

# Nine-month earnings at record \$3 billion

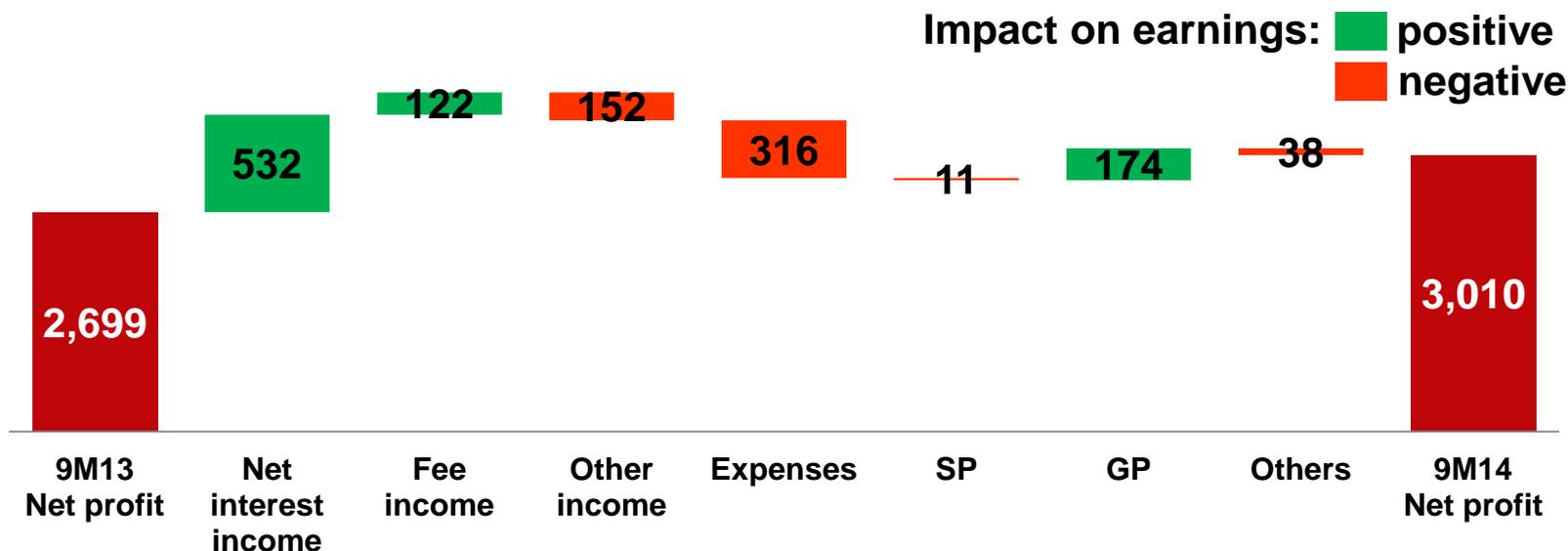
**DBS Group Holdings**  
**3Q 2014 financial results**  
**October 31, 2014**

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# 9M earnings rise 12% to a record \$3 billion

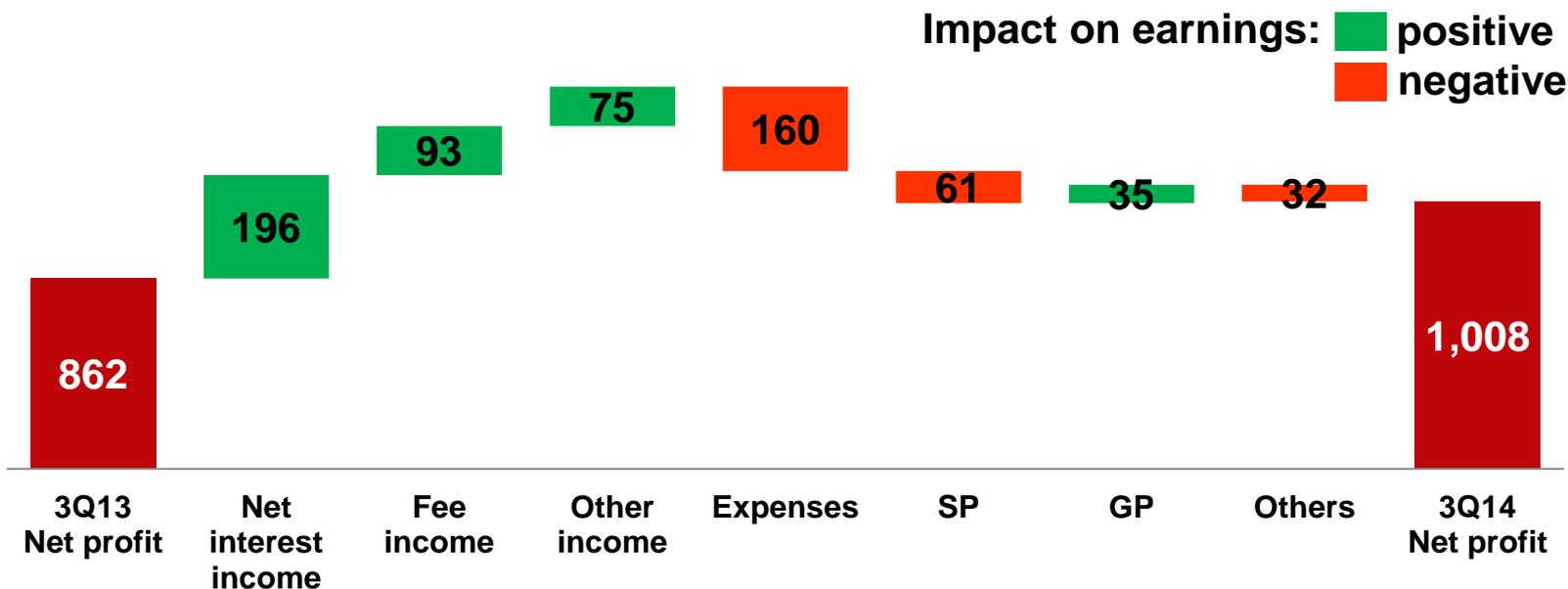
(S\$m)		9M14	YoY %	
Total income	record	7,278	7	<ul style="list-style-type: none"> <li>Higher NIM, loan volumes and fee income, partially offset by lower trading gains</li> </ul>
Expenses		3,204	11	
Profit before allowances	record	4,074	5	<ul style="list-style-type: none"> <li>Lower allowances with allowance coverage at 160%</li> </ul>
Allowances		456	(26)	
Net profit	record	3,010	12	
Net profit (incl. one-time items)		3,208	19	



# 3Q earnings up 17% on year

(S\$m)		<u>3Q14</u>	<u>YoY %</u>
Total income	record	2,514	17
Expenses		1,109	17
Profit before allowances		1,405	17
Allowances		177	17
Net profit		1,008	17

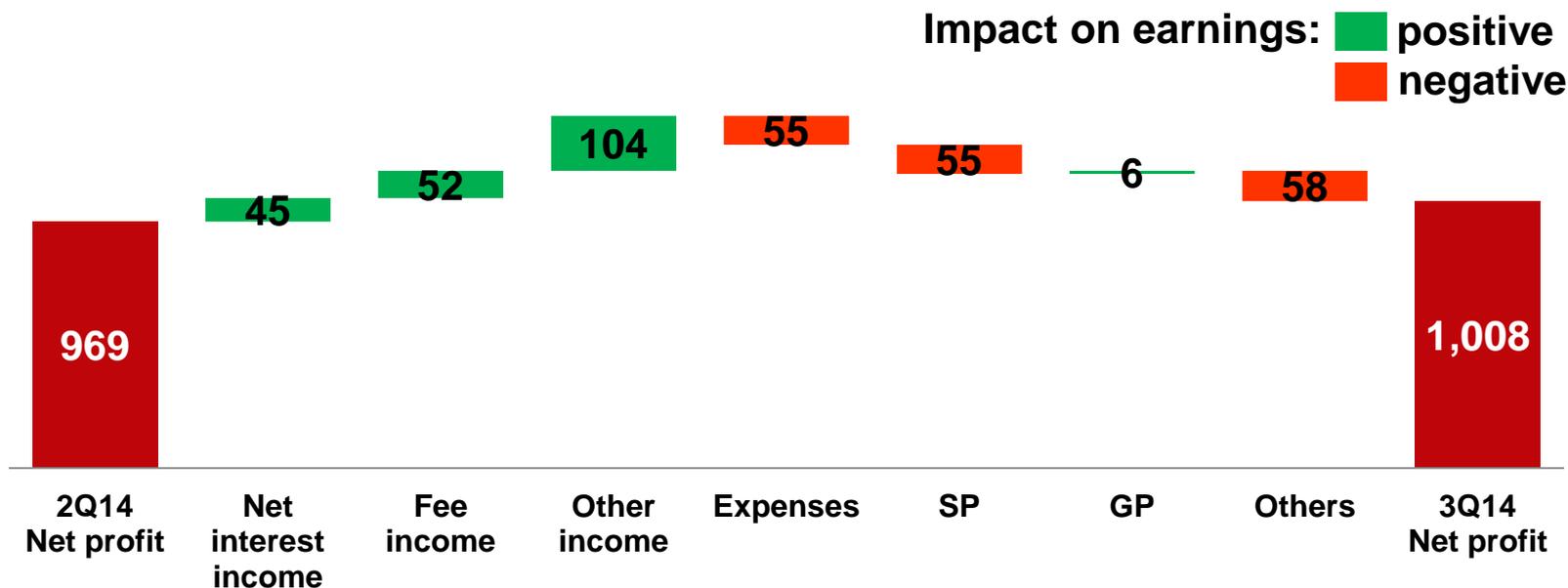
- Broad-based income growth from higher NIM, loans, fee and trading income
- Higher specific allowances partially offset by lower general allowances



# 3Q earnings rise 4% on quarter

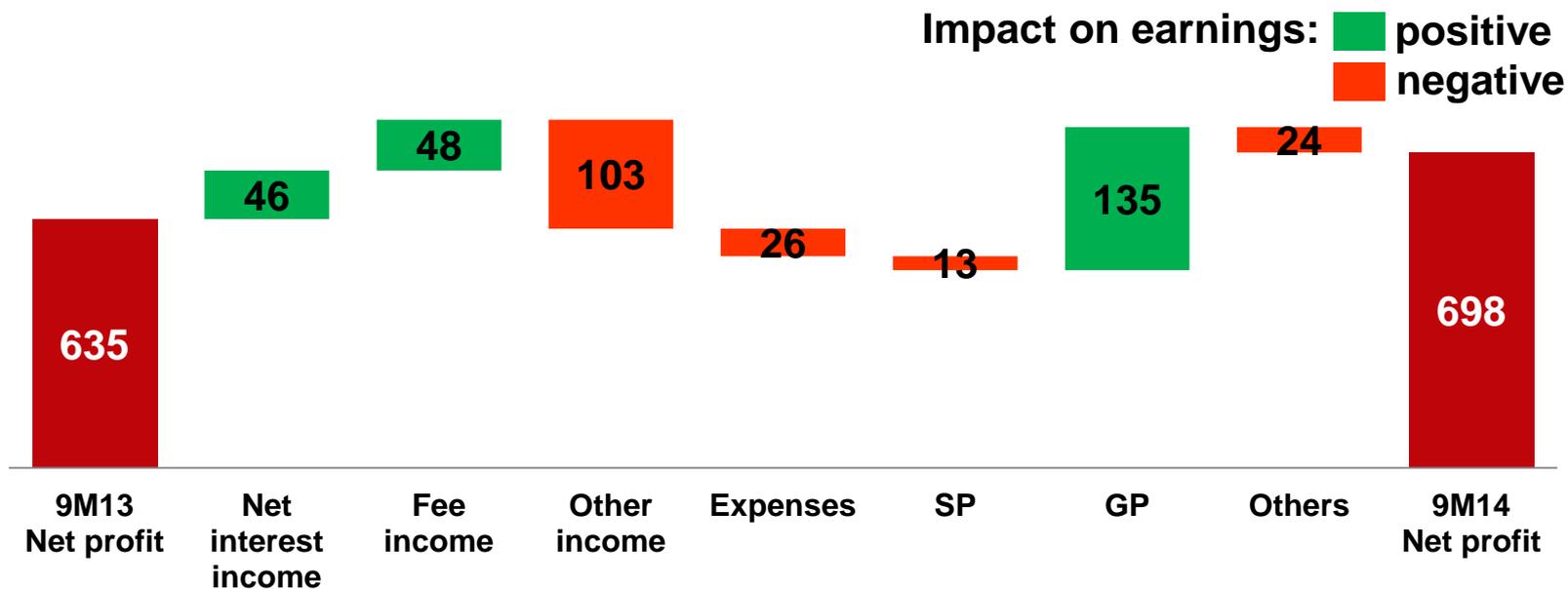
(S\$m)	3Q14	QoQ %
Total income	record 2,514	9
Expenses	1,109	5
Profit before allowances	1,405	12
Allowances	177	38
Net profit	1,008	4

- Broad-based income growth from moderate rise in NIM and loans, higher fee and trading income
- Excluding one-time 2Q associate gain, net profit growth was 8%



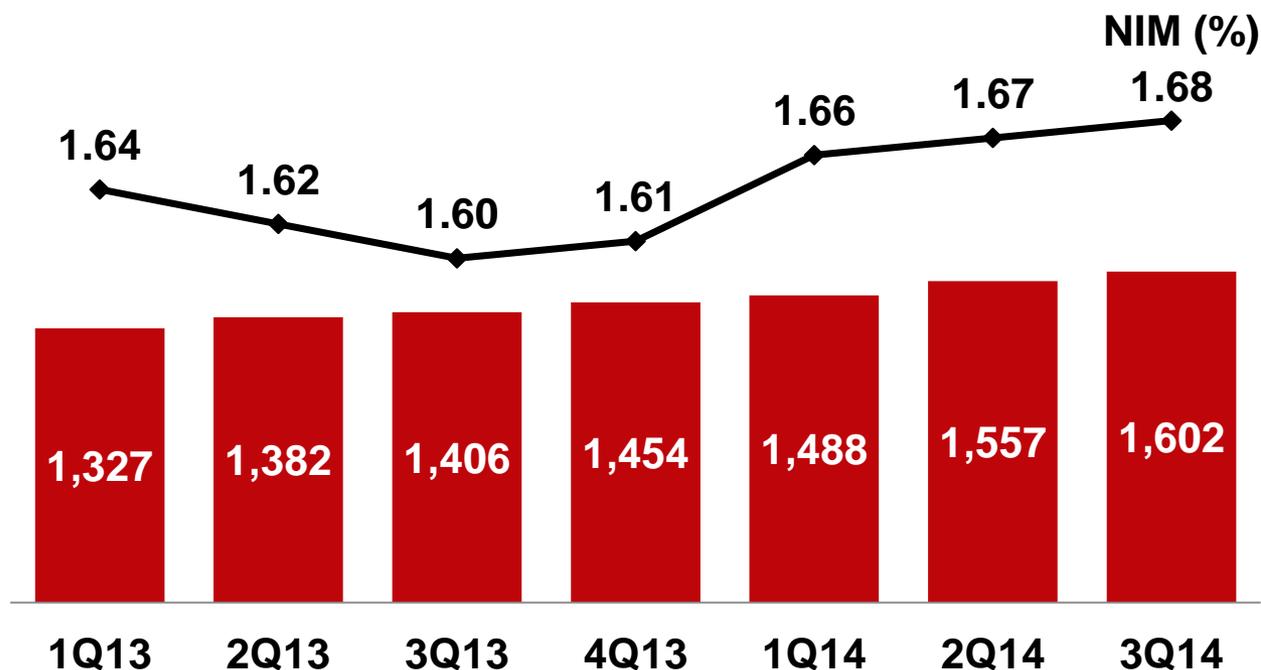
# Hong Kong's 9M earnings rise 10%

(S\$m)	<u>9M14</u>	<u>YoY %</u>	
Total income	1,418	(1)	▪ Total income increased 2% excluding property disposal gains
Expenses	559	5	
Profit before allowances	859	(4)	▪ Lower general allowances in line with change in loan volumes
Allowances	21	(85)	
Net profit	698	10	



# Net interest income rises to record

(S\$m)

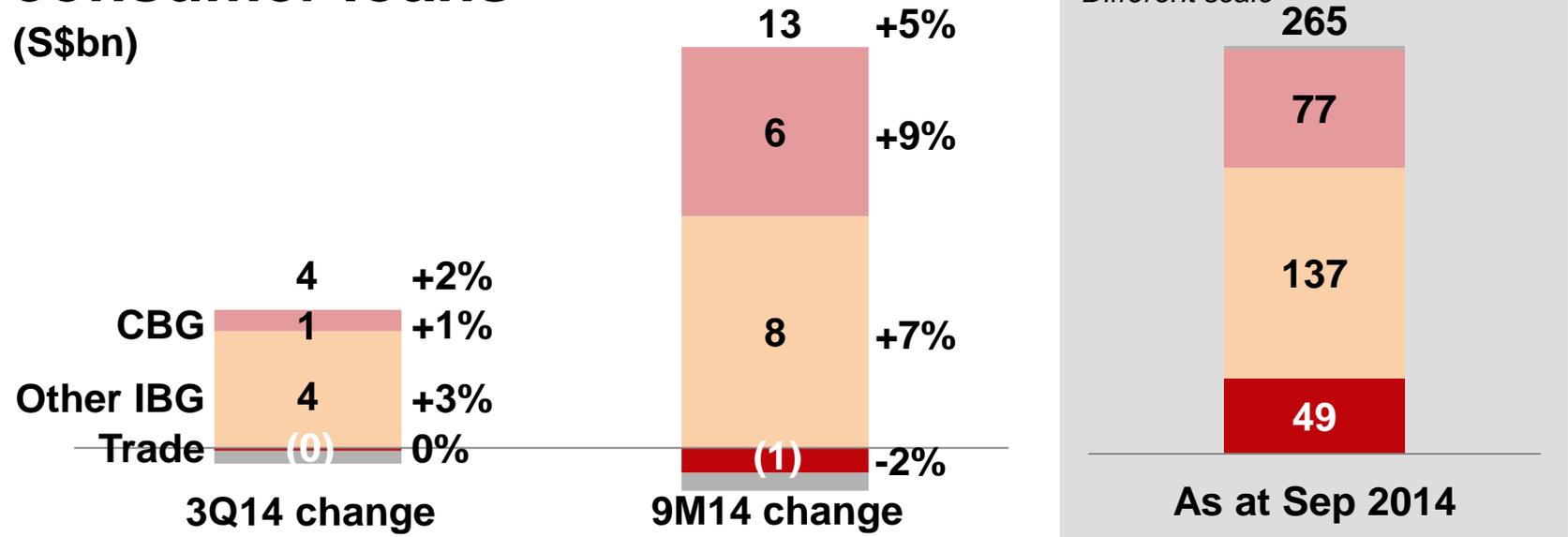


## QoQ change in net interest income due to:

Volume	71	47	30	41	34	28	24
Rate	(9)	(7)	(21)	7	32	24	4
Day impact	(28)	15	15	0	(32)	17	17
<b>Net change</b>	<b>34</b>	<b>55</b>	<b>24</b>	<b>48</b>	<b>34</b>	<b>69</b>	<b>45</b>

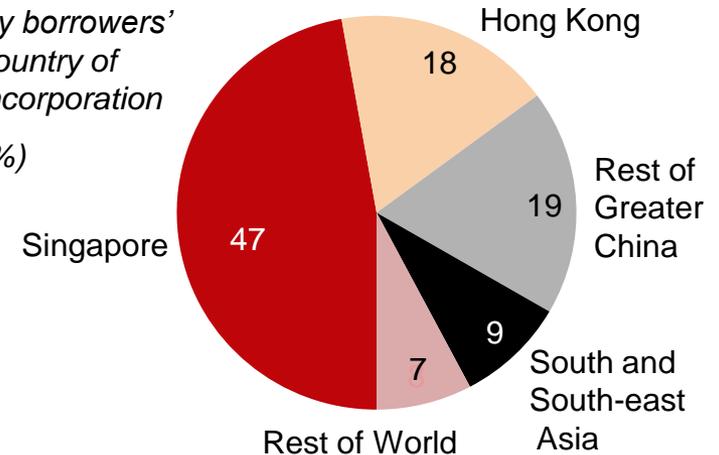
# Loan growth from corporate and secured consumer loans

(S\$bn)



- Loan growth of 2% in 3Q and 5% for nine months, from corporate non-trade and consumer loans
- Consumer loan growth from secured lending and housing loans
- Trade loans were little changed

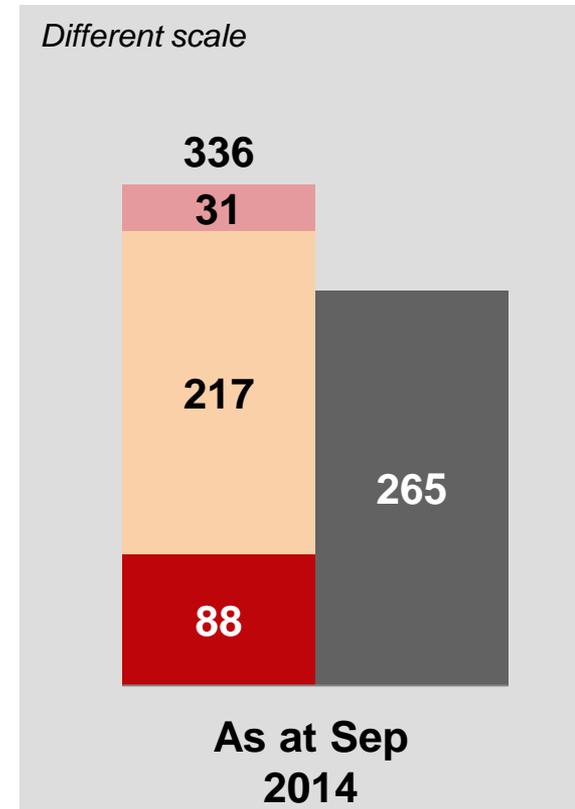
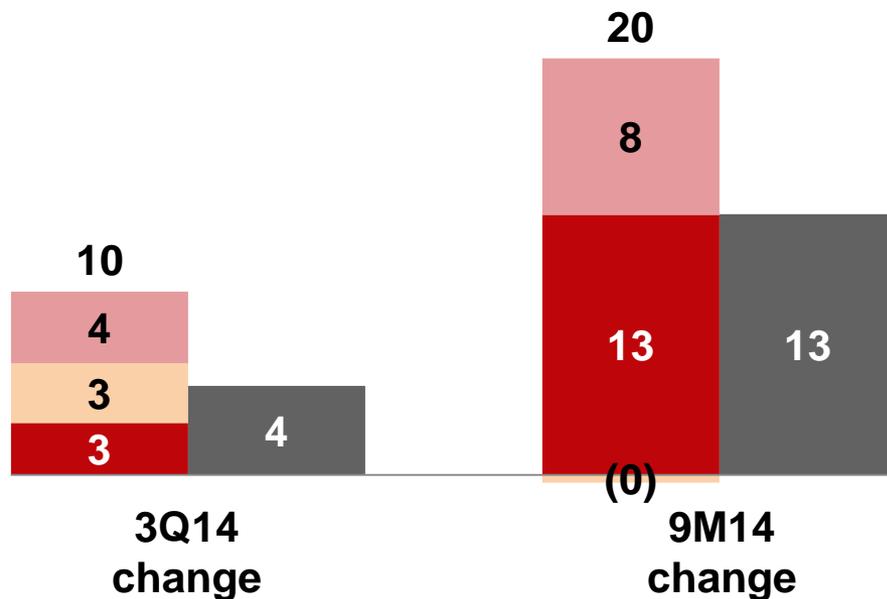
By borrowers' country of incorporation (%)



Gross loans

# Ample liquidity as deposits and other funding grow more than loans

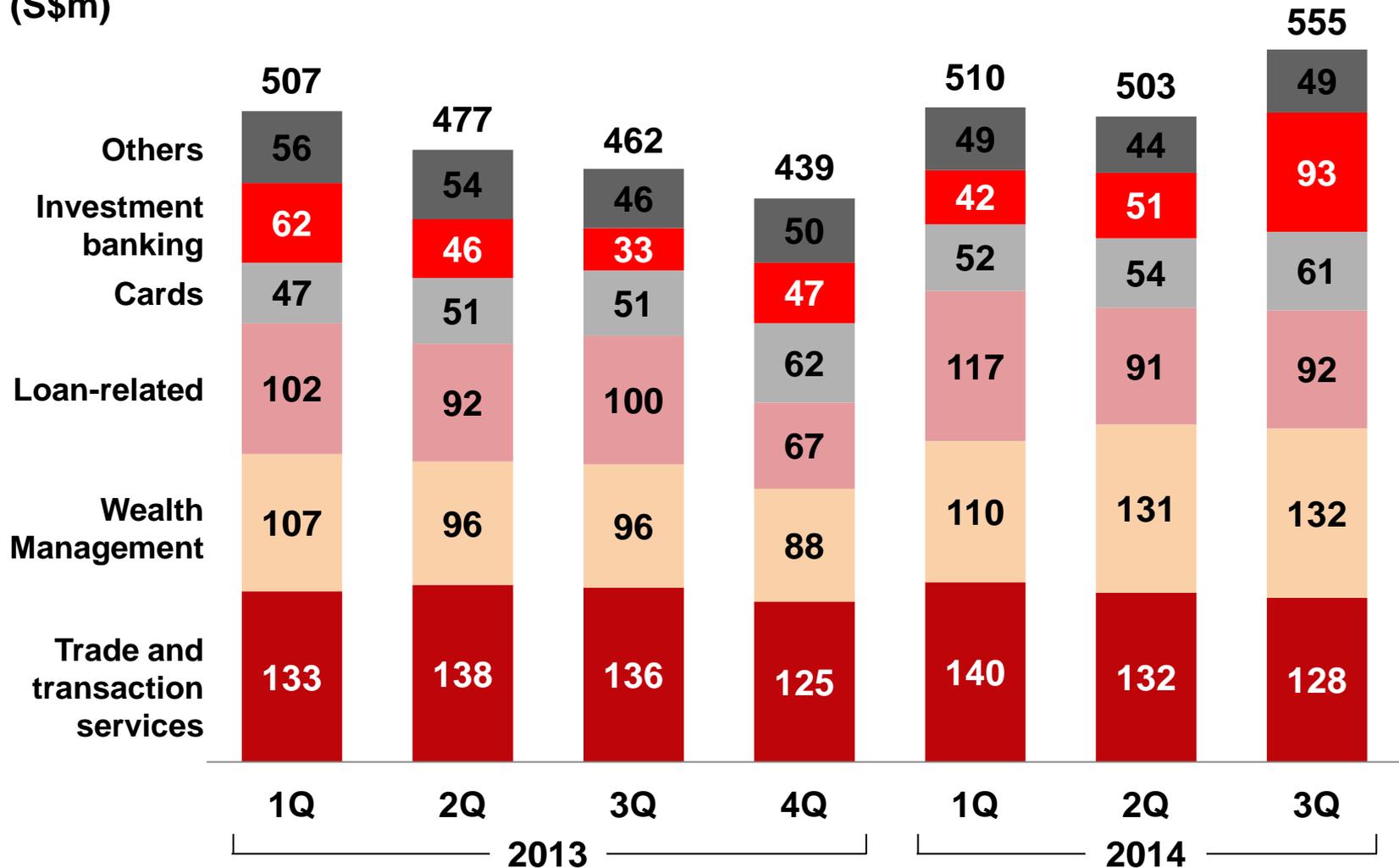
(S\$bn)



Loans are gross loans. Other funding comprises medium-term notes, commercial papers, certificates of deposit and other debt securities in issue

# 3Q fee income up 10% on quarter

(S\$m)



Net fee income

# 9M treasury customer income rises 13%

(S\$m)	9M 2014	9M 2013	YoY %
Customer income	908	805	13
Other income, principally from market-making and warehousing	858	834	3
<b>Total Treasury income</b>	<b>1,766</b>	<b>1,639</b>	<b>8</b>
<b>Customer income as % of total Treasury income</b>	<b>51</b>	<b>49</b>	<b>2 pt</b>

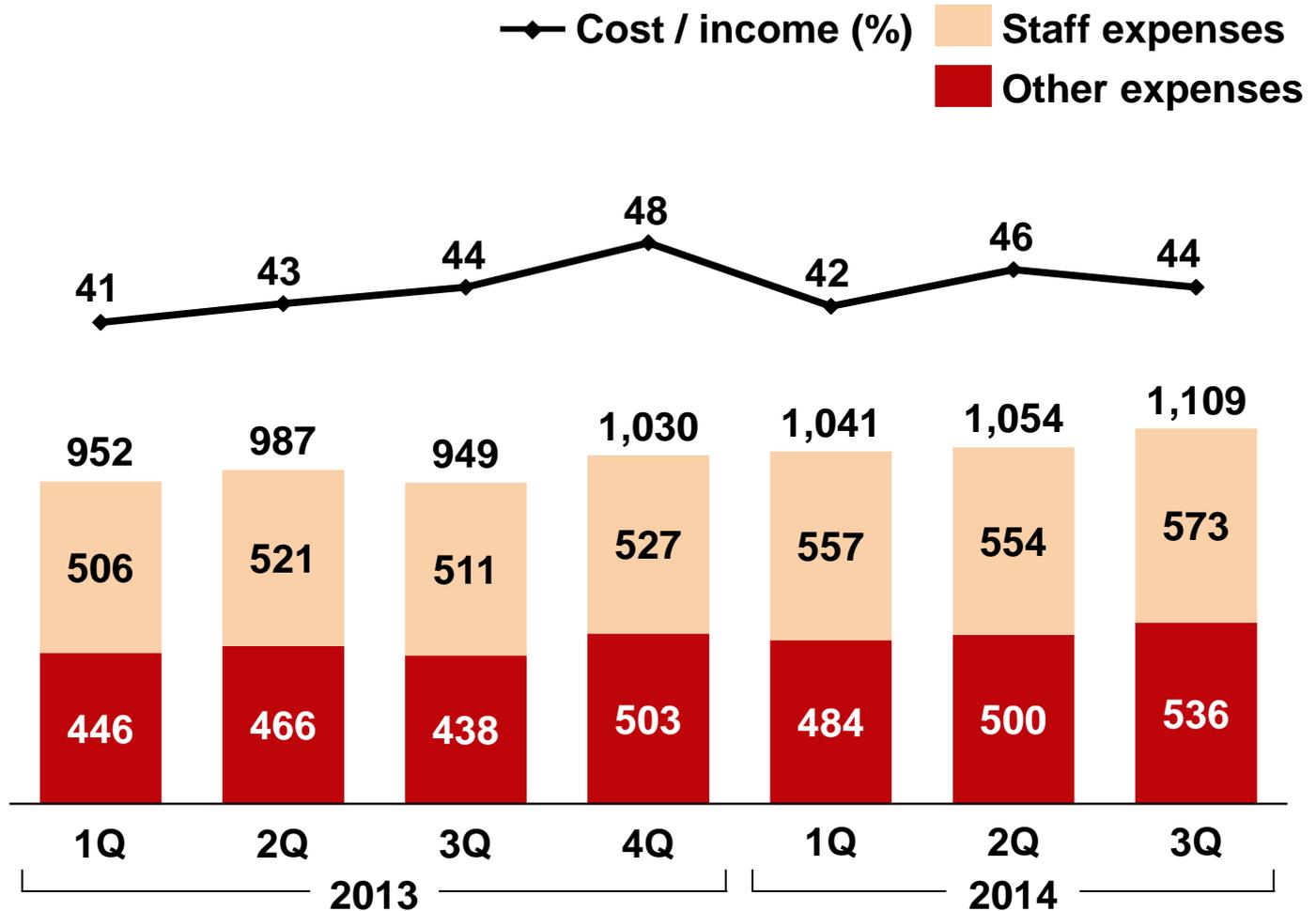
Comprising interest and non-interest income

# Income growth has been led by IBG and CBG

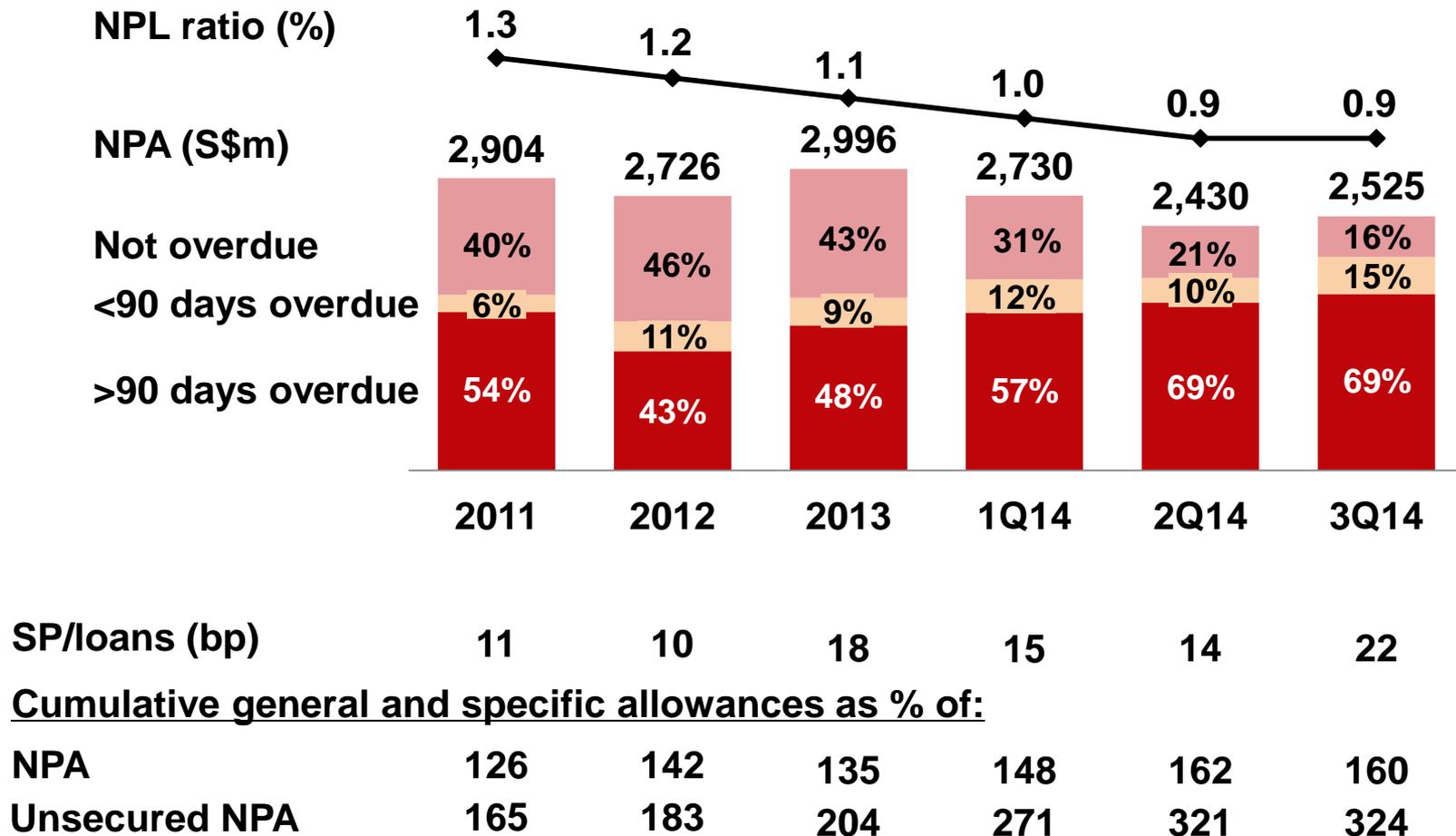
(S\$m)	9M 2014	9M 2013	YoY %	Mix %
Institutional Banking	3,751	3,530	6	52
Consumer Banking / Wealth Management	2,138	1,881	14	29
Treasury	858	834	3	12
Others	531	531	0	7
<b>Total</b>	<b>7,278</b>	<b>6,776</b>	<b>7</b>	<b>100</b>

# 9M cost-income ratio at 44%

(S\$m)

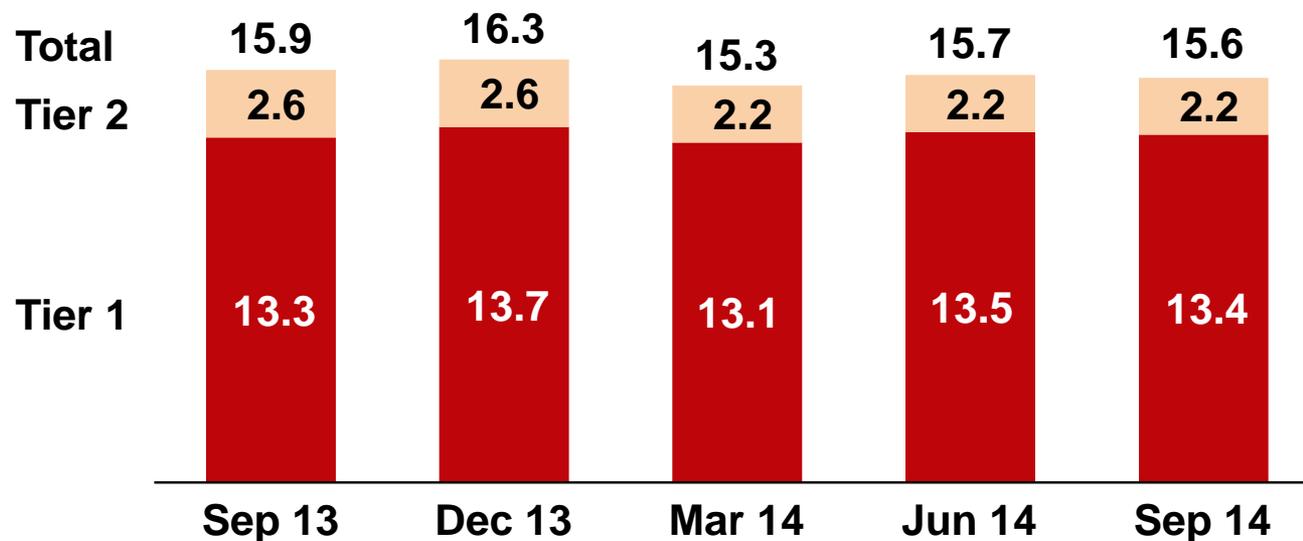


# NPL ratio stable at 0.9%, allowance coverage near historical high



# Capital ratios remain strong

(%)



## Common Equity Tier 1 (%)

Transitional	13.3	13.7	13.1	13.5	13.4
Pro-forma final	11.7	11.9	11.7	12.2	12.1
RWA (\$bn)	236	238	247	250	254

# **In summary – nine-month earnings at record \$3 billion**

**Record 3Q income from broad-based growth in annuity businesses**

**Earnings drivers are resilient**

**Capital, liquidity and asset quality are healthy**

**Well-positioned to extend our regional franchise**

# Supplementary slides

**DBS Group Holdings**  
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# 9M earnings at record \$3bn

(S\$m)	9M 2014	9M 2013	YoY %
<b>Net interest income</b>	<b>4,647</b>	<b>4,115</b>	<b>13</b>
Fee income	1,568	1,446	8
Trading income	809	932	(13)
Other income	254	283	(10)
<b>Non-interest income</b>	<b>2,631</b>	<b>2,661</b>	<b>(1)</b>
<b>Total income</b>	<b>7,278</b>	<b>6,776</b>	<b>7</b>
Staff expenses	1,684	1,538	9
Other expenses	1,520	1,350	13
<b>Expenses</b>	<b>3,204</b>	<b>2,888</b>	<b>11</b>
<b>Profit before allowances</b>	<b>4,074</b>	<b>3,888</b>	<b>5</b>
General allowances	106	280	(62)
Specific allowances	350	339	3
<b>Allowances</b>	<b>456</b>	<b>619</b>	<b>(26)</b>
<b>Net profit</b>	<b>3,010</b>	<b>2,699</b>	<b>12</b>
One-time items	198	-	NM
<b>Net profit incl. one-time items</b>	<b>3,208</b>	<b>2,699</b>	<b>19</b>

# 3Q profit up 17% on year

(S\$m)	3Q 2014	3Q 2013	YoY %	2Q 2014	QoQ %
<b>Net interest income</b>	<b>1,602</b>	<b>1,406</b>	<b>14</b>	<b>1,557</b>	<b>3</b>
Fee income	555	462	20	503	10
Trading income	271	188	44	176	54
Other income	86	94	(9)	77	12
<b>Non-interest income</b>	<b>912</b>	<b>744</b>	<b>23</b>	<b>756</b>	<b>21</b>
<b>Total income</b>	<b>2,514</b>	<b>2,150</b>	<b>17</b>	<b>2,313</b>	<b>9</b>
Staff expenses	573	511	12	554	3
Other expenses	536	438	22	500	7
<b>Expenses</b>	<b>1,109</b>	<b>949</b>	<b>17</b>	<b>1,054</b>	<b>5</b>
<b>Profit before allowances</b>	<b>1,405</b>	<b>1,201</b>	<b>17</b>	<b>1,259</b>	<b>12</b>
General allowances	22	57	(61)	28	(21)
Specific allowances	155	94	65	100	55
<b>Allowances</b>	<b>177</b>	<b>151</b>	<b>17</b>	<b>128</b>	<b>38</b>
<b>Net profit</b>	<b>1,008</b>	<b>862</b>	<b>17</b>	<b>969</b>	<b>4</b>

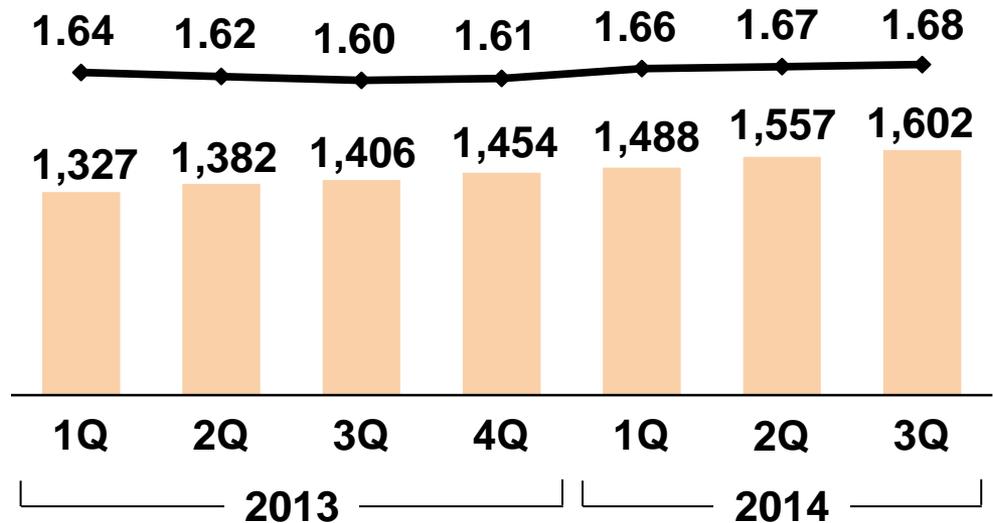
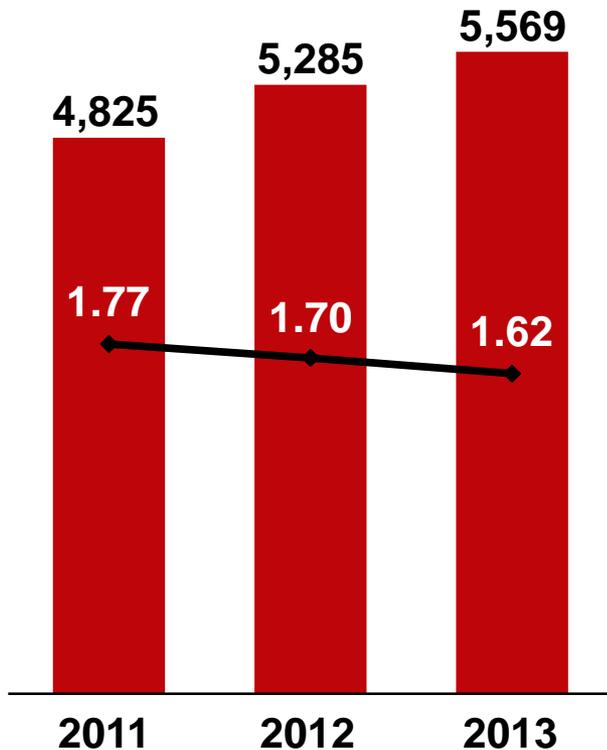
# 9M ROE at 11.5%

(%)	3Q 2014	3Q 2013	2Q 2014	9M 2014	9M 2013
Net interest margin	1.68	1.60	1.67	1.67	1.62
Fee income/total income	22	21	22	22	21
Non-interest income/total income	36	35	33	36	39
Cost/income	44	44	46	44	43
ROE	11.2	10.5	11.0	11.5	11.3
Loan/deposit	86	85	86	86	85
SP/loans (bp)	22	15	14	17	20
NPL ratio	0.9	1.2	0.9	0.9	1.2

# 3Q net interest income up 3% on quarter from moderate rise in NIM and loan volumes

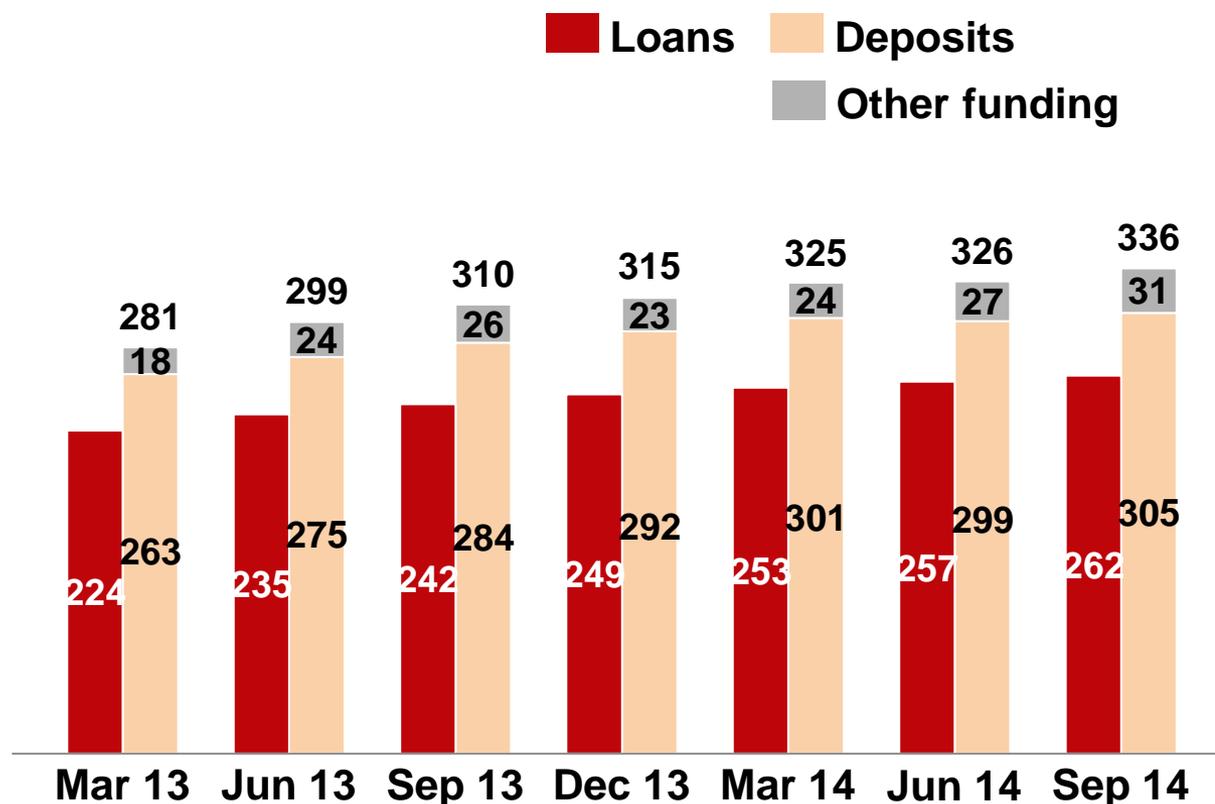
(S\$m)

◆ Net interest margin (%)



# Overall LDR stable, non-SGD LDR below 100%

(S\$bn)



## Loan/deposit (%)

Group	85	85	85	85	84	86	86
SGD	71	70	73	75	73	77	78
Non-SGD	103	104	99	96	96	96	95

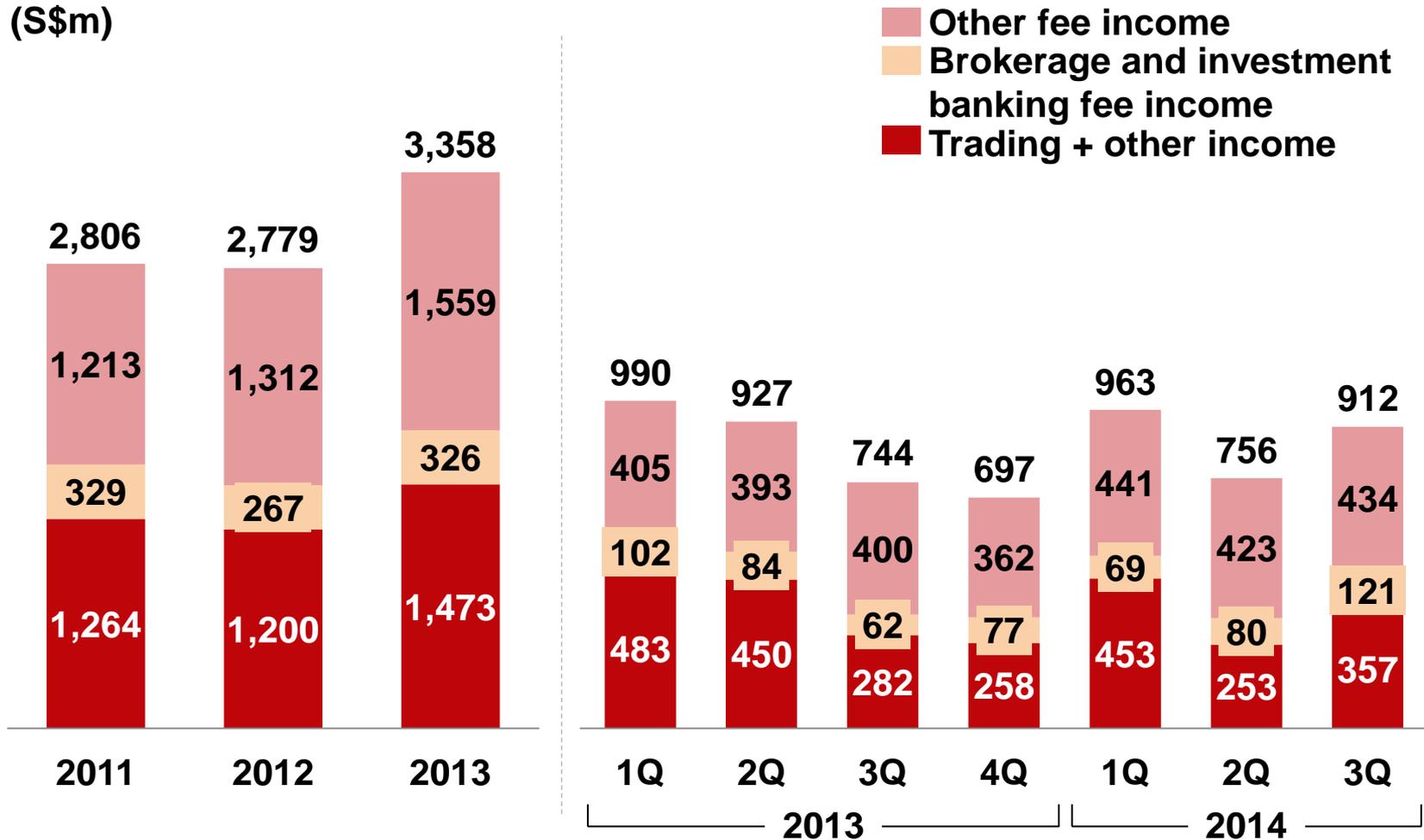
SGD and Non-SGD loan/deposit ratios are based on gross loans.

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



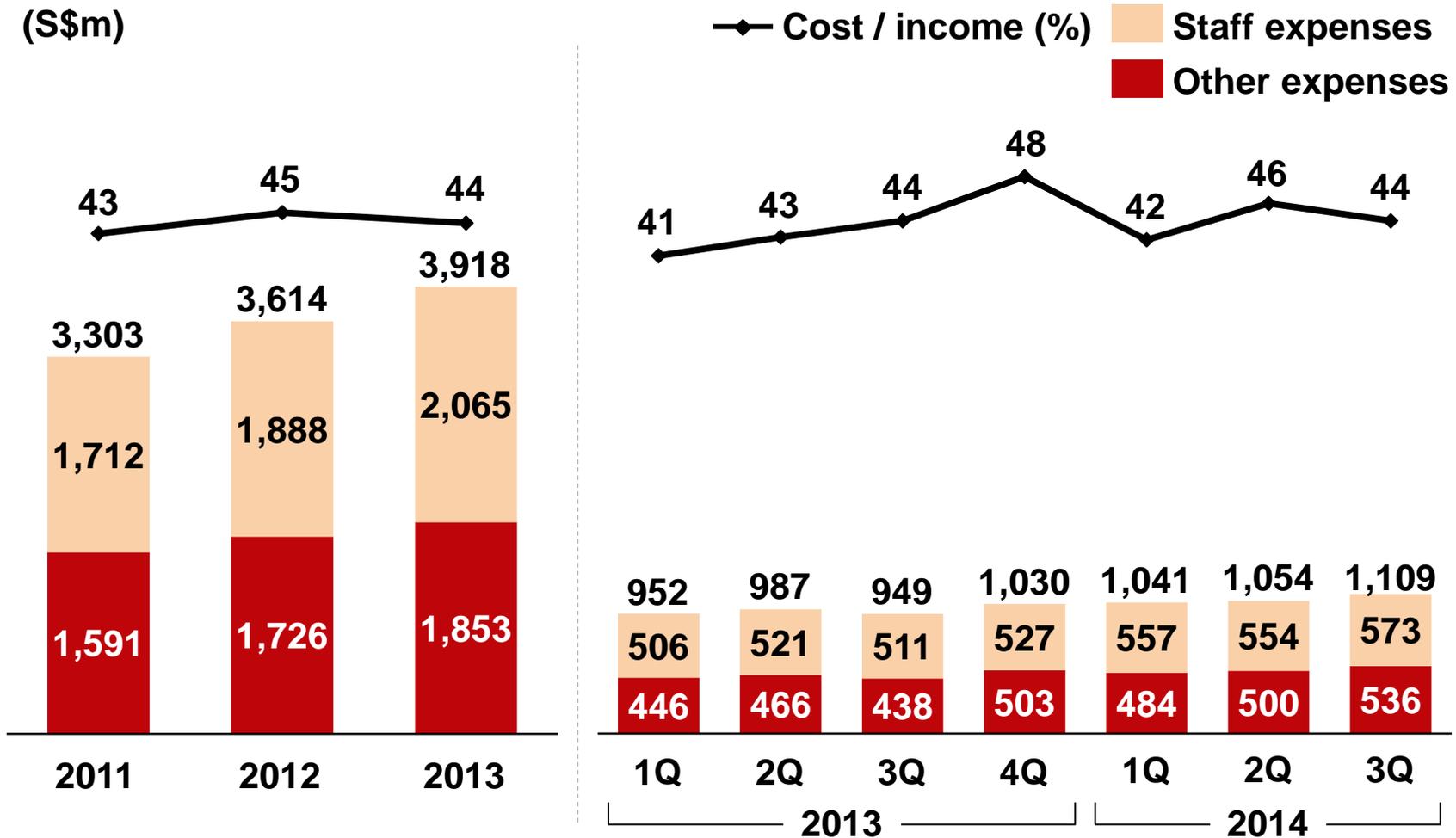
# 3Q non-interest income up 21% on quarter from higher investment banking and trading income

(S\$m)



# 9M cost-income ratio at 44%

(S\$m)



# Hong Kong's 9M earnings rise 10%

Constant-currency terms

(S\$m)	9M 2014	9M 2013	YoY %	YoY %
Net interest income	790	744	6	6
Non-interest income	628	683	(8)	(9)
Total income	1,418	1,427	(1)	(1)
Expenses	559	533	5	4
Profit before allowances	859	894	(4)	(5)
General allowances	(20)	115	NM	NM
Specific allowances	41	28	46	48
Allowances	21	143	(85)	(85)
Net profit	698	635	10	9
Net interest margin (%)	1.55	1.54		
Loan growth (%)				(6)
Deposit growth (%)				9

# Hong Kong's 3Q earnings rise 42% on year

(S\$m)	Constant-currency terms						
	3Q 2014	3Q 2013	YoY %	YoY %	2Q 2014	QoQ %	QoQ %
Net interest income	277	263	5	6	253	9	9
Non-interest income	209	166	26	27	173	21	21
Total income	486	429	13	14	426	14	14
Expenses	195	179	9	10	186	5	4
Profit before allowances	291	250	16	18	240	21	22
General allowances	(3)	53	NM	NM	(11)	82	81
Specific allowances	19	9	>100	>100	12	58	58
Allowances	16	61	(72)	(72)	1	>100	>100
Net profit	226	159	42	43	200	13	13
Net interest margin (%)	1.60	1.53			1.48		
Loan growth (%)				(6)			1
Deposit growth (%)				9			9

# 9M regional profit up 21% on year

(S\$m)	9M 2014	9M 2013	YoY %
Net interest income	898	792	13
Non-interest income	431	464	(7)
<b>Total income</b>	<b>1,329</b>	<b>1,256</b>	<b>6</b>
Expenses	737	671	10
<b>Profit before allowances</b>	<b>592</b>	<b>585</b>	<b>1</b>
Allowances	200	217	(8)
<b>Net profit</b>	<b>374</b>	<b>310</b>	<b>21</b>

Figures for operations outside of Singapore and Hong Kong

# NPAs remain low

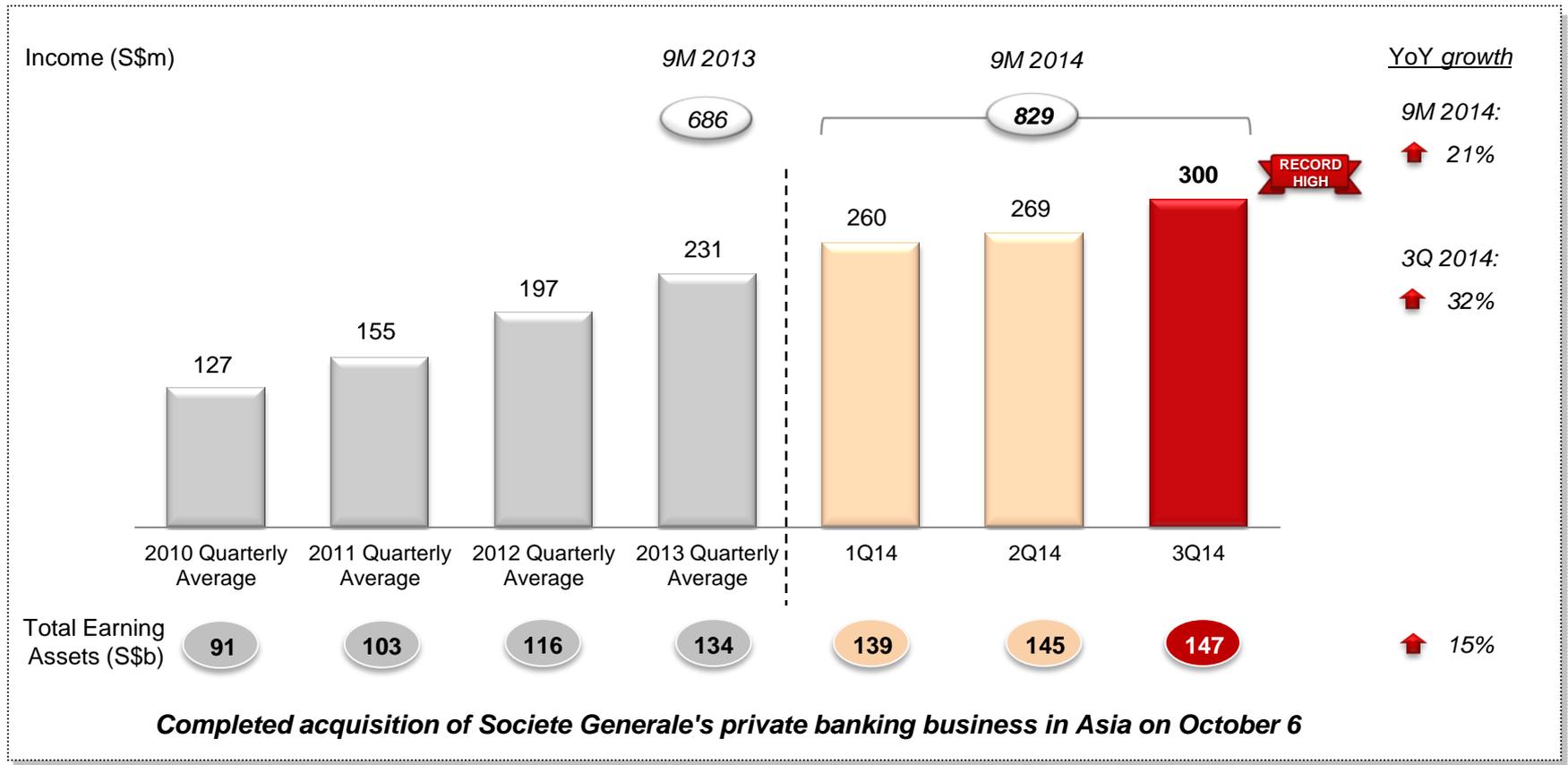
(S\$m)	3Q 2014	2Q 2014	3Q 2013
NPAs at start of period	2,430	2,730	2,966
New NPAs	349	158	291
Upgrades, recoveries and translation	(150)	(198)	(23)
Write-offs	(104)	(260)	(180)
NPAs at end of period	2,525	2,430	3,054

# Specific allowances rise due to loan resolution write-backs in previous quarter

(S\$m)	3Q 2014	2Q 2014	3Q 2013
<u>Add charges for</u>			
New NPLs	65	38	63
Existing NPLs	118	113	56
	183	151	119
<u>Subtract charges for</u>			
Upgrading	2	1	0
Settlements	14	40	15
Recoveries	19	22	11
	35	63	26
<b>Total SP charges for loans</b>	<b>148</b>	<b>88</b>	<b>93</b>
<b>SP/loans (bp)</b>	<b>22</b>	<b>14</b>	<b>15</b>

# AFS duration remains short

(S\$m)	Sep 14	Jun 14
<b>Government securities</b>	<b>22,301</b>	<b>23,895</b>
Less than 3 years	15,600	17,513
3 to 5 years	1,485	1,764
5 to 10 years	4,697	3,928
More than 10 years	519	690
<b>Supranational, bank and corporate bonds</b>	<b>11,114</b>	<b>10,355</b>
<b>Equities</b>	<b>1,430</b>	<b>1,460</b>
<b>Total</b>	<b>34,845</b>	<b>35,710</b>
<b>AFS reserves</b>	<b>206</b>	<b>258</b>



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Asia Pacific**

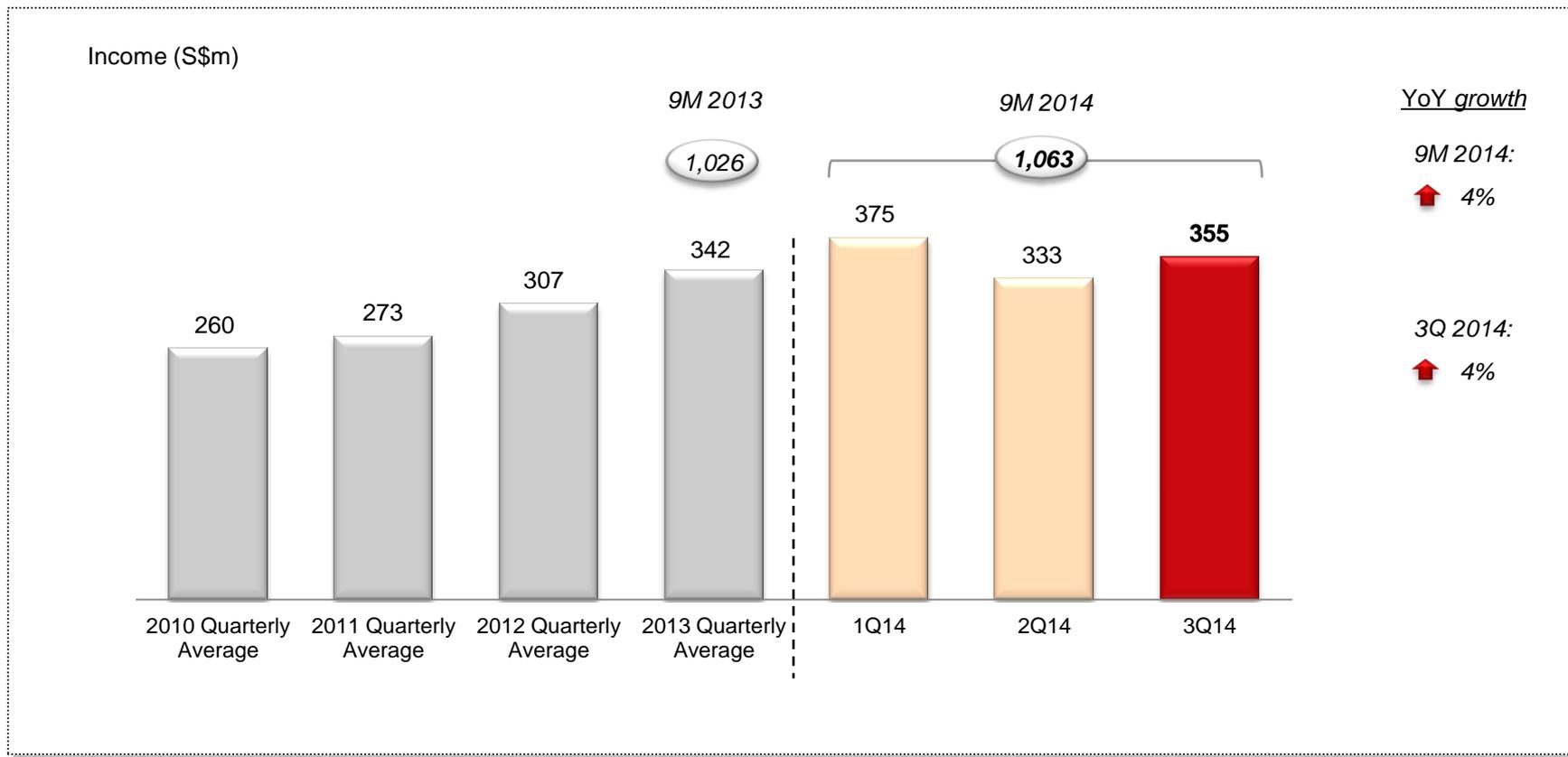


**Best Wealth Manager  
Asia**

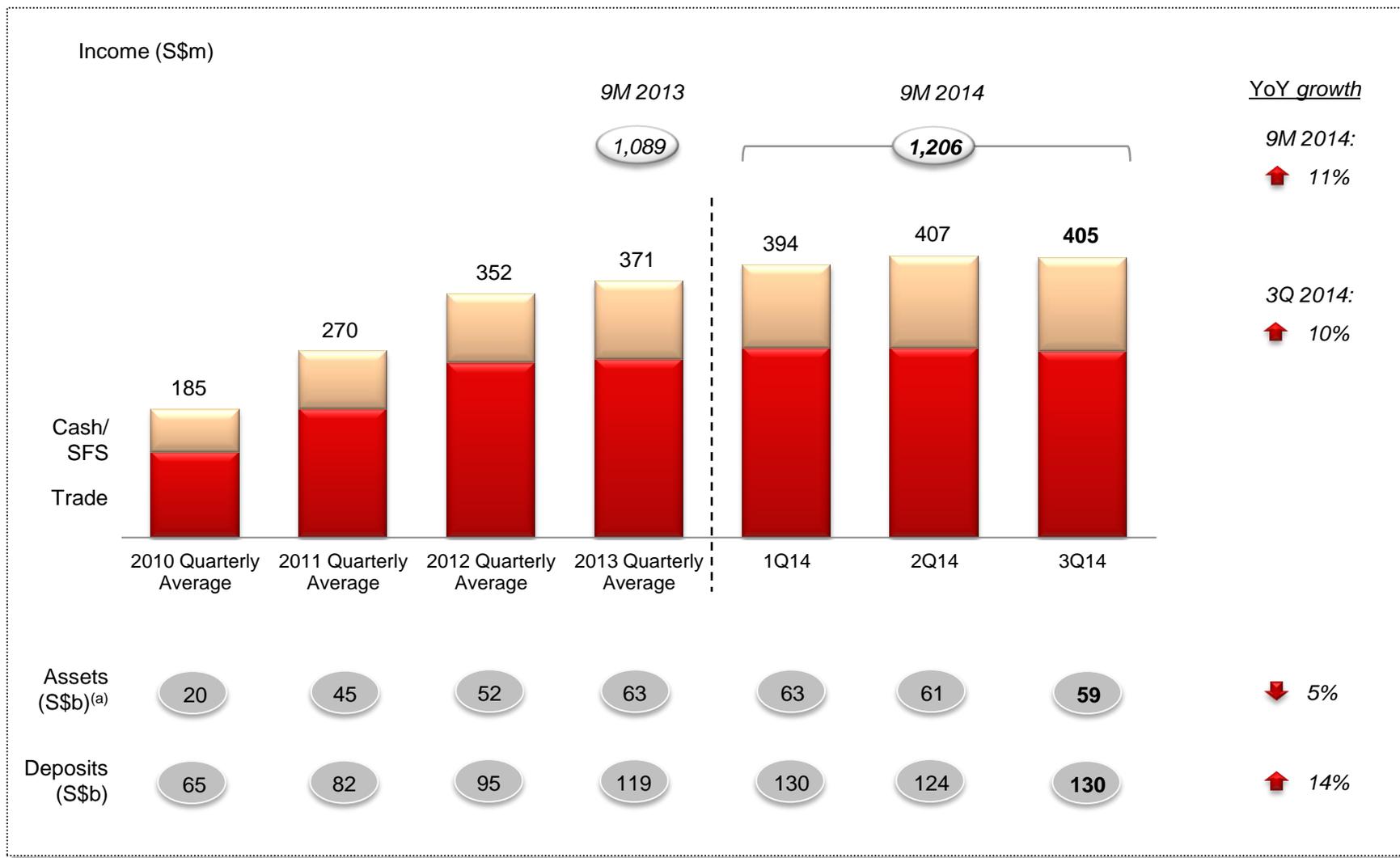


**Best Private Bank in Use of Technology  
Global**

Comprising Treasures, Treasures Private Client and Private Bank  
Total earning assets at end of period



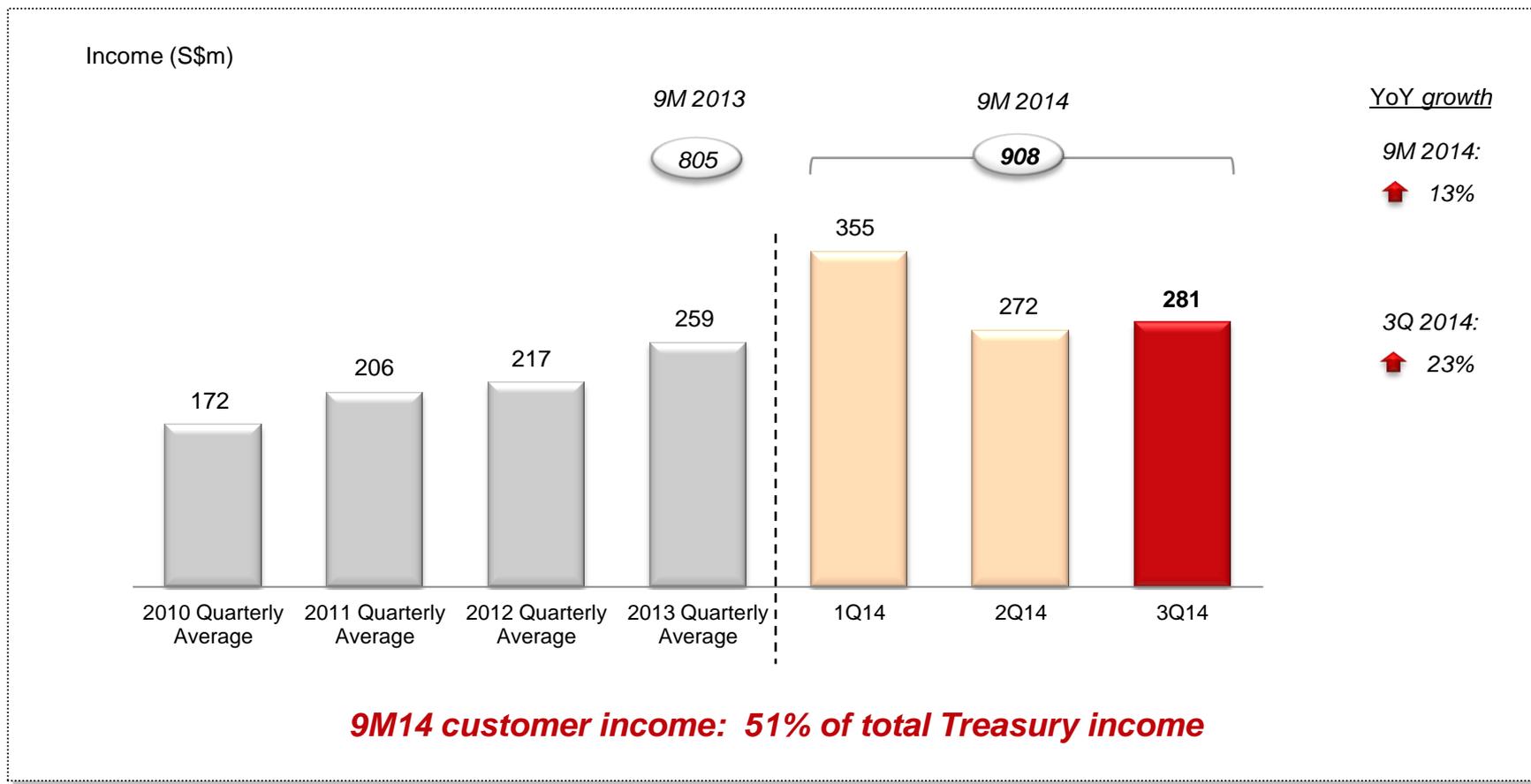
# Global transaction services



Assets and deposits at end of period

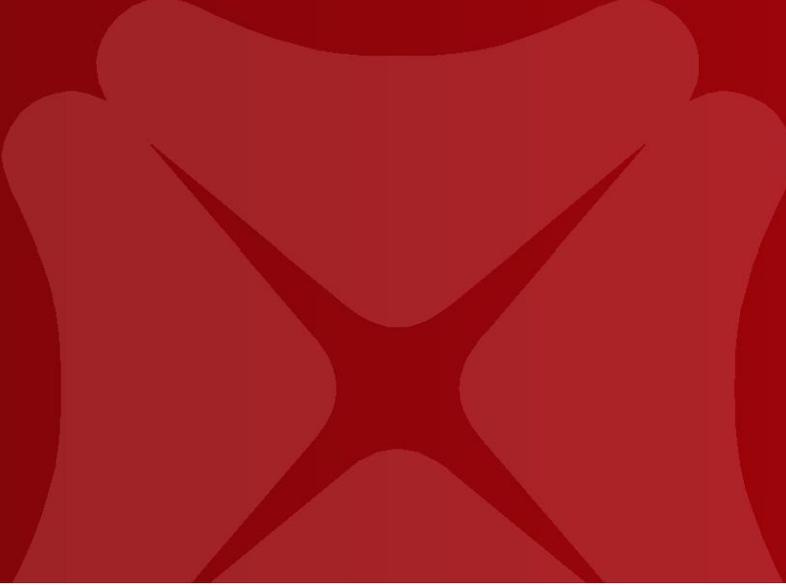
(a) Trade assets; includes bank exposures and loans of financial institutions

# Treasury customer income



**AsiaRisk**

*Derivatives House of the Year, Asia-ex-Japan*



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