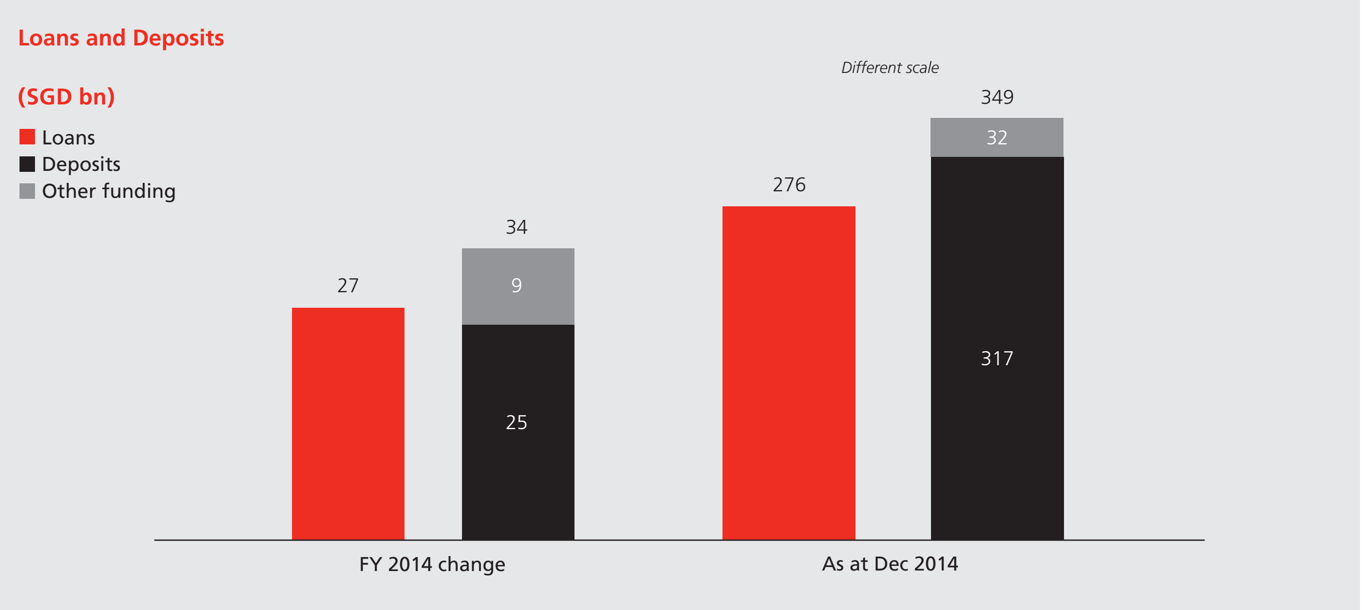
EARNINGS DRIVERS



The increase in the Group's net profit was the result of higher net interest income and fee income and lower general allowances. These improvements were partially offset by a decline in other income and higher expenses.

NET INTEREST INCOME

Net interest income increased 14% to SGD 6.32 billion as loans grew and net interest margin improved. Net interest margin for the full year increased six basis points to 1.68% as trade loan pricing was higher and yields on securities and interbank assets rose. Deposit and other funding costs were stable. Net interest margin progressively increased during the course of the year and reached 1.71% in the fourth quarter, the highest in 10 quarters.



Loans rose 11% or SGD 27 billion to SGD 276 billion. Excluding currency effects, loan growth was 9%. The growth was spread between CBG and IBG customers. All geographical regions contributed to the increase, with the growth led by Singapore and Hong Kong.

Deposits grew 8% or SGD 25 billion to SGD 317 billion. Excluding currency effects, deposit growth was 7%. Most of the increase was in US dollars as we attracted deposits from a growing customer base of institutional investors and Western MNCs. We maintained leadership in SGD deposits with a 52% market share of savings accounts.

Our deposits were supplemented by wholesale funding through issuance of commercial papers, medium-term notes and other debt securities. Wholesale funding grew SGD 9 billion to SGD 32 billion, with more than half of the increase in senior medium-term notes. The total funding base of deposits and other sources increased SGD 34 billion, more than the SGD 27 billion increase in loans. We continued to have sufficient liquidity to support growth and meet contingencies.

NON-INTEREST INCOME

Fee Income

(SGD m)	2014	2013	% change
Brokerage	**173**	214	(19)
Investment banking	**243**	191	27
Trade and transaction services	**515**	531	(3)
Loan-related	**385**	367	5
Cards	**369**	337	9
Wealth management	**507**	412	23
Others	**83**	69	20
Fee and commission income	**2,275**	2,121	7
Less: fee and commission expense	**248**	236	5
Net fee and commission income	**2,027**	1,885	8

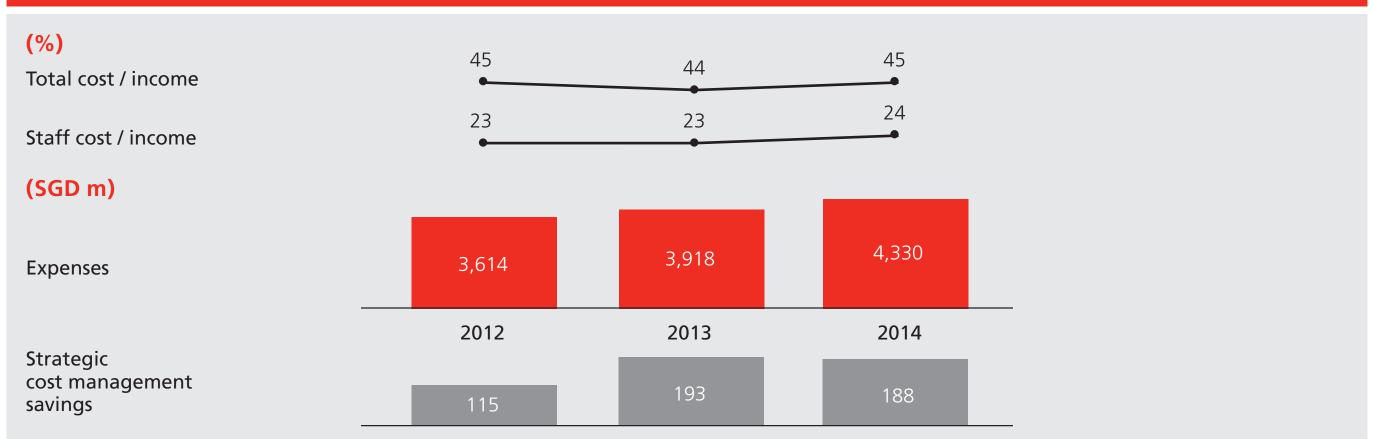
Other Non-interest Income

(SGD m)	2014	2013	% change
Net trading income	**901**	1,095	(18)
Net income from investment securities	**274**	276	(1)
Net gain on fixed assets	**43**	44	(2)
Others (includes rental income)	**52**	58	(10)
Total	**1,270**	1,473	(14)

Fee income rose 8% to SGD 2.03 billion. Wealth management fees increased 23% from higher unit trust and bancassurance sales, while investment banking fees grew 27% from higher debt capital market activities. Card fees increased 9% from increased credit and debit card transactions and merchant fees. These improvements were offset by a 19% decline in brokerage commissions in line with lower market turnover.

Other income fell 14% to SGD 1.27 billion as non-interest trading income declined 18% to SGD 901 million. Income from treasury customer flows rose 10% to SGD 1.14 billion. Net income on investment securities was stable at SGD 274 million. The available-for-sale investment portfolio had unrealised marked-to-market gains of SGD 284 million at end-2014 compared to a negative SGD 30 million at end-2013.

EXPENSES

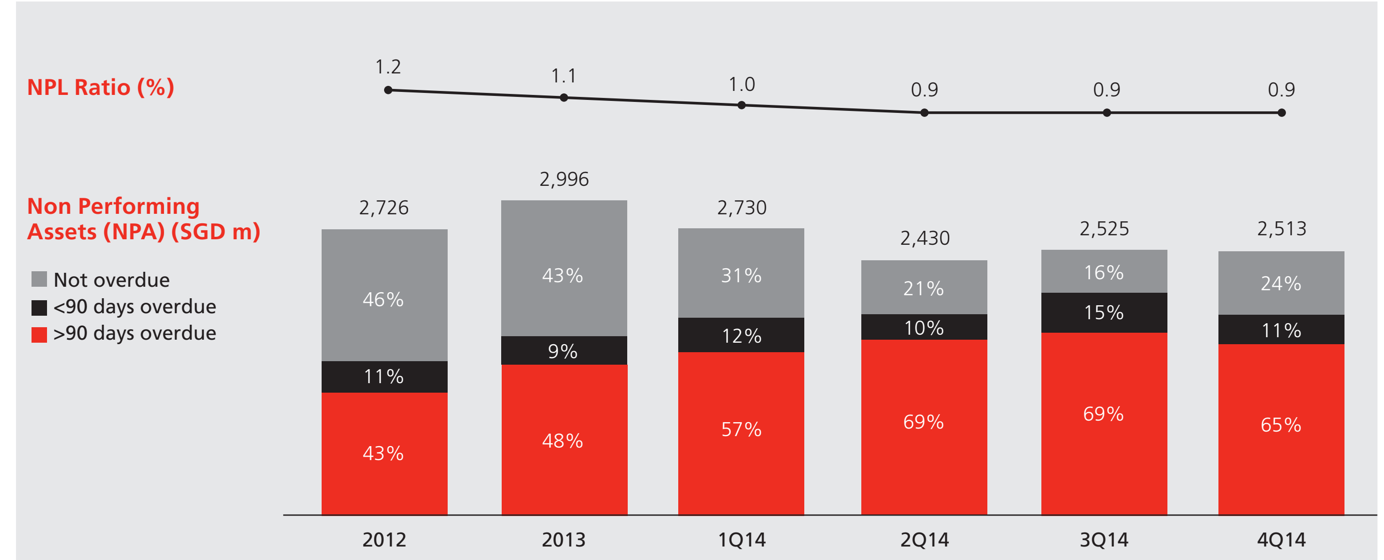


Expenses rose 11% to SGD 4.33 billion, with the cost-income ratio increasing slightly to 45%. The staff cost-income ratio of 24% was at the low end of the range among banks with regional operations in Asia, demonstrating high levels of productivity among our staff.

A strategic cost management programme was instituted in 2012 to improve our operating efficiency by streamlining processes, managing sourcing costs and optimising our technology resources. With the strong progress we achieved across all our regional operations, we have been able to extract productivity gains of 5% of the cost base every year. This has resulted in cumulative cost savings of around SGD 500 million over the three years.

The savings have been reinvested in new staff hiring to support business growth as well as in new capabilities such as digital initiatives, more resilient infrastructure and data analytics. The programme has enhanced our capacity to invest for the future while keeping the cost-income ratio at reasonable levels.

ALLOWANCES AND ASSET QUALITY



	2012	2013	1Q14	2Q14	3Q14	4Q14
Specific Allowances / loans (bp)	10	18	15	14	22	22
Cumulative general and specific allowances as % of:						
NPA	142	135	148	162	160	163
Unsecured NPA	183	204	271	321	324	296

Non-performing assets declined 16% to SGD 2.51 billion due to the resolution of major loans. Specific allowances for loans charged during the year rose 15% to SGD 478 million, but as a percentage of the average loan base they were unchanged at 18 basis points. General allowances declined from SGD 340 million to SGD 160 million as loan growth was lower than in 2013.

The coverage of non-performing assets rose to 163% from 135% at end-2013. If collateral was considered, the coverage was 296%.

CAPITAL

The Group's capital adequacy ratios were above regulatory requirements. The Common Equity Tier 1 ratio based on transitional arrangements was 13.1%. Based on final arrangements effective 2018, it was 11.9%. The Tier 1 ratio was 13.1% and the total capital adequacy ratio was 15.3%. All the ratios were comfortably above regulatory requirements.

The leverage ratio, a supplementary indicator of capital strength based on the ratio of Tier 1 capital to on- and off-balance sheet exposures, was 7.0%. This was significantly above the 3.0% currently envisaged by the Basel Committee enacting global banking regulatory standards.

A more detailed discussion on capital can be found in the Capital Management and Planning section on pages 118 to 122.