

First-half earnings cross \$2 billion

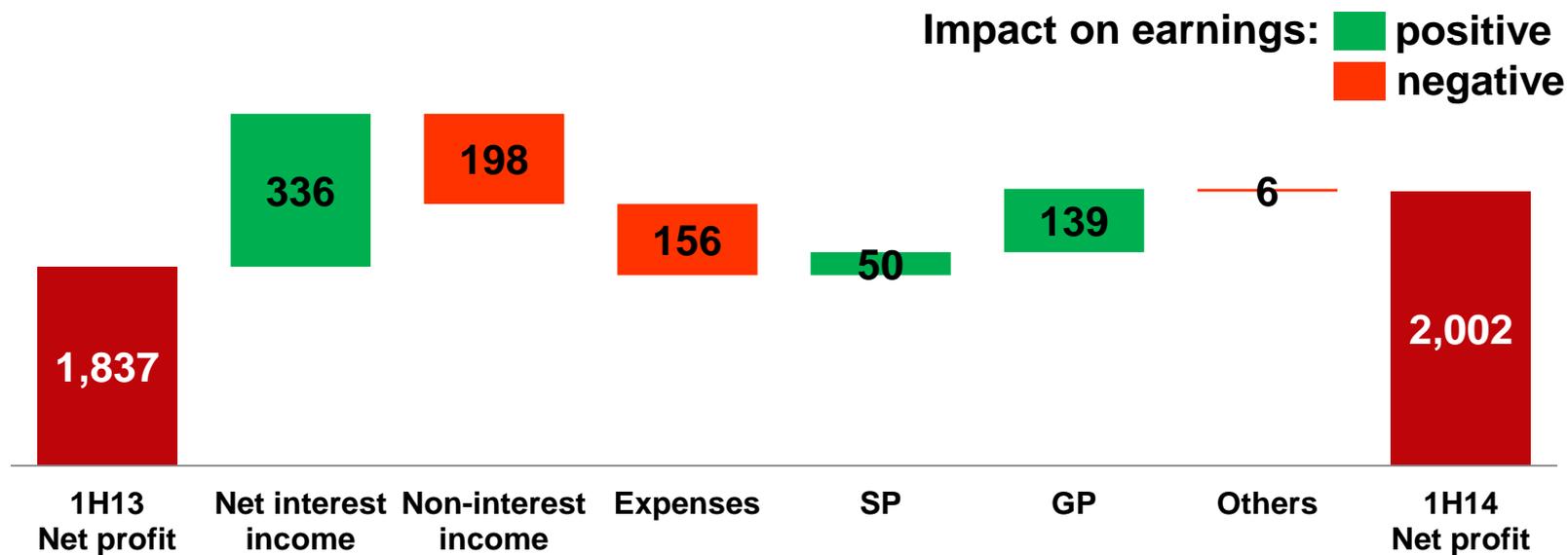
**DBS Group Holdings
2Q 2014 financial results
August 1, 2014**

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1H earnings rise 9% to cross \$2bn

(S\$m)		1H14	YoY %	
Total income	record	4,764	3	<ul style="list-style-type: none"> Higher NIM, loan growth and annuity fee income more than offset lower market income
Expenses		2,095	8	
Profit before allowances		2,669	(1)	
Allowances		279	(40)	<ul style="list-style-type: none"> Lower allowances with allowance coverage at historical high
Net profit	record	2,002	9	
Net profit (incl. one-time items)		2,200	20	



2Q earnings decline 6% on quarter as non-interest income falls

(S\$m)

	<u>2Q14</u>	<u>QoQ %</u>
Total income	2,313	(6)
Expenses	1,054	1
Profit before allowances	1,259	(11)
Allowances	128	(15)
Net profit	969	(6)

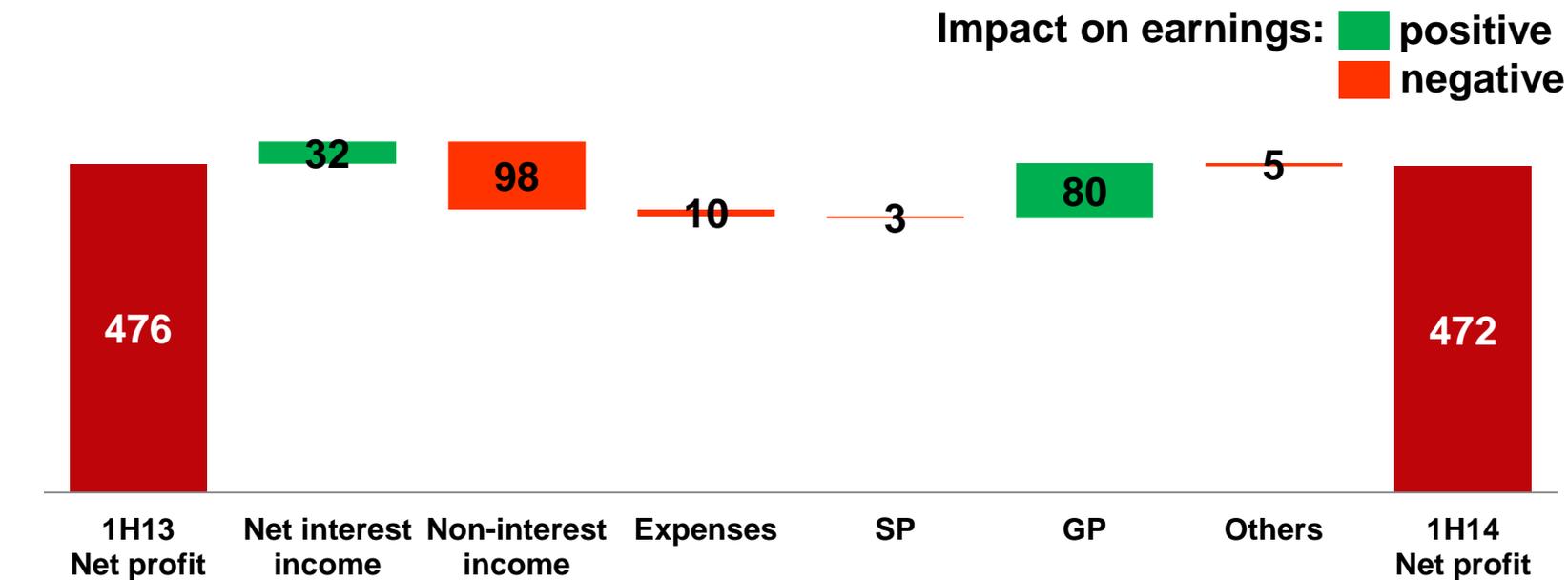
- Net interest income growth offset by decline in other non-interest income
- Annuity business momentum healthy
- Higher share of profit of associates

Impact on earnings: ■ positive ■ negative



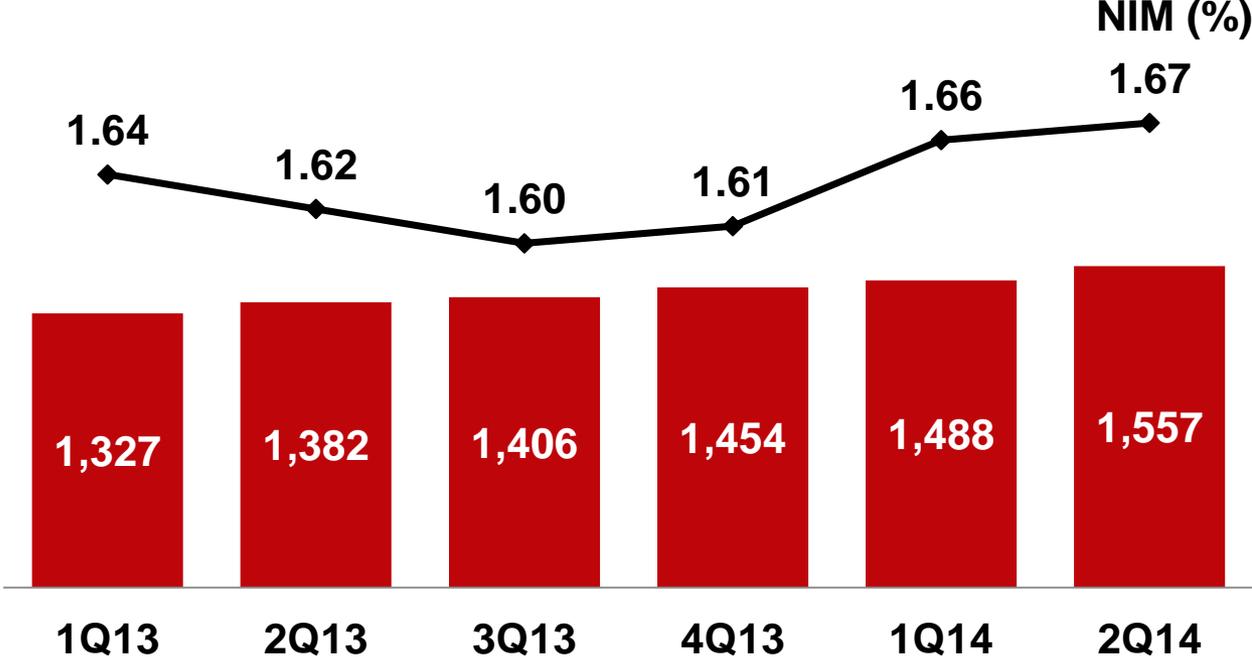
Hong Kong's 1H earnings are stable

(S\$m)	<u>1H14</u>	<u>YoY %</u>	
Total income	932	(7)	<ul style="list-style-type: none"> Income decline due to lower trading income Lower allowances from write-back of general allowances
Expenses	364	3	
Profit before allowances	568	(12)	
Allowances	5	(94)	
Net profit	472	(1)	



Net interest income rises to record as net interest margin improves

(S\$m)

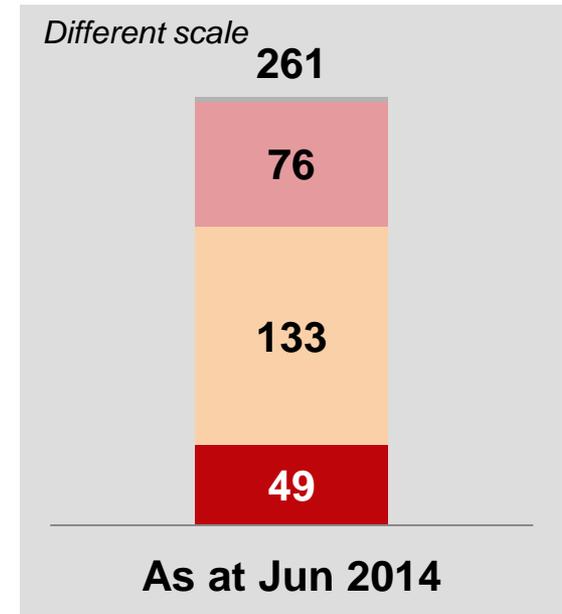
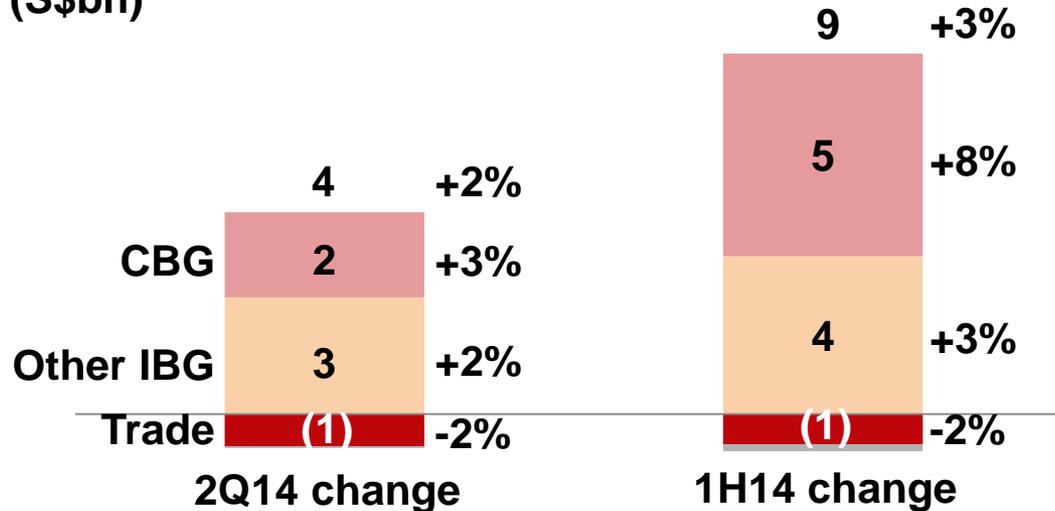


QoQ change in net interest income due to:

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

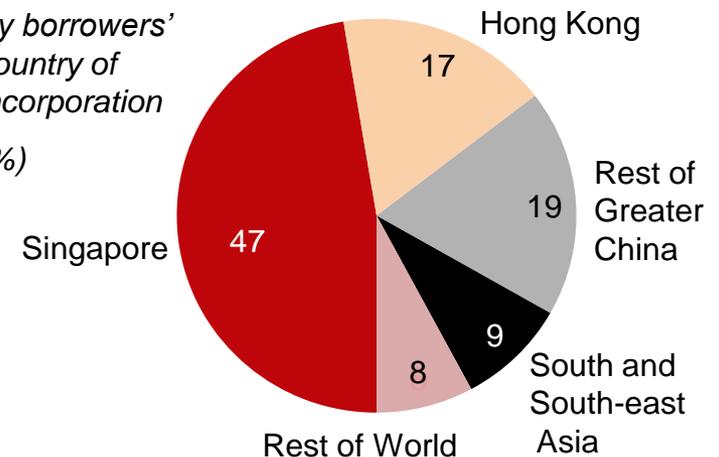
Loan growth from corporate and secured consumer loans

(S\$bn)



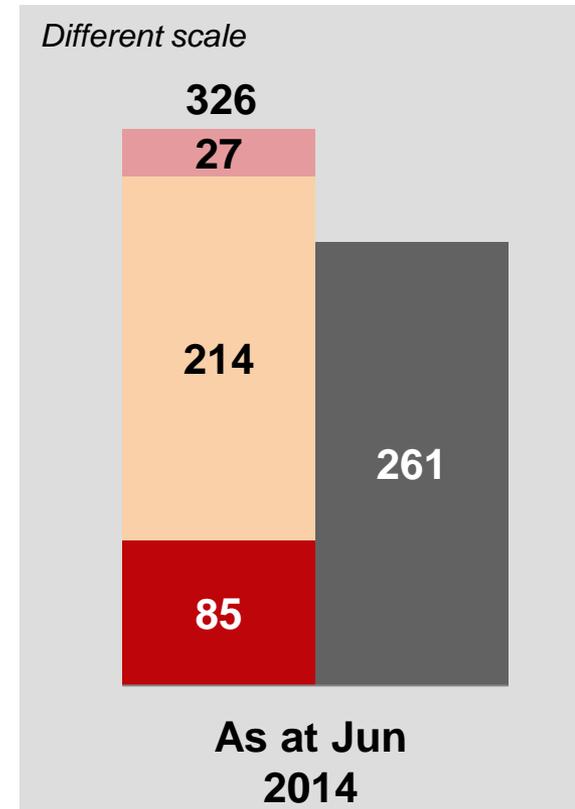
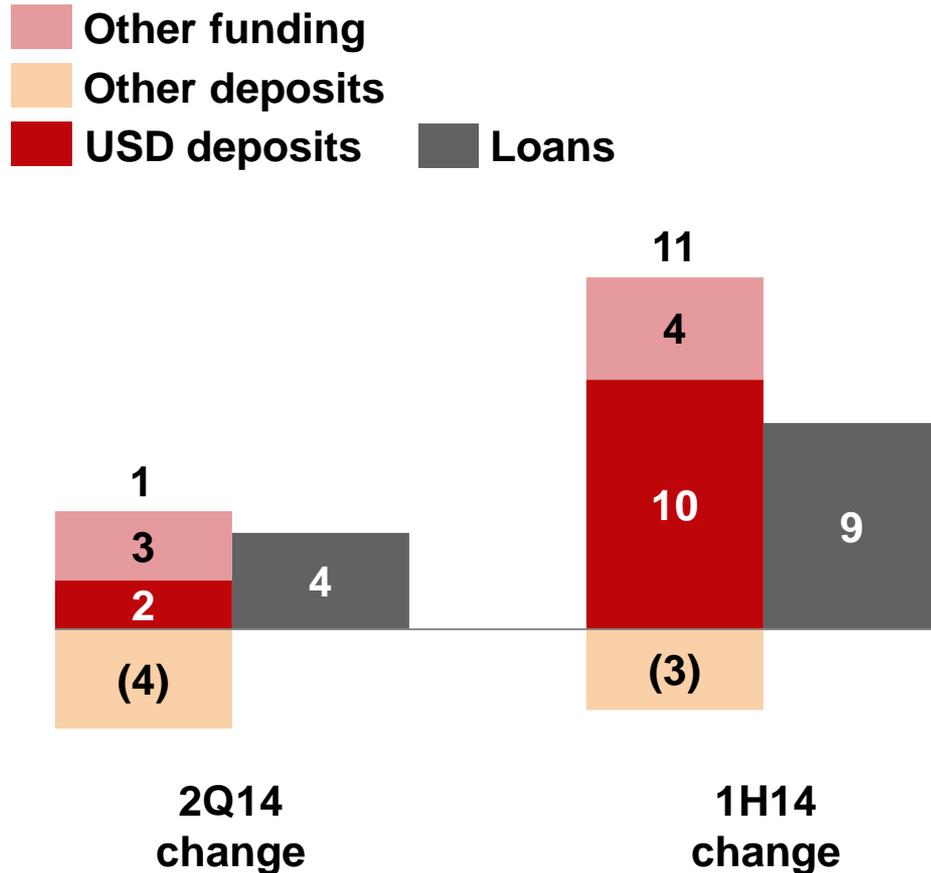
- Loan growth of 2% in 2Q and 3% for half-year, from corporate non-trade and consumer loans
- Consumer loan growth from secured lending and housing loans
- Trade loans were little changed

By borrowers' country of incorporation (%)



Ample liquidity as deposits and other funding grow in line with loans

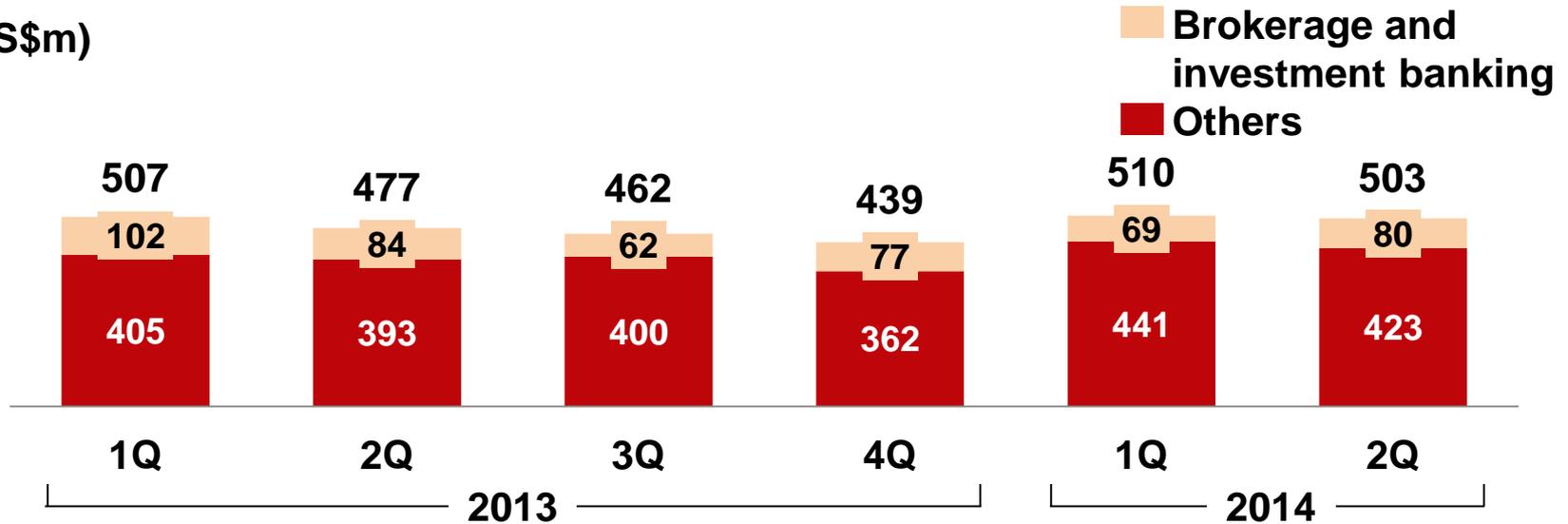
(S\$bn)



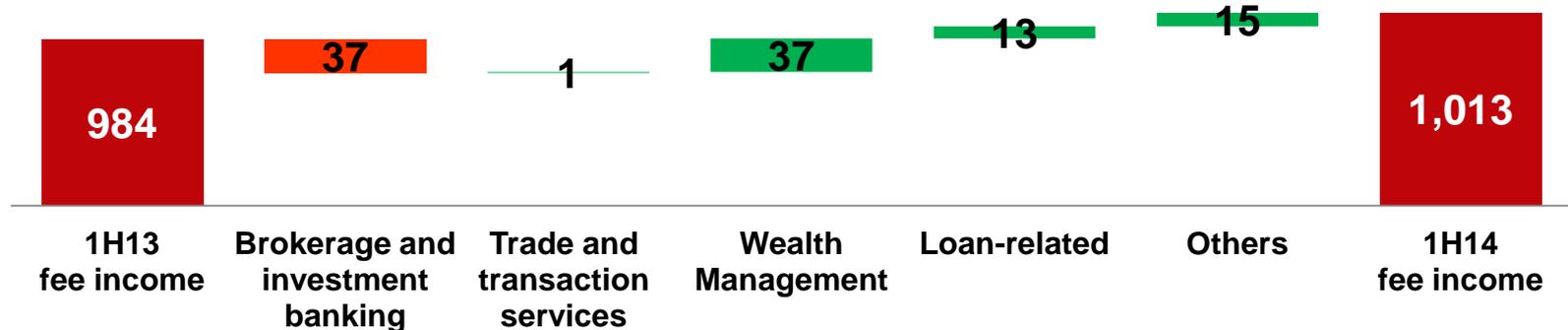
Loans are gross loans. Other funding comprises medium-term notes, commercial papers, certificates of deposit and other debt securities in issue

1H fee income up 3% from higher annuity fees

(S\$m)



Impact on fee income: ■ positive ■ negative



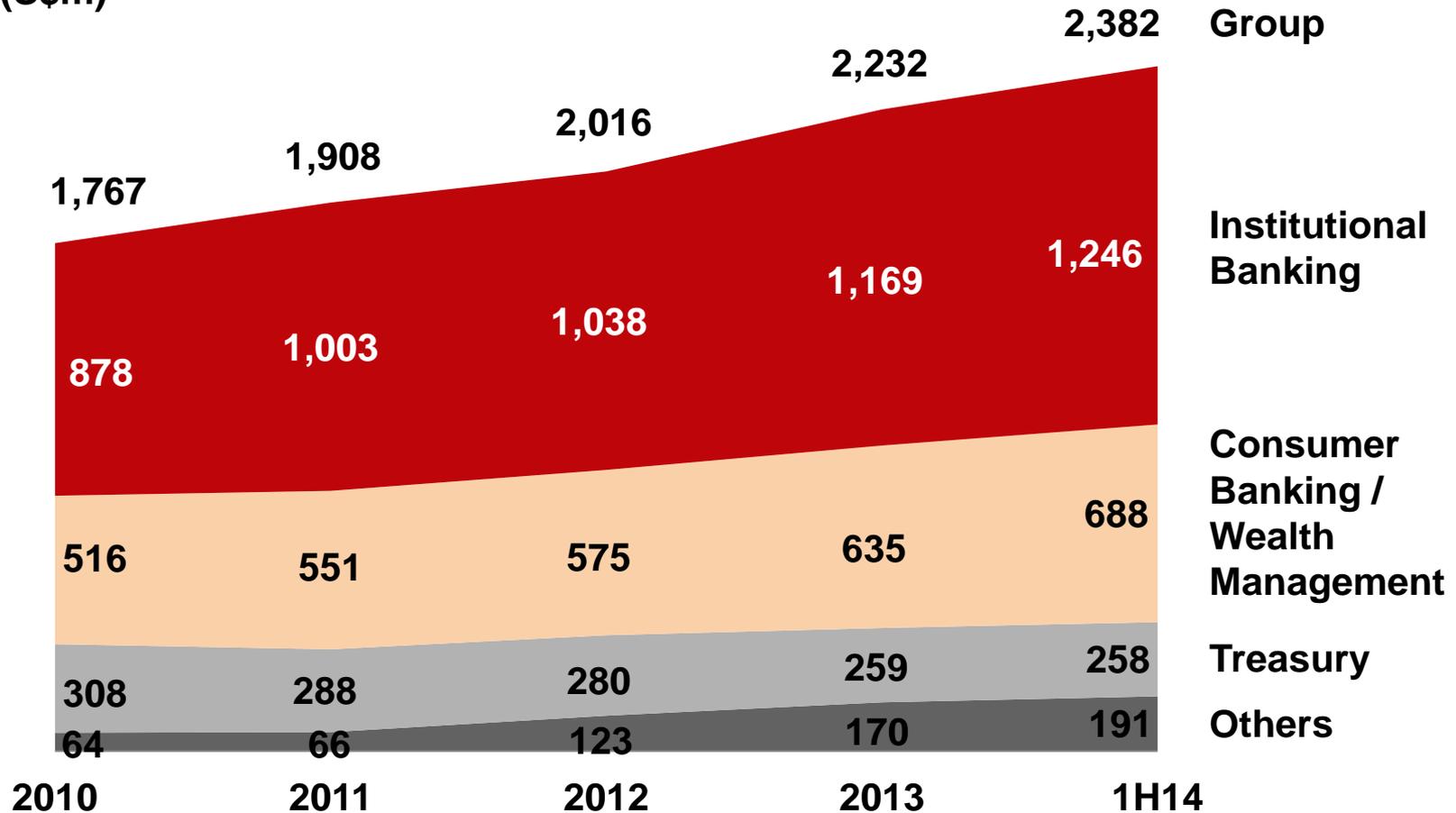
1H treasury customer income rises 8%

(S\$m)	1H 2014	1H 2013	YoY %	2H 2013	HoH %
Customer income	627	578	8	459	37
Other income, principally from market-making and warehousing	516	609	(15)	425	21
Total Treasury income	1,143	1,187	(4)	884	29
Customer income as % of total Treasury income	55	49	6 pt	52	3 pt

Comprising interest and non-interest income

Income growth has been led by IBG and CBG

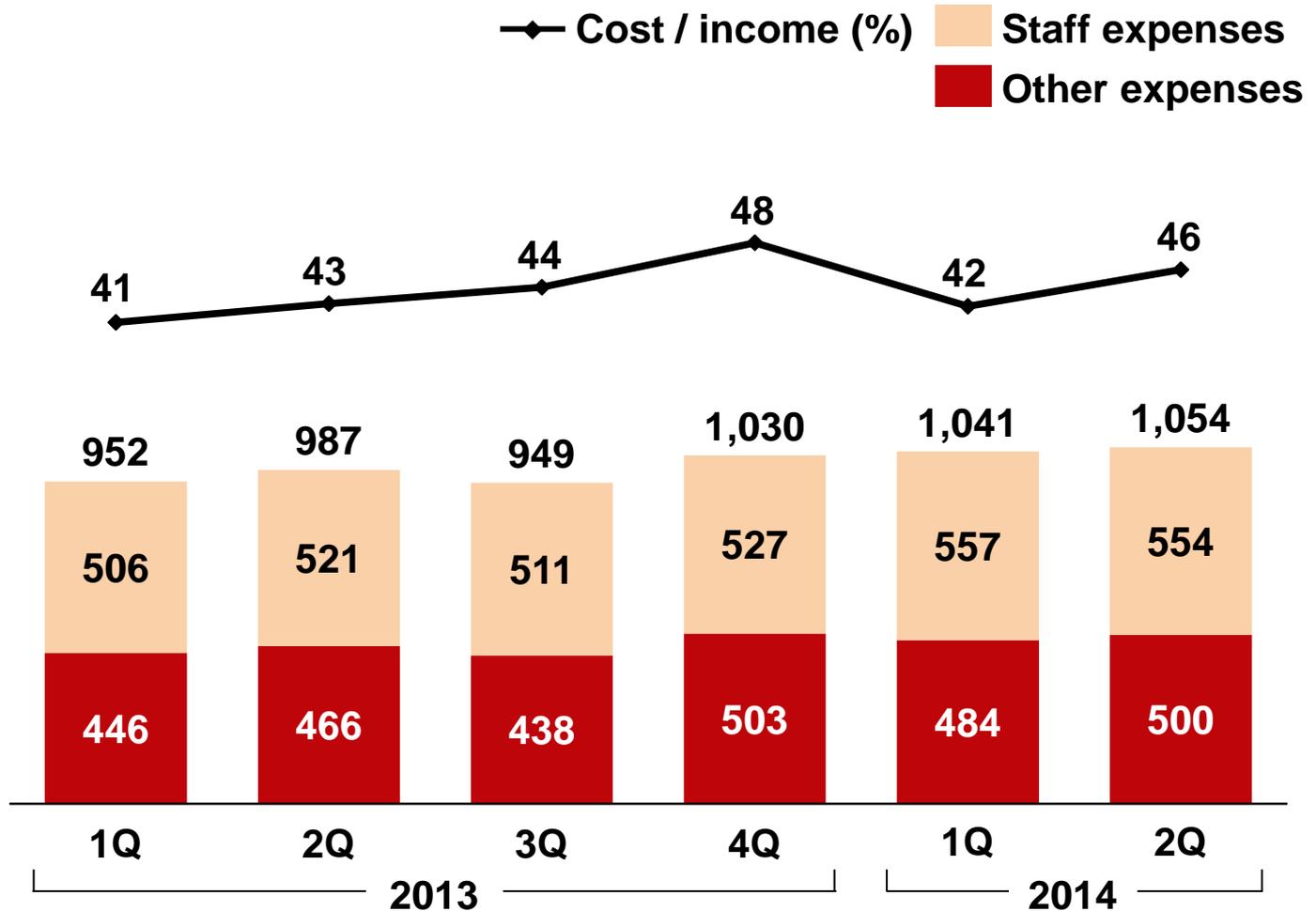
(S\$m)



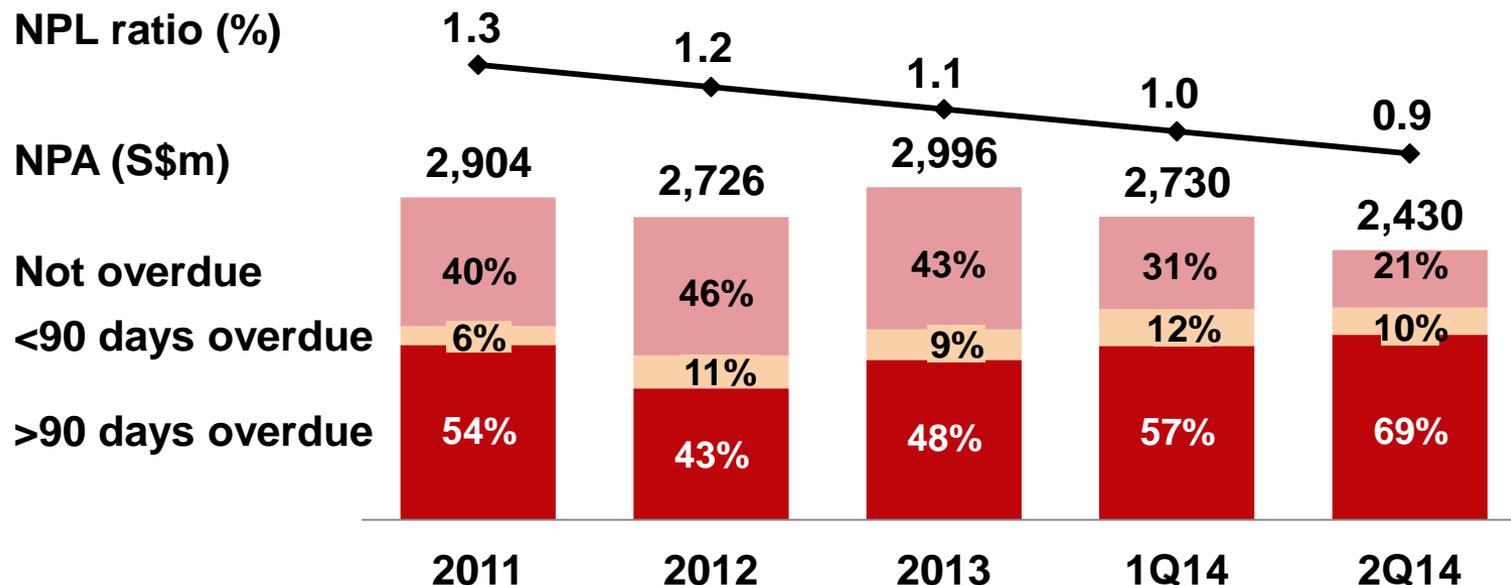
Quarterly average for full-year 2010-2013 and 1H14

Expenses are stable on quarter

(S\$m)



Asset quality further strengthens, allowance coverage at historical high



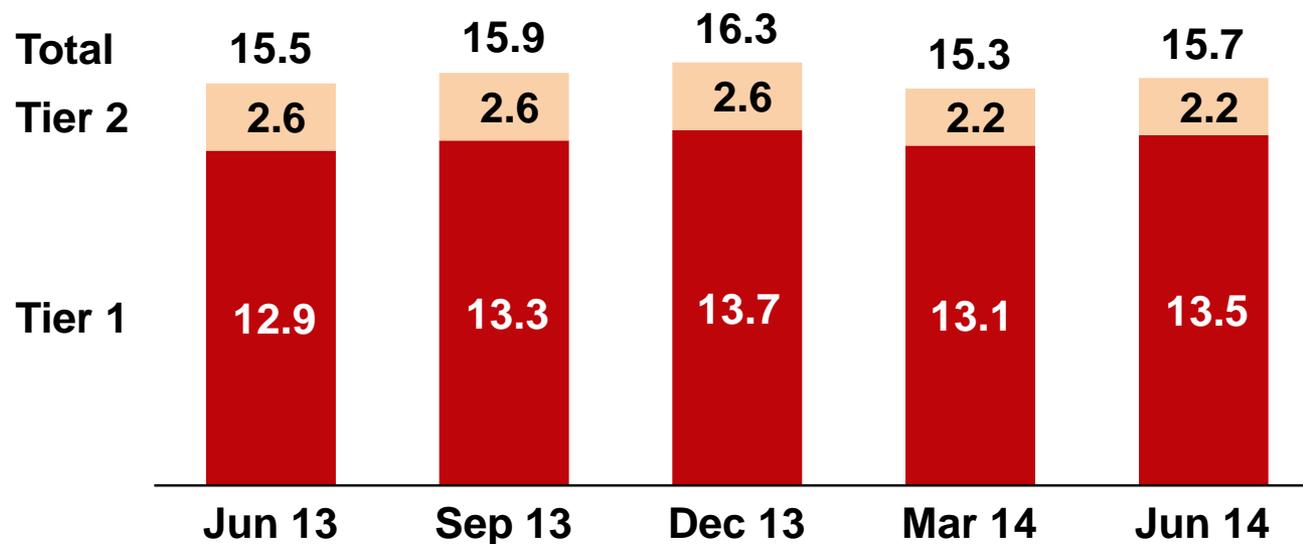
SP/loans (bp)	2011	2012	2013	1Q14	2Q14
SP/loans (bp)	11	10	18	15	14

Cumulative general and specific allowances as % of:

	2011	2012	2013	1Q14	2Q14
NPA	126	142	135	148	162
Unsecured NPA	165	183	204	271	321

Capital ratios remain strong

(%)

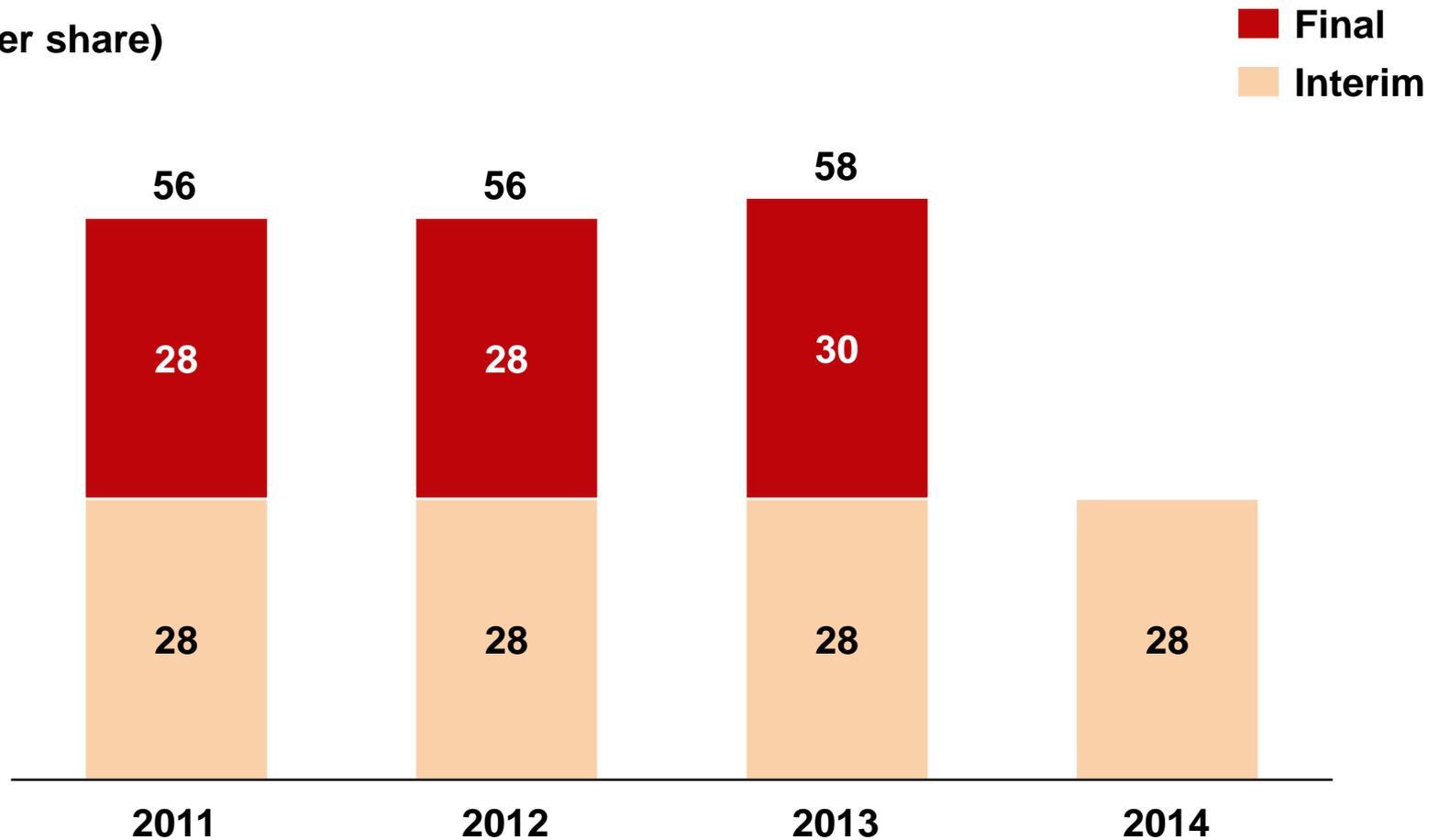


Common equity Tier-1 (%)

Transitional	12.9	13.3	13.7	13.1	13.5
Pro-forma final	11.3	11.7	11.9	11.7	12.2
RWA (S\$bn)	243	236	238	247	250

Interim dividend of 28 cents per share

(S¢ per share)



In summary – first-half earnings cross \$2bn

Record 1H earnings from board-based performance

Healthy balance sheet with strong capital, liquidity and asset quality

Well-positioned to extend our regional franchise

Supplementary slides

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1H earnings at record \$2bn

(S\$m)	1H 2014	1H 2013	YoY %	2H 2013	HoH %
Net interest income	3,045	2,709	12	2,860	6
Fee income	1,013	984	3	901	12
Trading income	538	744	(28)	351	53
Other income	168	189	(11)	189	(11)
Non-interest income	1,719	1,917	(10)	1,441	19
Total income	4,764	4,626	3	4,301	11
Staff expenses	1,111	1,027	8	1,038	7
Other expenses	984	912	8	941	5
Expenses	2,095	1,939	8	1,979	6
Profit before allowances	2,669	2,687	(1)	2,322	15
General allowances	84	223	(62)	117	(28)
Specific allowances	195	245	(20)	185	5
Allowances	279	468	(40)	302	(8)
Net profit	2,002	1,837	9	1,664	20
One-time items	198	-	NM	171	16
Net profit incl. one-time items	2,200	1,837	20	1,835	20

2Q profit up 9% on year

(S\$m)	2Q 2014	2Q 2013	YoY %	1Q 2014	QoQ %
Net interest income	1,557	1,382	13	1,488	5
Fee income	503	477	5	510	(1)
Trading income	176	336	(48)	362	(51)
Other income	77	114	(32)	91	(15)
Non-interest income	756	927	(18)	963	(21)
Total income	2,313	2,309	-	2,451	(6)
Staff expenses	554	521	6	557	(1)
Other expenses	500	466	7	484	3
Expenses	1,054	987	7	1,041	1
Profit before allowances	1,259	1,322	(5)	1,410	(11)
General allowances	28	113	(75)	56	(50)
Specific allowances	100	132	(24)	95	5
Allowances	128	245	(48)	151	(15)
Net profit	969	887	9	1,033	(6)
One-time items	-	-	-	198	100
Net profit incl. one-time items	969	887	9	1,231	(21)

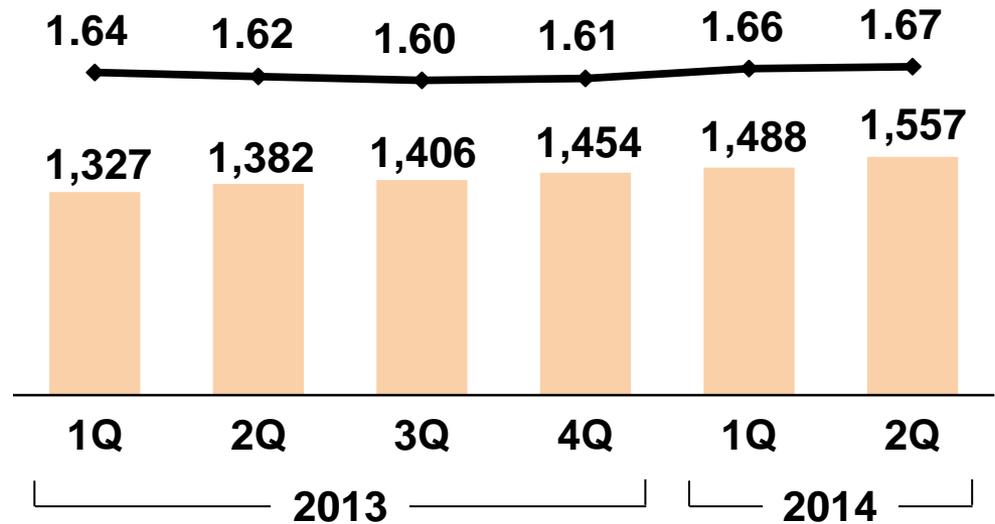
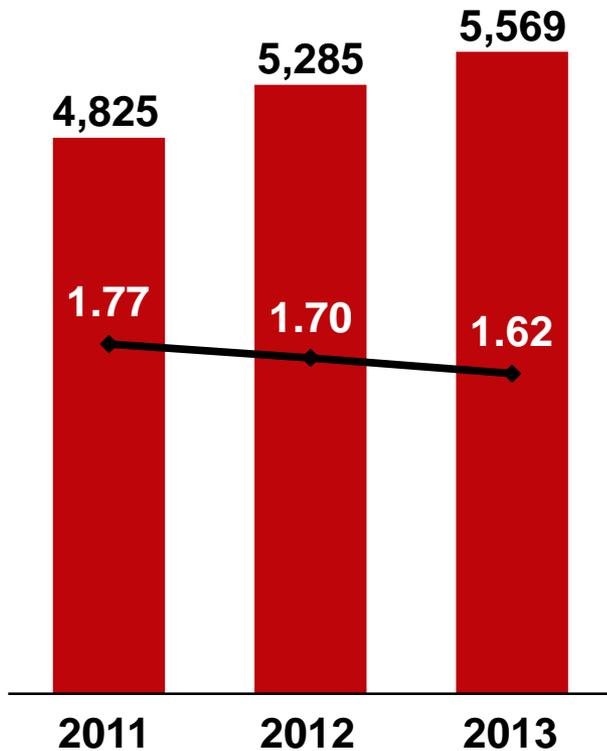
1H ROE at 11.7%

(%)	2Q 2014	2Q 2013	1Q 2014	1H 2014	1H 2013	2H 2013
Net interest margin	1.67	1.62	1.66	1.66	1.63	1.60
Fee income/total income	22	21	21	21	21	21
Non-interest income/total income	33	40	39	36	41	34
Cost/income	46	43	42	44	42	46
ROE	11.0	10.9	12.3	11.7	11.6	10.1
Loan/deposit	86	85	84	86	85	85
SP/average loans (bp)	14	22	15	14	22	14
NPL ratio	0.9	1.2	1.0	0.9	1.2	1.1

2Q net interest income up 5% on quarter from loan growth and higher net interest margin

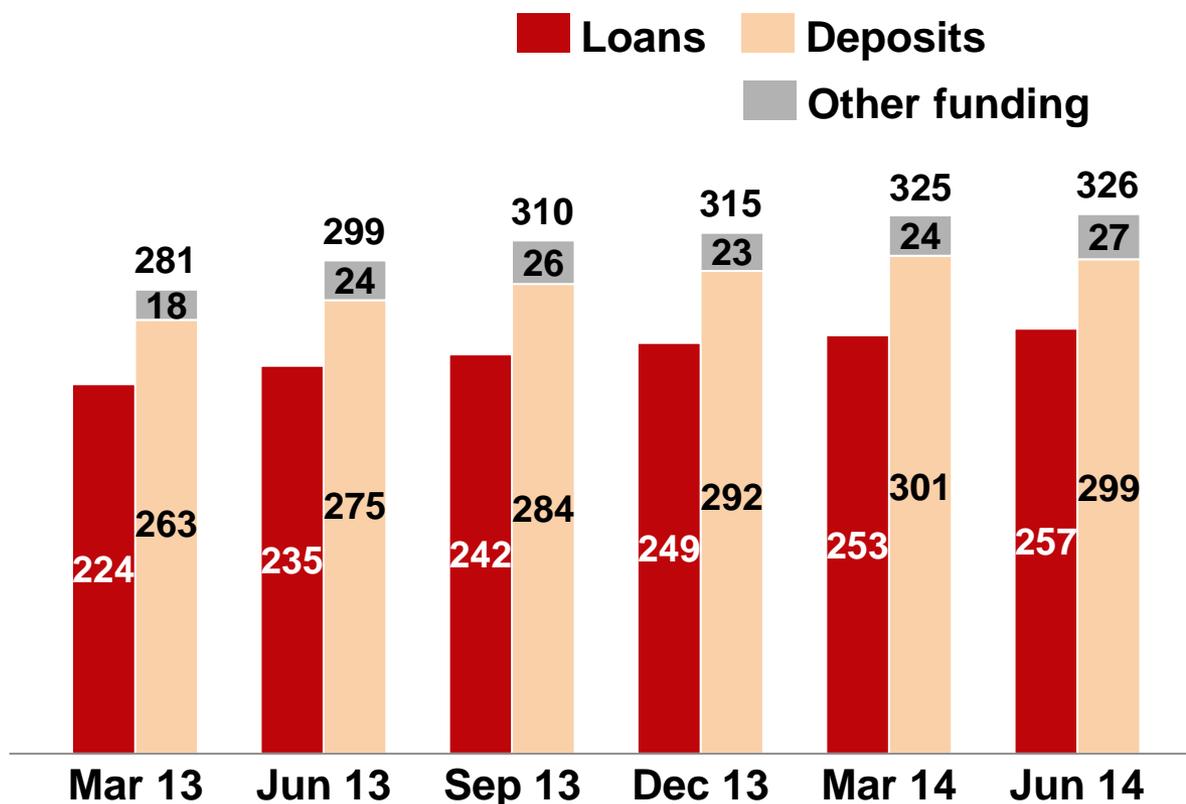
(S\$m)

◆ Net interest margin (%)



Overall LDR stable, non-SGD LDR below 100%

(S\$bn)



Loan/deposit (%)

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

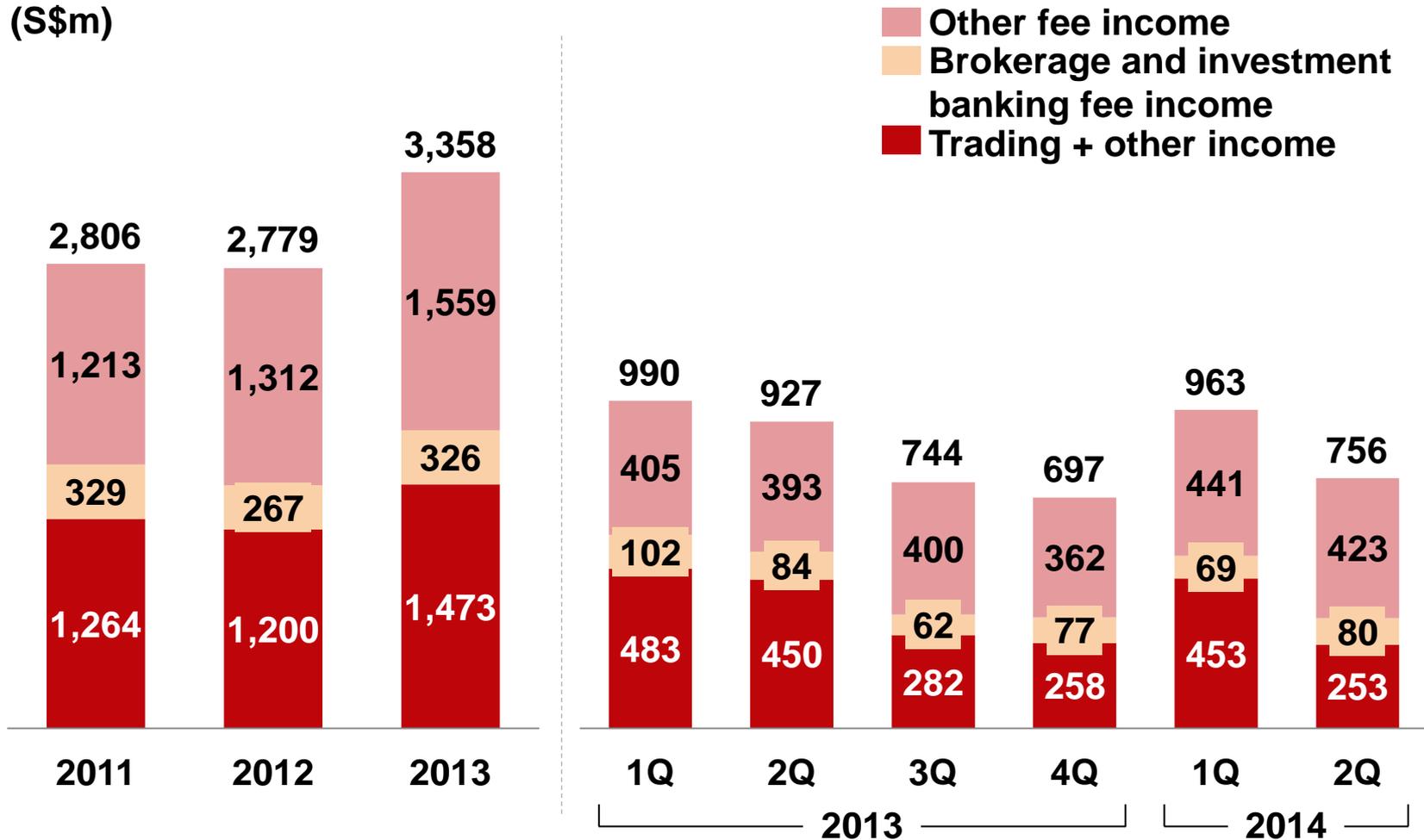
SGD and Non-SGD loan/deposit ratios are based on gross loans.

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



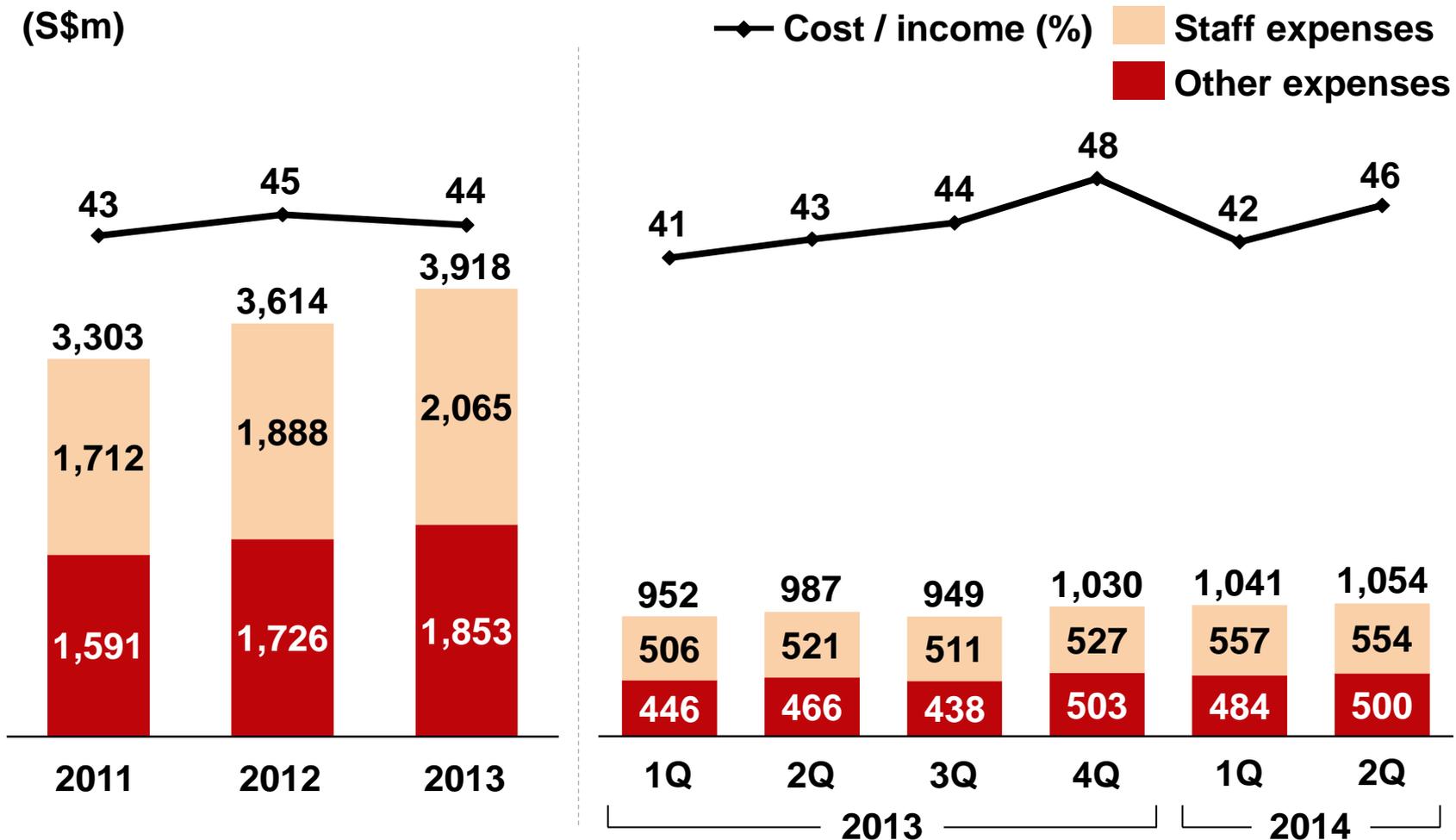
2Q non-interest income falls 21% on quarter from lower trading income

(S\$m)



Expenses are stable on quarter

(S\$m)



Hong Kong's 1H earnings are stable on year

(S\$m)	Constant-currency terms						
	1H 2014	1H 2013	YoY %	YoY %	2H 2013	HoH %	HoH %
Net interest income	513	481	7	5	535	(4)	(4)
Non-interest income	419	517	(19)	(20)	330	27	27
Total income	932	998	(7)	(8)	865	8	8
Expenses	364	354	3	2	363	0	0
Profit before allowances	568	644	(12)	(13)	502	13	13
General allowances	(17)	63	NM	NM	35	NM	NM
Specific allowances	22	19	16	17	25	(12)	(11)
Allowances	5	82	(94)	(94)	60	(92)	(92)
Net profit	472	476	(1)	(2)	375	26	26
Net interest margin (%)	1.53	1.56			1.53		
Loan growth (%)				3			(3)
Deposit growth (%)				9			(3)

Hong Kong's 2Q earnings decline 21% on year

(S\$m)	Constant-currency terms						
	2Q 2014	2Q 2013	YoY %	YoY %	1Q 2014	QoQ %	QoQ %
Net interest income	253	250	1	1	260	(3)	(2)
Non-interest income	173	274	(37)	(37)	246	(30)	(29)
Total income	426	524	(19)	(19)	506	(16)	(15)
Expenses	186	186	0	0	178	4	6
Profit before allowances	240	338	(29)	(29)	328	(27)	(26)
General allowances	(11)	32	NM	NM	(6)	(83)	(77)
Specific allowances	12	9	33	28	10	20	16
Allowances	1	41	(98)	(98)	4	(75)	(80)
Net profit	200	254	(21)	(21)	272	(26)	(26)
Net interest margin (%)	1.48	1.58			1.57		
Loan growth (%)				3			(2)
Deposit growth (%)				9			0

1H regional profit up 32% on year

(S\$m)	1H 2014	1H 2013	YoY %	2H 2013	HoH %
Net interest income	598	529	13	537	11
Non-interest income	302	281	7	302	0
Total income	900	810	11	839	7
Expenses	478	431	11	482	(1)
Profit before allowances	422	379	11	357	18
Allowances	143	145	(1)	148	(3)
Net profit	278	210	32	180	54

Figures for operations outside of Singapore and Hong Kong

NPAs decline from previous quarter

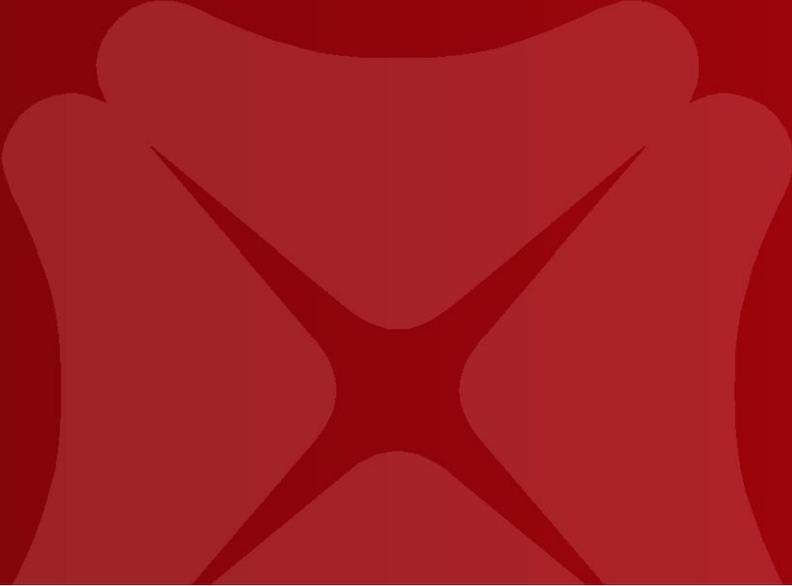
(S\$m)	2Q 2014	1Q 2014	2Q 2013
NPAs at start of period	2,730	2,996	2,767
New NPAs	158	412	242
Upgrades, recoveries and translation	(198)	(504)	10
Write-offs	(260)	(174)	(53)
NPAs at end of period	2,430	2,730	2,966

Specific allowances are stable from previous quarter

(S\$m)	2Q 2014	1Q 2014	2Q 2013
<u>Add charges for</u>			
New NPLs	38	85	91
Existing NPLs	113	88	82
	151	173	173
<u>Subtract charges for</u>			
Upgrading	1	-	-
Settlements	40	68	27
Recoveries	22	12	18
	63	80	45
Total SP charges for loans	88	93	128
SP / average loans (bp)	14	15	22

AFS duration shortened slightly

(S\$m)	Jun 14	Mar 14
Government securities	23,895	21,125
Less than 3 years	17,513	14,961
3 to 5 years	1,764	1,196
5 to 10 years	3,928	4,281
More than 10 years	690	687
Supranational, bank and corporate bonds	10,355	11,076
Equities	1,460	1,443
Total	35,710	33,644
AFS reserves	258	83



First-half earnings cross \$2 billion

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