

First-half earnings at record

DBS Group Holdings
2Q 2013 financial results
August 1, 2013

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First-half earnings at record

- ❑ **Broad-based growth as total income reaches new high**
- ❑ **Hong Kong earnings at a record**
- ❑ **Balance sheet remains robust**

1H earnings at record

(S\$m)	1H 2013	1H 2012	YoY %	2H 2012	HoH %
Net interest income	2,709	2,660	2	2,625	3
Fee income	984	785	25	794	24
Trading income	744	425	75	264	>100
Other income	189	231	(18)	280	(33)
Non-interest income	1,917	1,441	33	1,338	43
Total income	4,626	4,101	13	3,963	17
Staff expenses	1,027	951	8	937	10
Other expenses	912	819	11	907	1
Expenses	1,939	1,770	10	1,844	5
Profit before allowances	2,687	2,331	15	2,119	27
General allowances	223	149	50	62	>100
Specific allowances	245	99	>100	107	>100
Allowances	468	248	89	169	>100
Net profit	1,837	1,743	5	1,616	14

2Q profit up 10% on year as total income rises 19%

(S\$m)	2Q 2013	2Q 2012	YoY %	1Q 2013	QoQ %
Net interest income	1,382	1,324	4	1,327	4
Fee income	477	379	26	507	(6)
Trading income	336	133	>100	408	(18)
Other income	114	109	5	75	52
Non-interest income	927	621	49	990	(6)
Total income	2,309	1,945	19	2,317	(0)
Staff expenses	521	466	12	506	3
Other expenses	466	406	15	446	4
Expenses	987	872	13	952	4
Profit before allowances	1,322	1,073	23	1,365	(3)
General allowances	113	64	77	110	3
Specific allowances	132	40	>100	113	17
Allowances	245	104	>100	223	10
Net profit	887	810	10	950	(7)

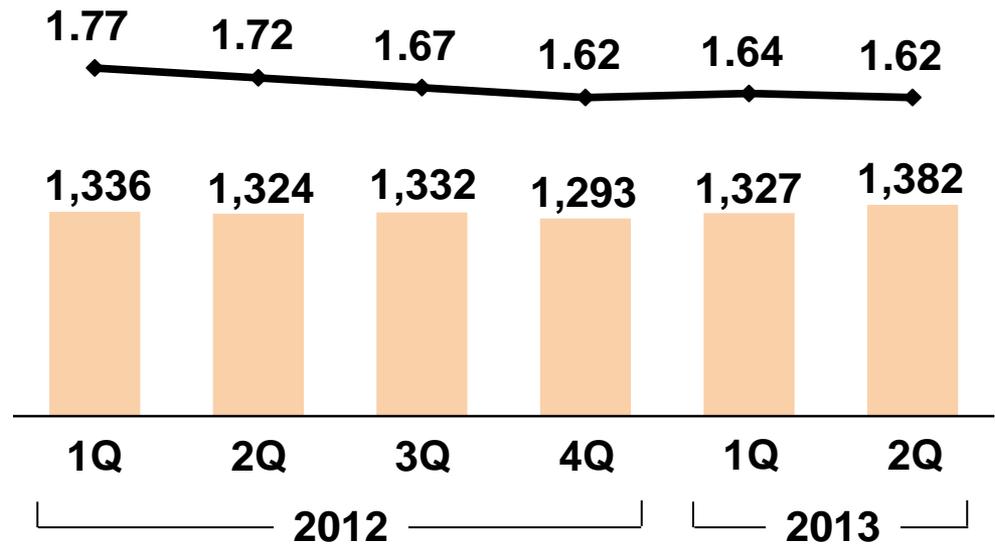
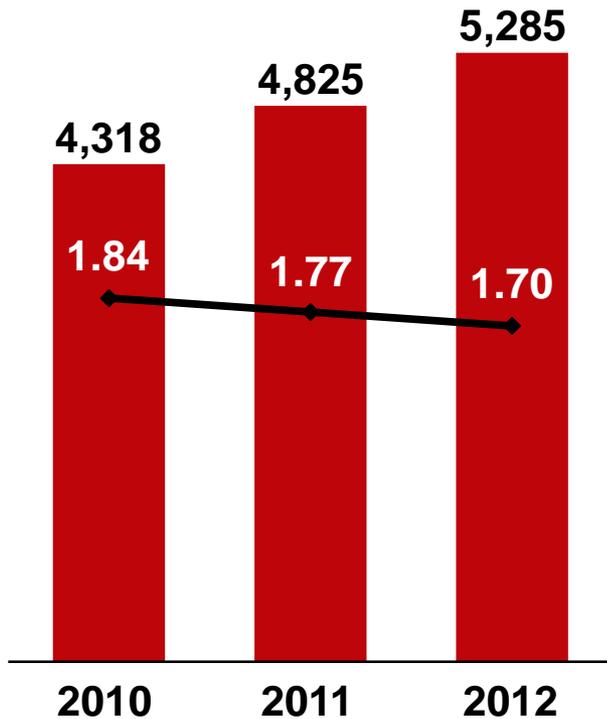
1H ROE at 11.6%

(%)	2Q 2013	2Q 2012	1Q 2013	1H 2013	1H 2012	2H 2012
Net interest margin	1.62	1.72	1.64	1.63	1.75	1.65
Fee income/total income	21	19	22	21	19	20
Non-interest income/total income	40	32	43	41	35	34
Cost/income	43	45	41	42	43	47
ROE	10.9	10.9	12.0	11.6	11.9	10.4
Loan/deposit	90	89	89	90	89	87
SP/average loans (bp)	22	8	21	22	8	11
NPL ratio	1.2	1.3	1.2	1.2	1.3	1.2

2Q net interest income up 4% on quarter from loan growth and stable net interest margin

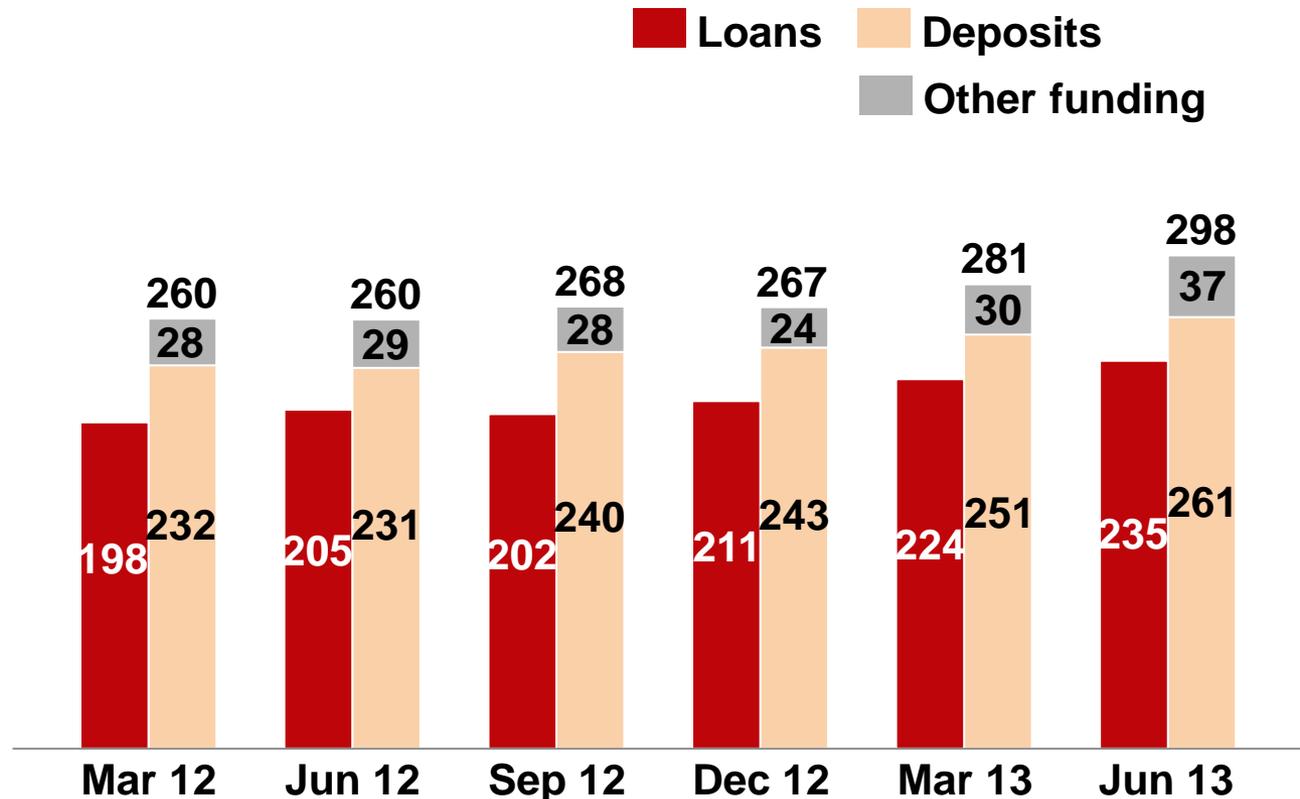
(S\$m)

—◆— Net interest margin (%)



Loans up 5% on quarter and 14% on year

(S\$bn)



Loan/deposit (%)

Group	85	89	84	87	89	90
SGD	65	68	68	69	71	70
Non-SGD	113	117	106	110	113	115

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

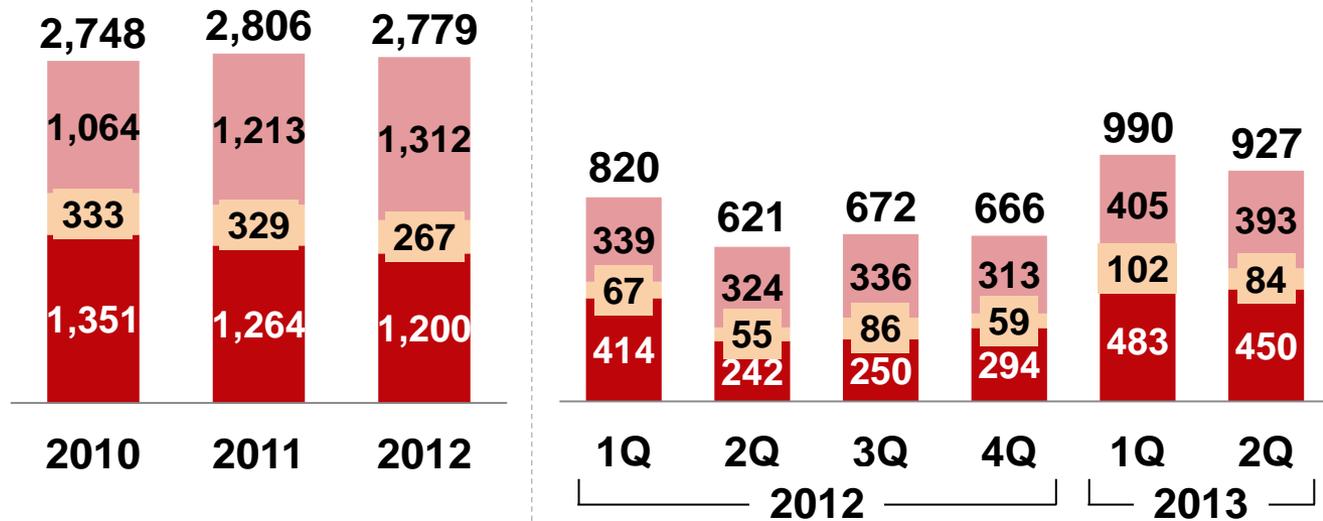
Other funding comprises institutional funding, medium-term notes, commercial papers, certificates of deposit and other debt securities in issue



2Q non-interest income up 49% on year

(S\$m)

■ Non-market-related fee income
■ Market-related fee income
■ Trading + other income



Fee income mix (%) :

Non-market	76	79	83	83	85	80	84	80	82
Market	24	21	17	17	15	20	16	20	18

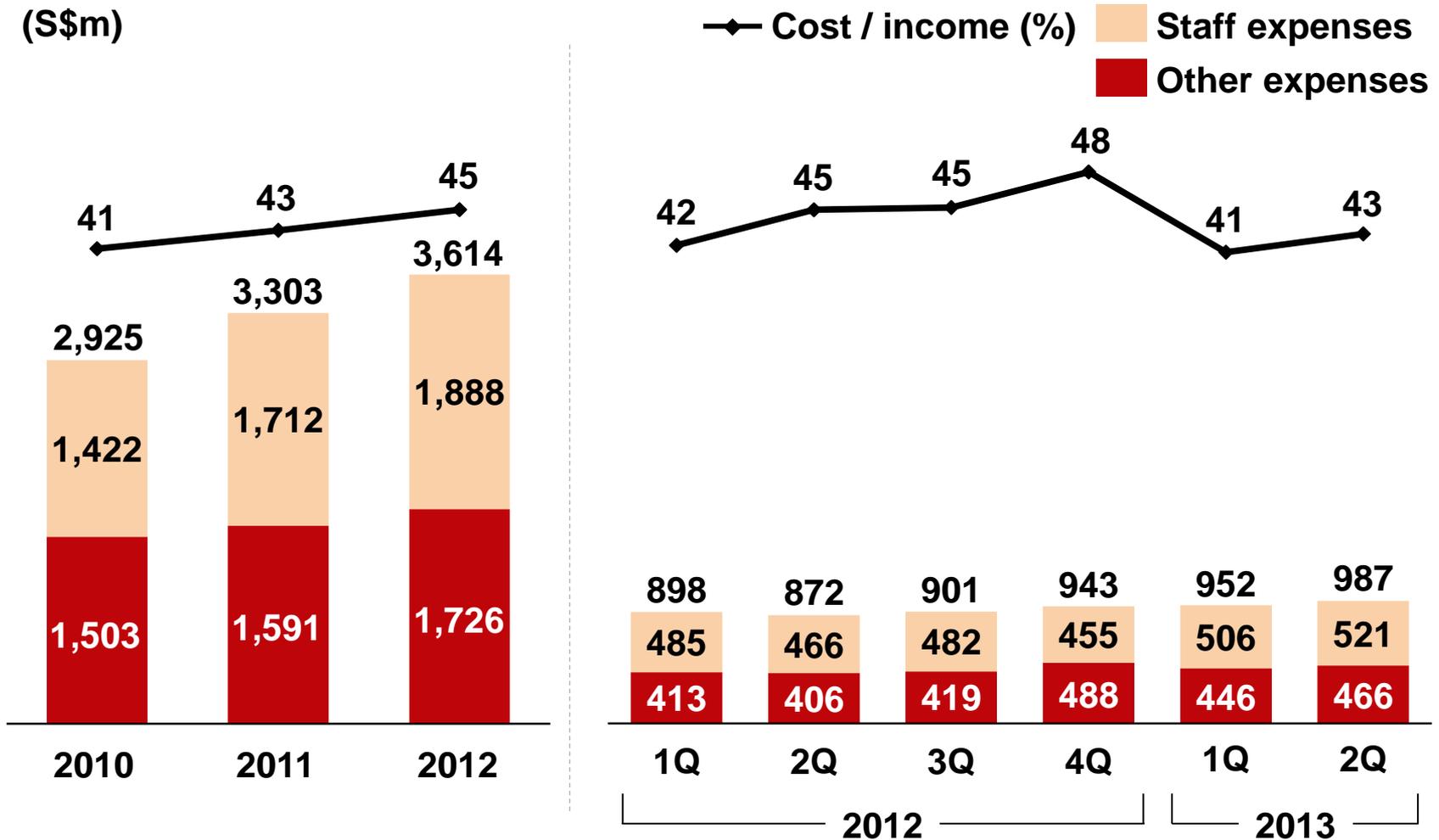
Market-related fee income comprises stockbroking and investment banking fee income

1H Treasury customer income reaches new high

(S\$m)	1H 2013	1H 2012	YoY %	2H 2012	HoH %
Customer income	578	500	16	368	57
Other income, principally from balance sheet management, market-making and warehousing	609	604	1	515	18
Total Treasury income	1,187	1,104	8	883	34
Customer income as % of total Treasury income	49	45	4 pt	42	7 pt

2Q expenses up 4% on quarter

(S\$m)



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- ❑ **Hong Kong earnings at a record**

- ❑ **Balance sheet remains robust**

Hong Kong's 1H earnings up 30% on year to record

(S\$m)	Constant-currency terms						
	1H 2013	1H 2012	YoY %	YoY %	2H 2012	HoH %	HoH %
Net interest income	481	437	10	11	449	7	6
Non-interest income	517	327	58	59	319	62	60
Total income	998	764	31	32	768	30	28
Expenses	354	323	10	11	355	(0)	(2)
Profit before allowances	644	441	46	47	413	56	54
General allowances	63	(4)	NM	NM	(10)	NM	NM
Specific allowances	19	10	92	96	15	25	25
Allowances	82	6	>100	>100	5	>100	>100
Net profit	476	367	30	31	349	36	35
Net interest margin (%)	1.58	1.43			1.54		
Loan/deposit (%)	113	120			97		
Loan growth (%)				10			15
Deposit growth (%)				17			(2)

Hong Kong's 2Q earnings up 15% on quarter to record

(S\$m)	Constant-currency terms						
	2Q 2013	2Q 2012	YoY %	YoY %	1Q 2013	QoQ %	QoQ %
Net interest income	250	228	10	11	231	8	7
Non-interest income	274	151	81	82	243	13	11
Total income	524	379	38	39	474	11	9
Expenses	186	168	11	11	168	11	9
Profit before allowances	338	211	60	62	306	10	9
General allowances	32	(4)	NM	NM	31	1	(0)
Specific allowances	9	8	15	20	10	(2)	(2)
Allowances	41	4	>100	>100	41	(0)	(1)
Net profit	254	177	44	45	222	14	13
Net interest margin (%)	1.60	1.52			1.55		
Loan/deposit (%)	113	120			100		
Loan growth (%)				10			7
Deposit growth (%)				17			(5)

1H regional earnings up 7% on half year

(S\$m)	1H 2013	1H 2012	YoY %	2H 2012	QoQ %
Net interest income	529	632	(16)	558	(5)
Non-interest income	281	213	32	163	72
Total income	810	845	(4)	721	12
Expenses	431	388	11	460	(6)
Profit before allowances	379	457	(17)	261	45
Allowances	145	43	>100	45	>100
Net profit	210	367	(43)	197	7

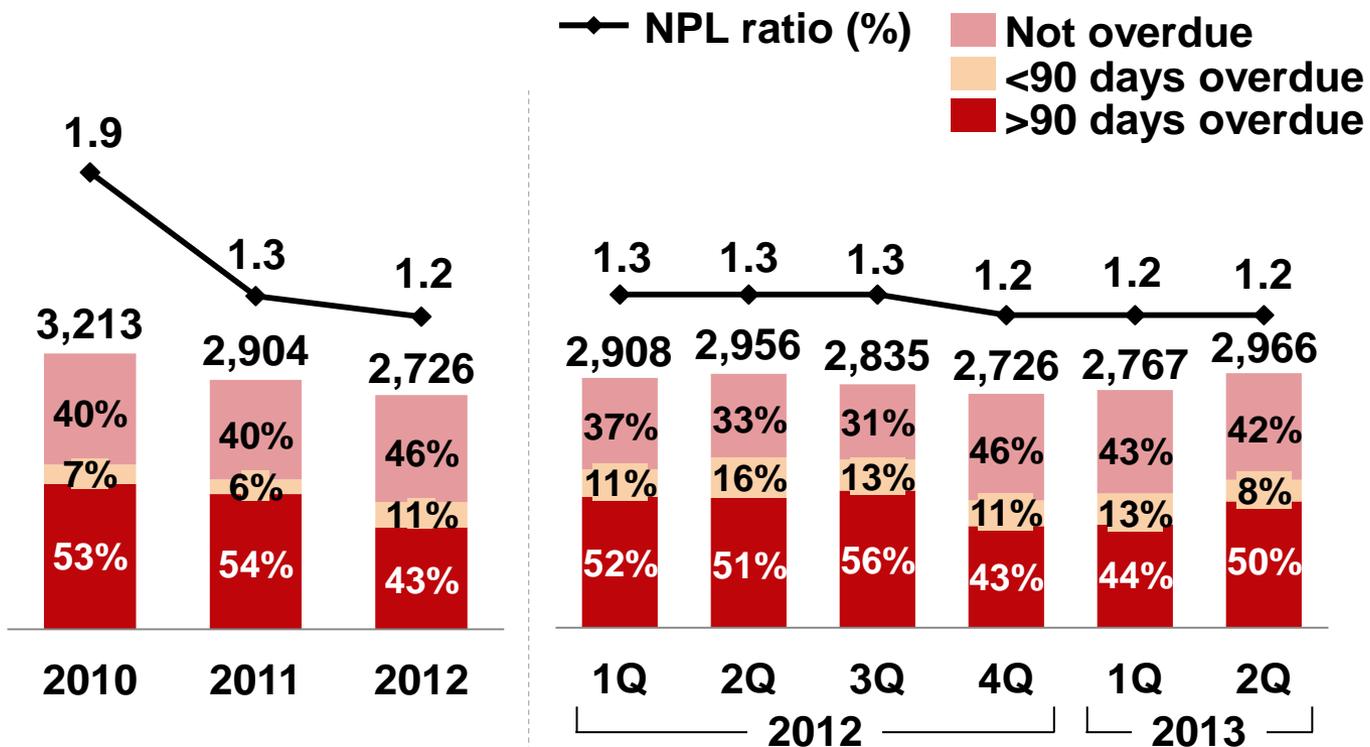
Figures for operations outside of Singapore and Hong Kong

First-half earnings at record

- ❑ **Broad-based growth as total income reaches new high**
- ❑ **Hong Kong earnings at a record**
- ❑ **Balance sheet remains robust**

NPL ratio stable at 1.2%

NPA (\$m)



SP/loans (bp)

2010	43	11	10	9	8	7	15	21	22
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Cumulative general and specific allowances as % of:

NPAs	100	126	142	128	129	134	142	142	141
Unsecured NPAs	127	165	183	172	171	176	183	187	191

NPAs rise moderately

(S\$m)	2Q 2013	1Q 2013	2Q 2012
NPAs at start of period	2,767	2,726	2,908
New NPAs	242	268	121
Upgrades, recoveries and translation	10	(12)	(36)
Write-offs	(53)	(215)	(37)
NPAs at end of period	2,966	2,767	2,956

Specific allowances at previous quarter's level

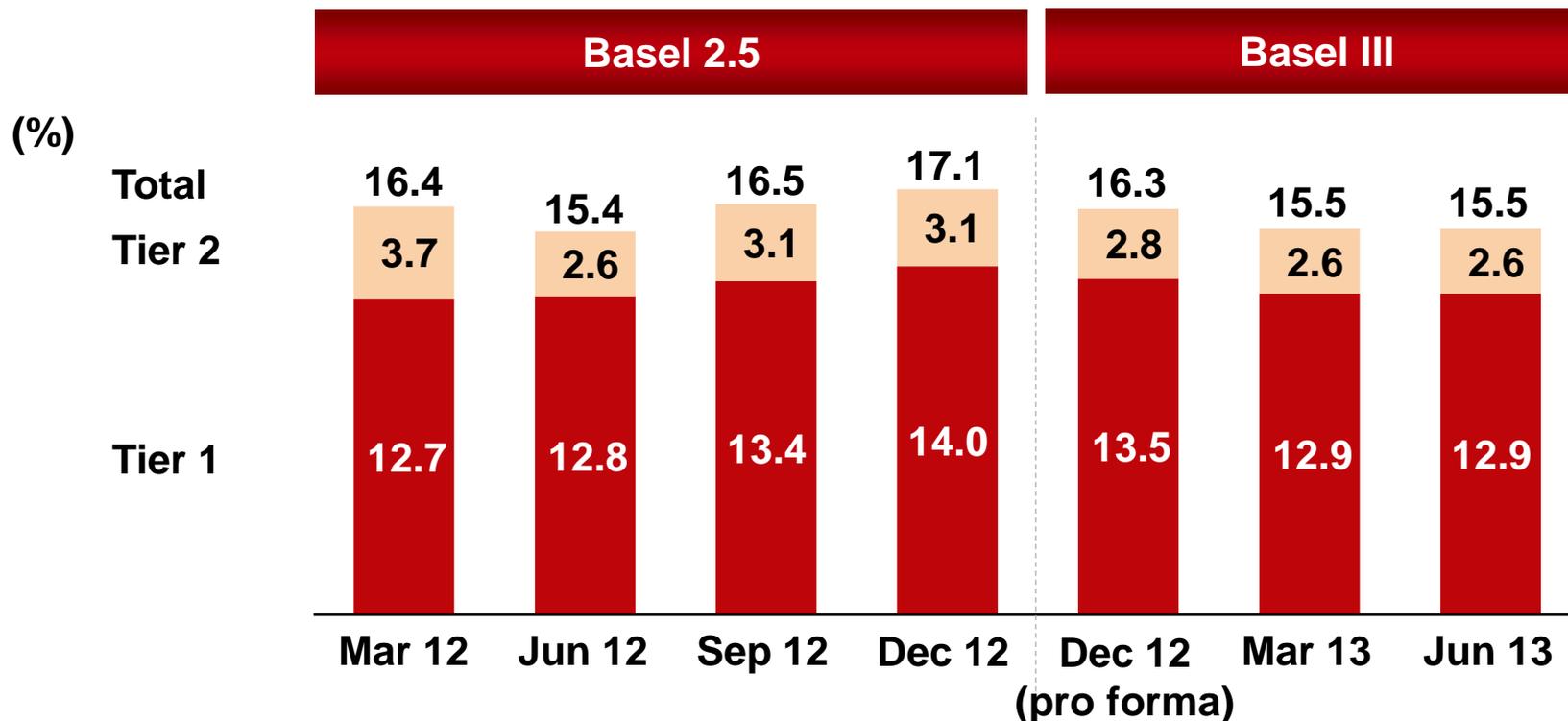
(S\$m)	2Q 2013	1Q 2013	2Q 2012
<u>Add charges for</u>			
New NPLs	91	117	36
Existing NPLs	82	73	31
	173	190	67
<u>Subtract charges for</u>			
Settlements	27	62	16
Recoveries	18	14	11
	45	76	27
Total SP charges for loans	128	114	40
SP / average loans (bp)	22	21	8

AFS bond portfolio diversified between government and corporate debt

	Jun 13 (S\$m)	Mar 13 (S\$m)
Singapore government bonds and MAS bills	12,071	10,355
Other government bonds	14,739	16,690
Supranational, bank and corporate debt bonds	11,151	10,290
Equities	1,326	1,361
Total	39,287	38,696
AFS reserves	96	623

Figures include securities pledged and transferred

Capital ratios remain strong, unchanged on quarter



Core/CET 1 * (%) under:

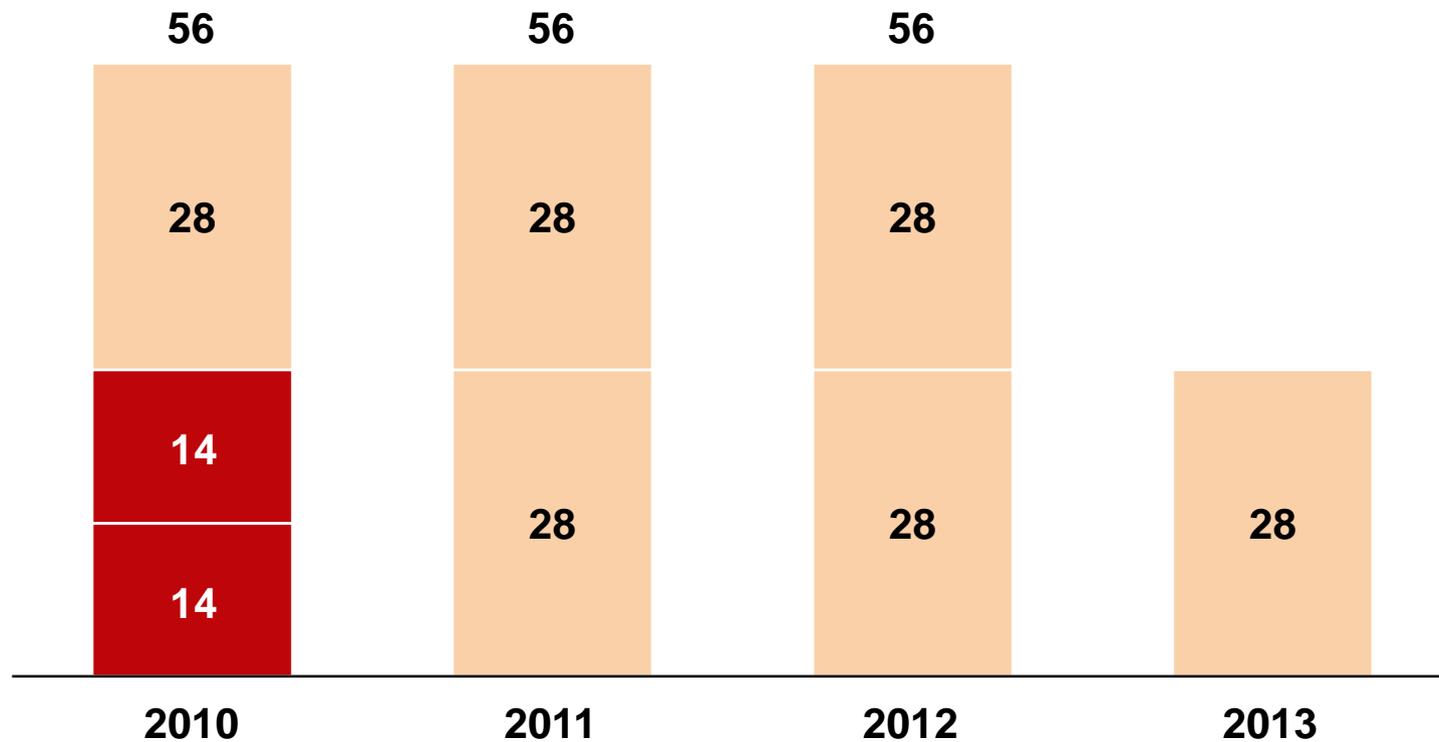
Transitional	12.7	12.8	13.4	14.0	13.5	12.9	12.9
Final	10.9	11.0	11.6	12.2	11.8	11.3	11.3
RWA (\$bn)	220	225	217	216	227	240	243

* The Basel 2.5 ratios apply the relevant deductions without taking into account any other changes required by Basel III.

Interim dividend of 28 cents per share

(S¢ per share)

Half yearly
Quarterly



In summary – first-half earnings at record

First-half performance underpinned by all-round revenue growth and business momentum

Capital, liquidity and asset quality are healthy

Continue to be disciplined in entrenching our position as a leading Asian bank

First-half earnings at record

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