

# **2014 record earnings, broad-based income growth**

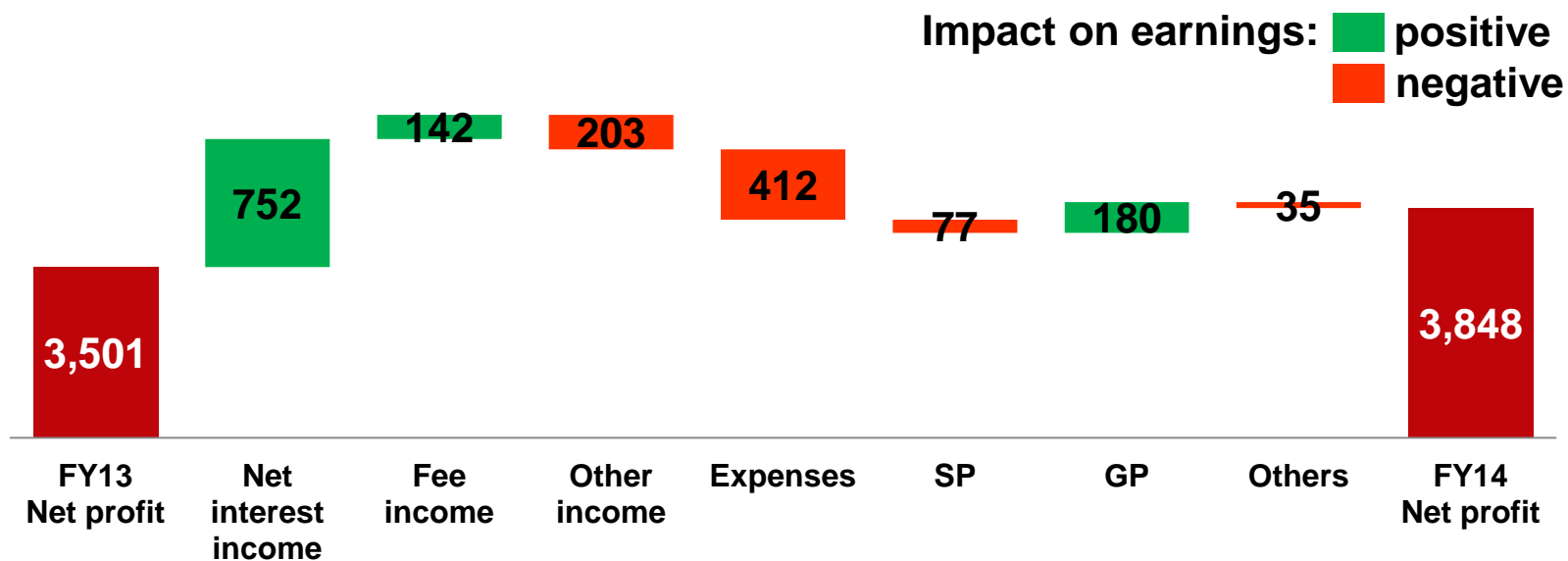
**DBS Group Holdings  
4Q 2014 financial results  
February 10, 2015**

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# Full-year earnings rise 10% to a record

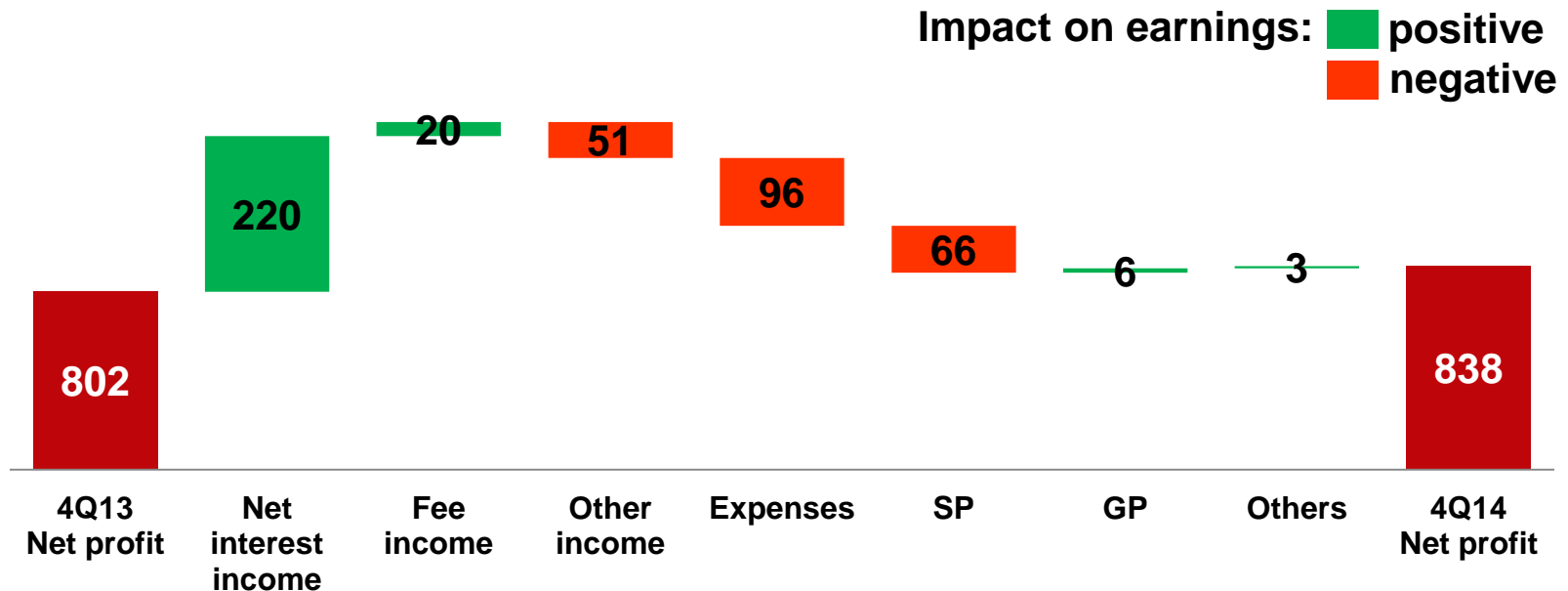
(S\$m)		FY14	YoY %	
Total income	record	9,618	8	<ul style="list-style-type: none"> <li>Higher NIM, loan volumes and fee income</li> <li>Lower allowances with allowance coverage at 163%</li> </ul>
Expenses		4,330	11	
Profit before allowances	record	5,288	6	
Allowances		667	(13)	
Net profit	record	3,848	10	
Net profit (incl. one-time items)		4,046	10	



# 4Q earnings up 4% on year

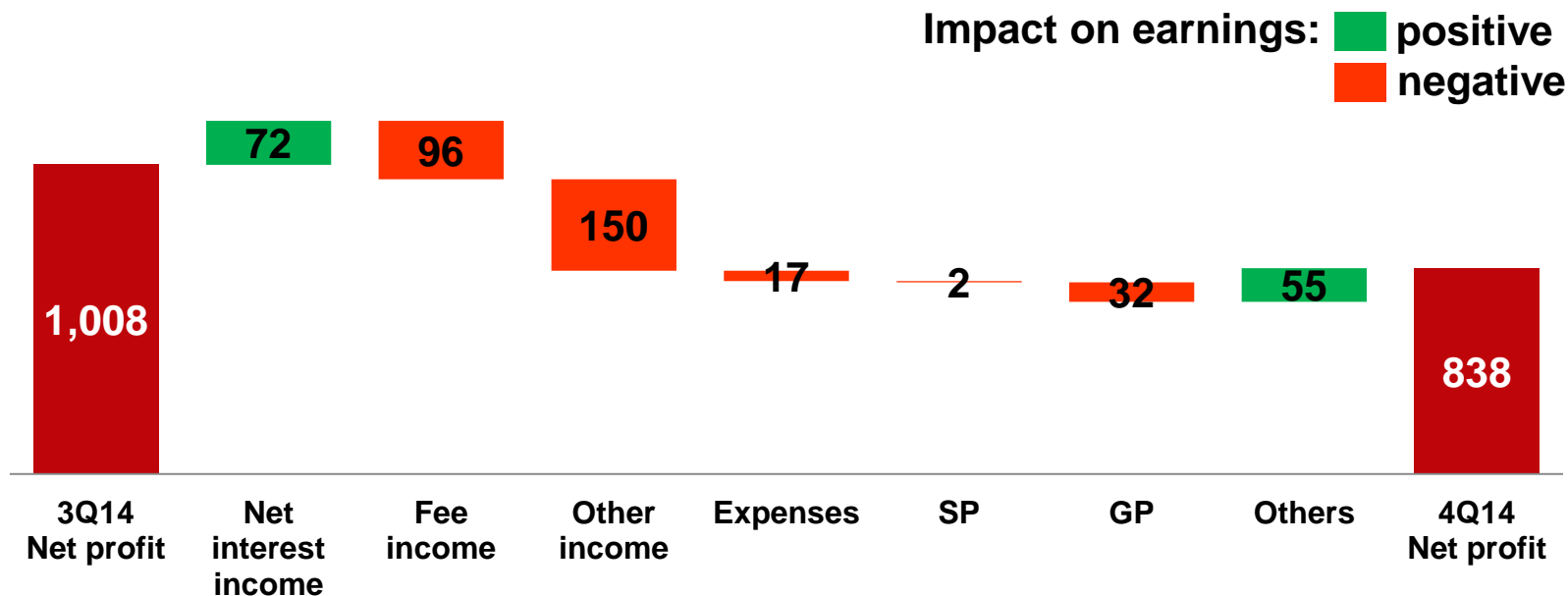
(S\$m)	<u>4Q14</u>	<u>YoY %</u>
Total income	2,340	9
Expenses	1,126	9
Profit before allowances	1,214	8
Allowances	211	40
Net profit	838	4

- Broad-based income growth from higher NIM, loans and fee income



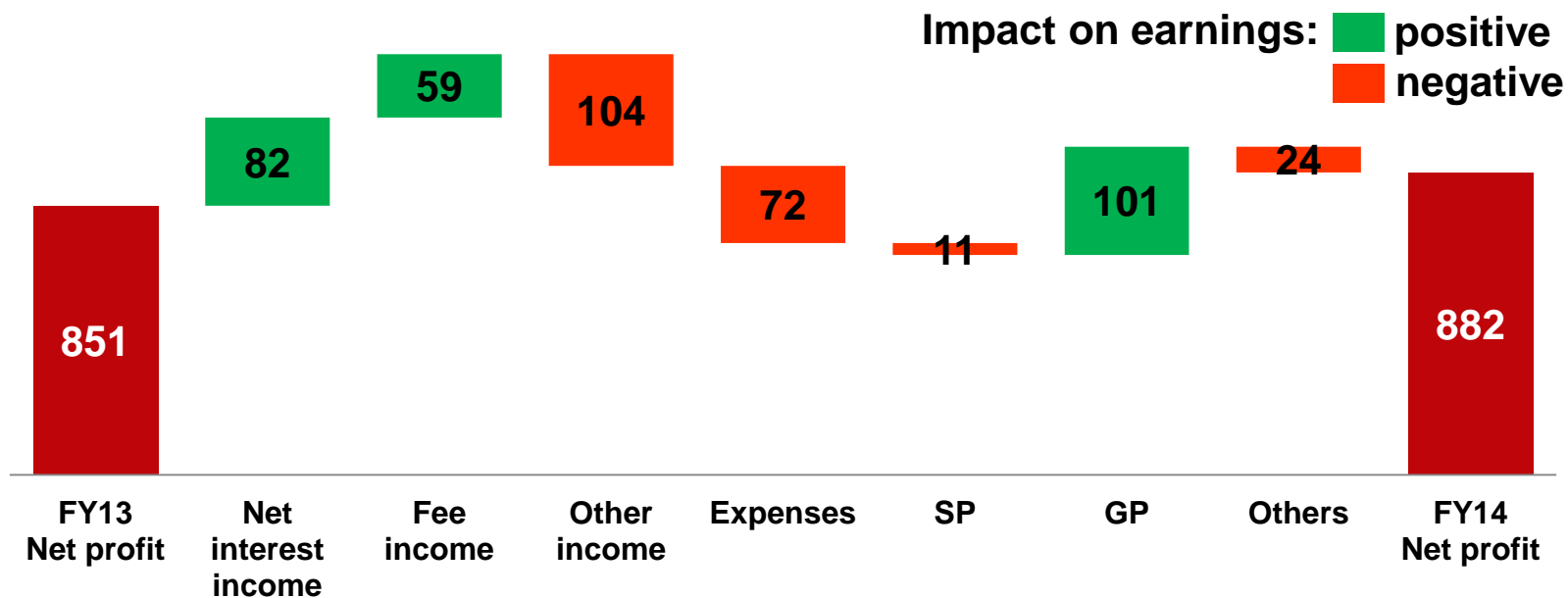
# 4Q earnings decline 17% on quarter

(S\$m)	<u>4Q14</u>	<u>QoQ %</u>	
Total income	2,340	(7)	<ul style="list-style-type: none"> <li>Higher net interest income offset by less favourable trading conditions and seasonally quieter markets</li> </ul>
Expenses	1,126	2	
Profit before allowances	1,214	(14)	
Allowances	211	19	<ul style="list-style-type: none"> <li>Business momentum remains healthy</li> </ul>
Net profit	838	(17)	



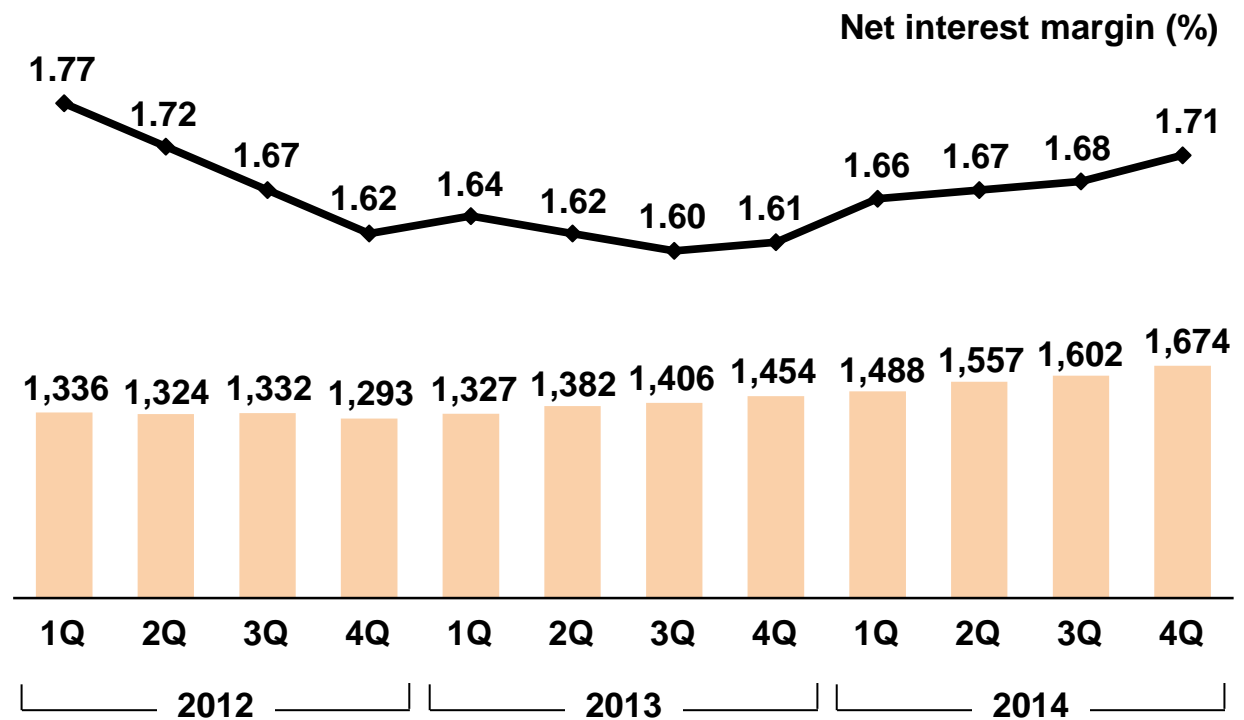
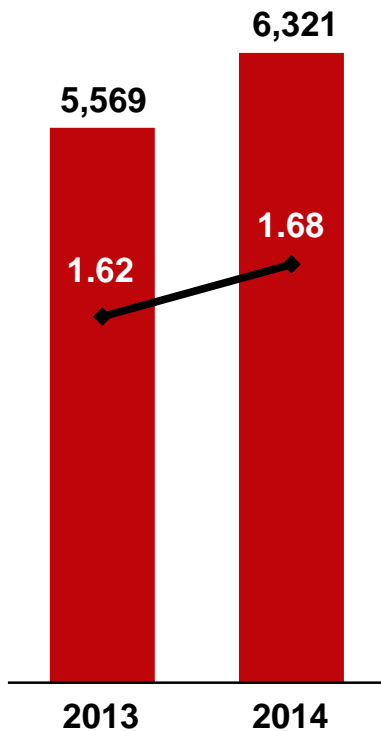
# Hong Kong's full-year core earnings rise 9%

(S\$m)		FY14	YoY %	YoY% excluding property disposal gains
Total income	record	1,900	2	4
Expenses		789	10	10
Profit before allowances		1,111	(3)	1
Allowances		52	(63)	(63)
Net profit	record	882	4	9



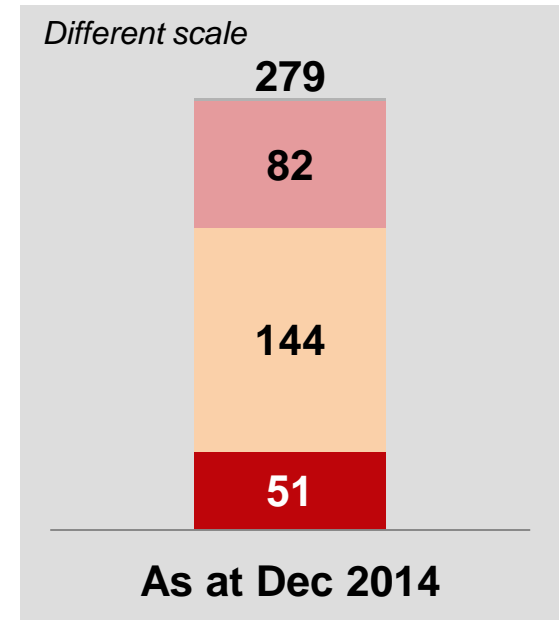
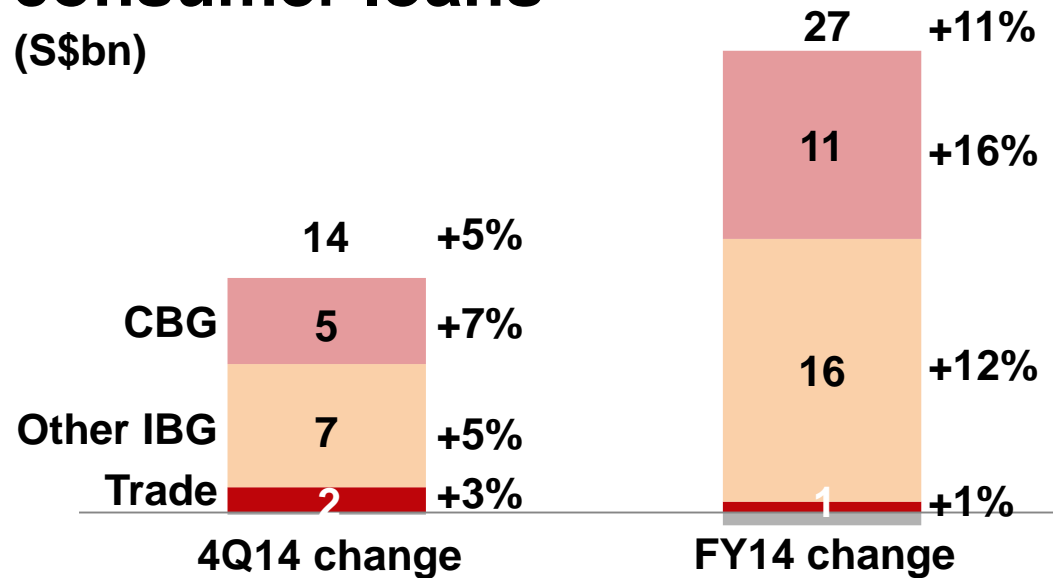
# Full-year net interest income up 14% to \$6.32bn; 4Q net interest margin highest in 10 quarters

(S\$m)



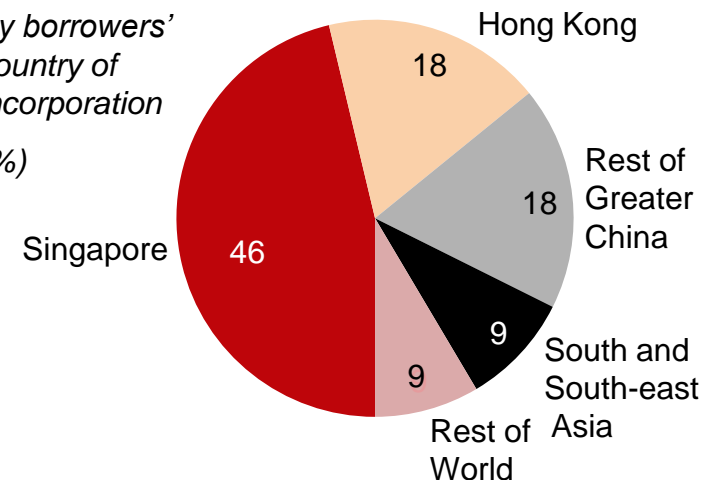
# Loan growth from corporate and secured consumer loans

(S\$bn)



- Loan growth in constant currency terms of 3% in 4Q and 9% for the full-year, mainly from corporate non-trade and consumer loans
- Consumer loan growth from secured lending and housing loans
- Trade loans were little changed

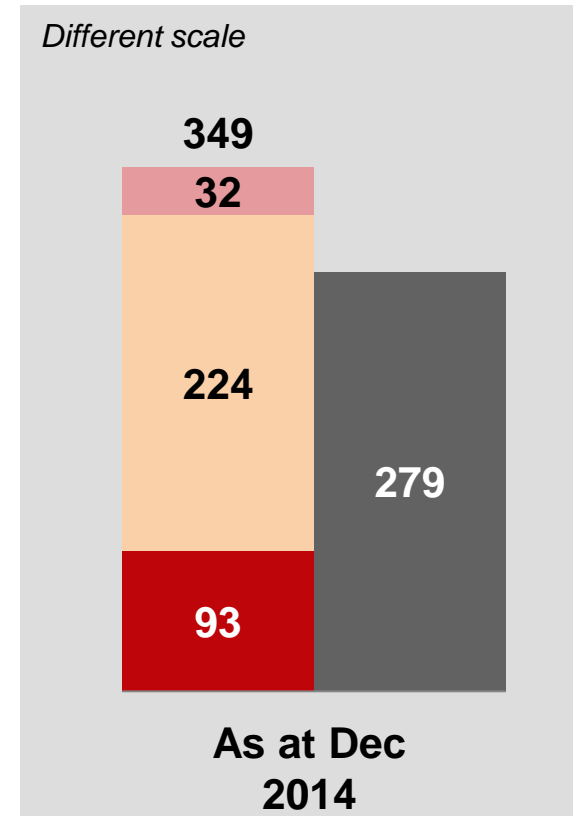
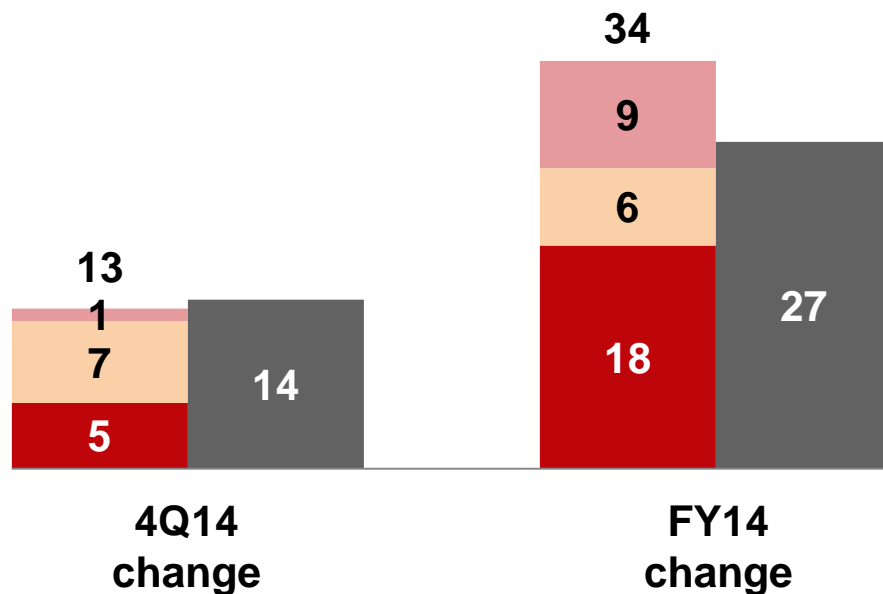
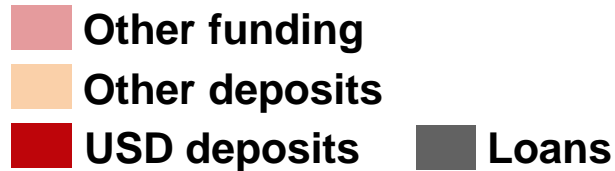
By borrowers' country of incorporation (%)



Gross loans

# Ample liquidity to support business growth

(S\$bn)

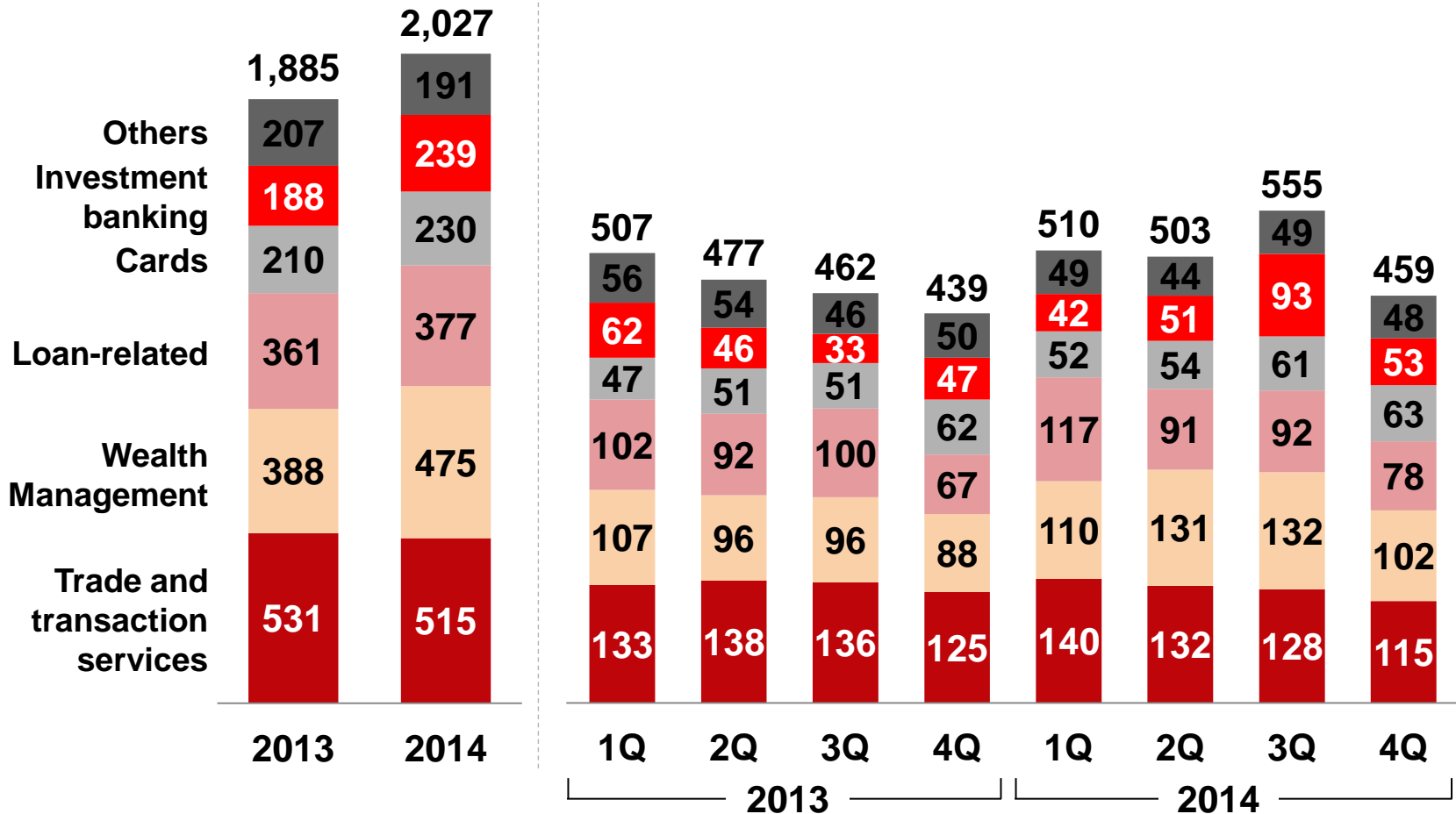


Loans are gross loans. Other funding comprises senior medium term notes, commercial papers, negotiable certificates of deposit and other debt securities



# 4Q fee income up 5% on year, full-year fee income rises 8%

(S\$m)

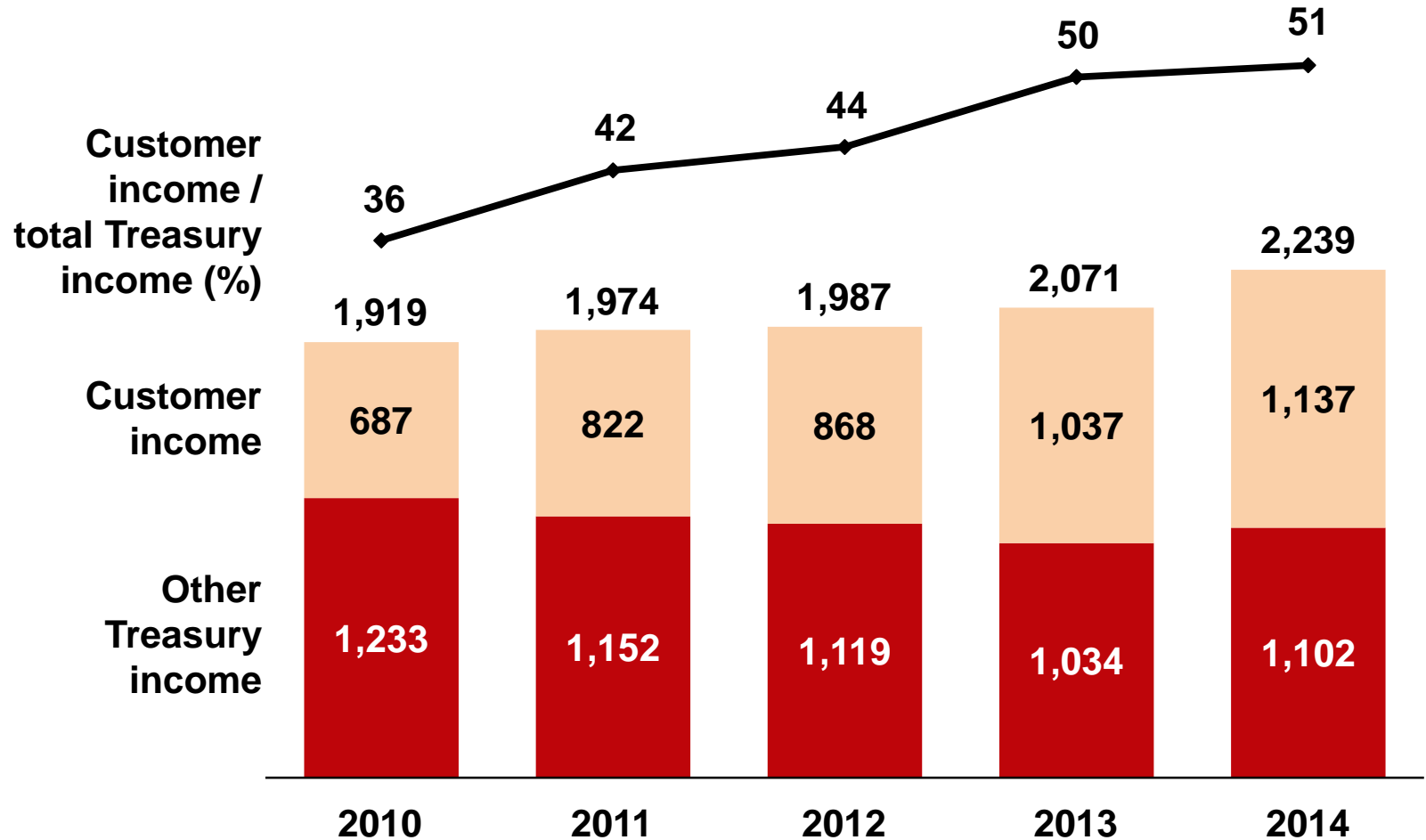


Net fee income



# Full-year treasury customer income rises 10%

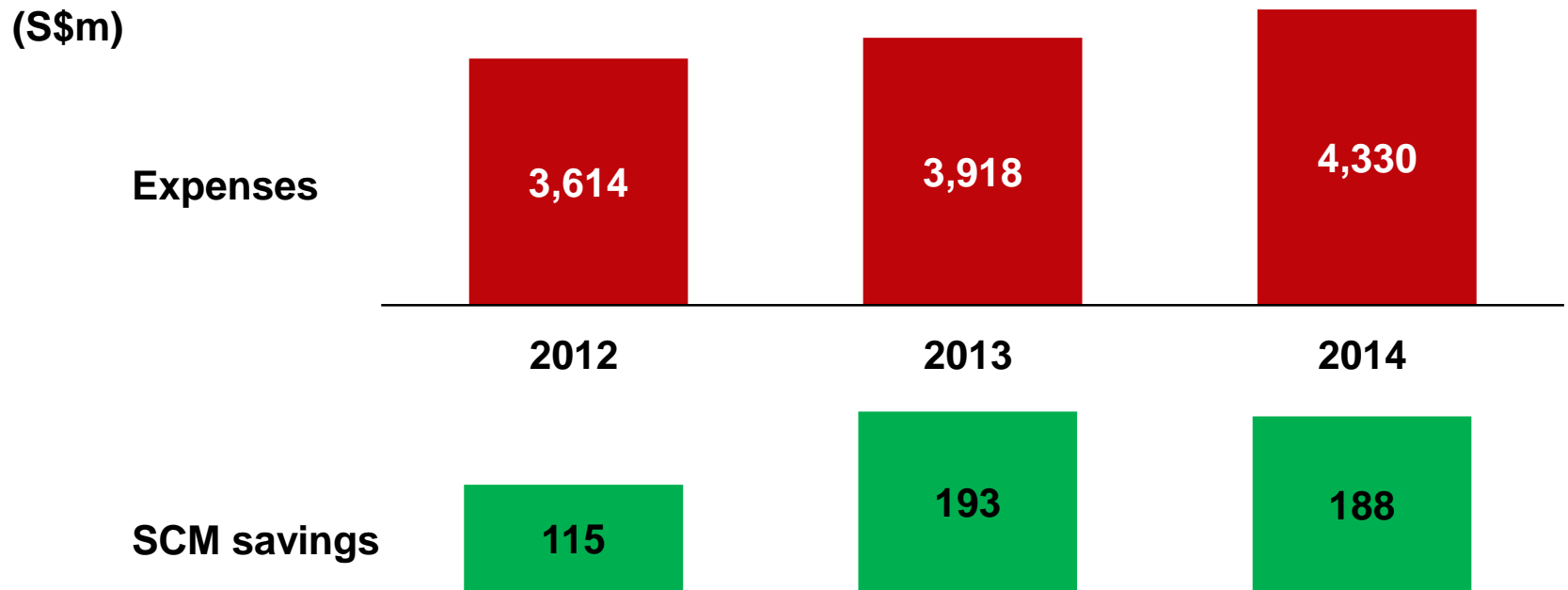
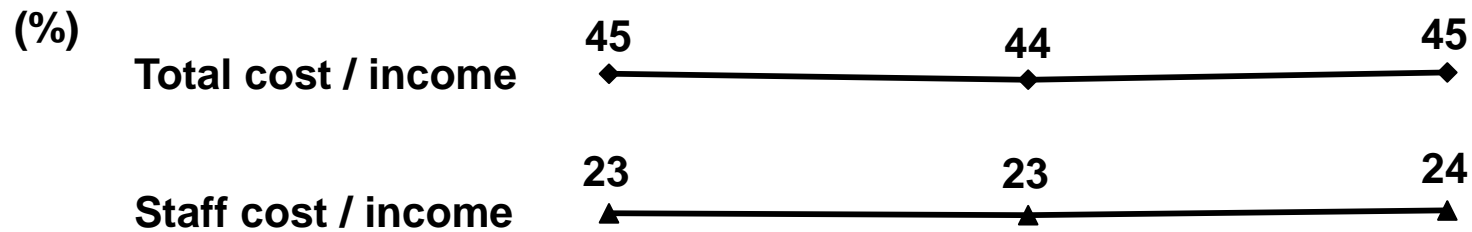
(S\$m)



# Income growth has been led by IBG and CBG

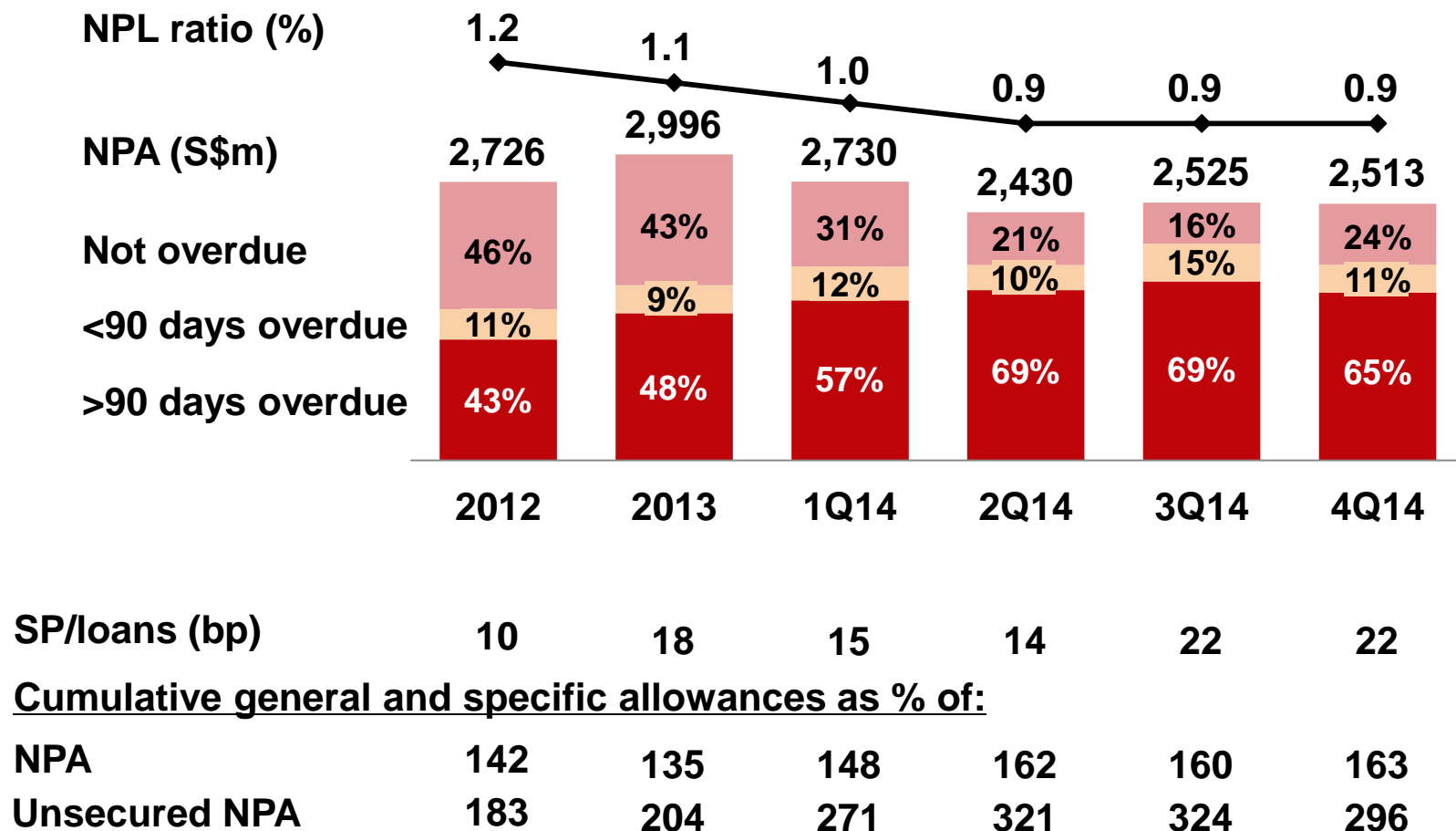
(S\$m)	FY 2014	FY 2013	YoY %	Mix %
Institutional Banking	4,967	4,676	6	52
Consumer Banking / Wealth Management	2,882	2,538	14	30
Treasury	1,102	1,034	7	11
Others	667	679	(2)	7
<b>Total</b>	<b>9,618</b>	<b>8,927</b>	<b>8</b>	<b>100</b>

# Cost savings of \$500m over three years reinvested in headcount and new capabilities including digital



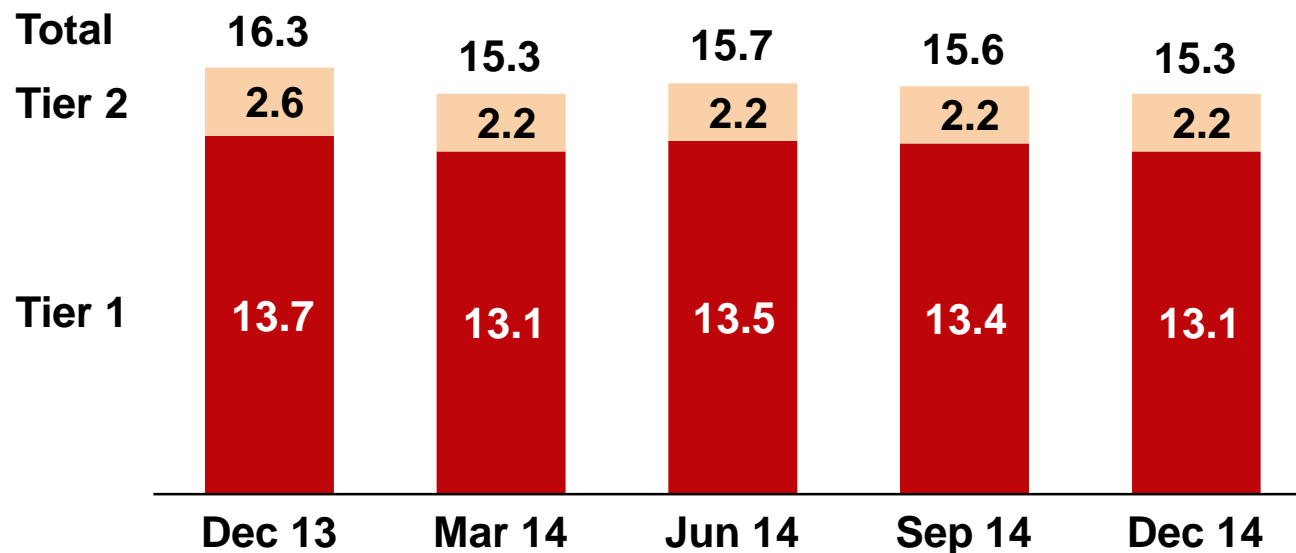
SCM refers to strategic cost management

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



# Capital ratios remain strong

(%)

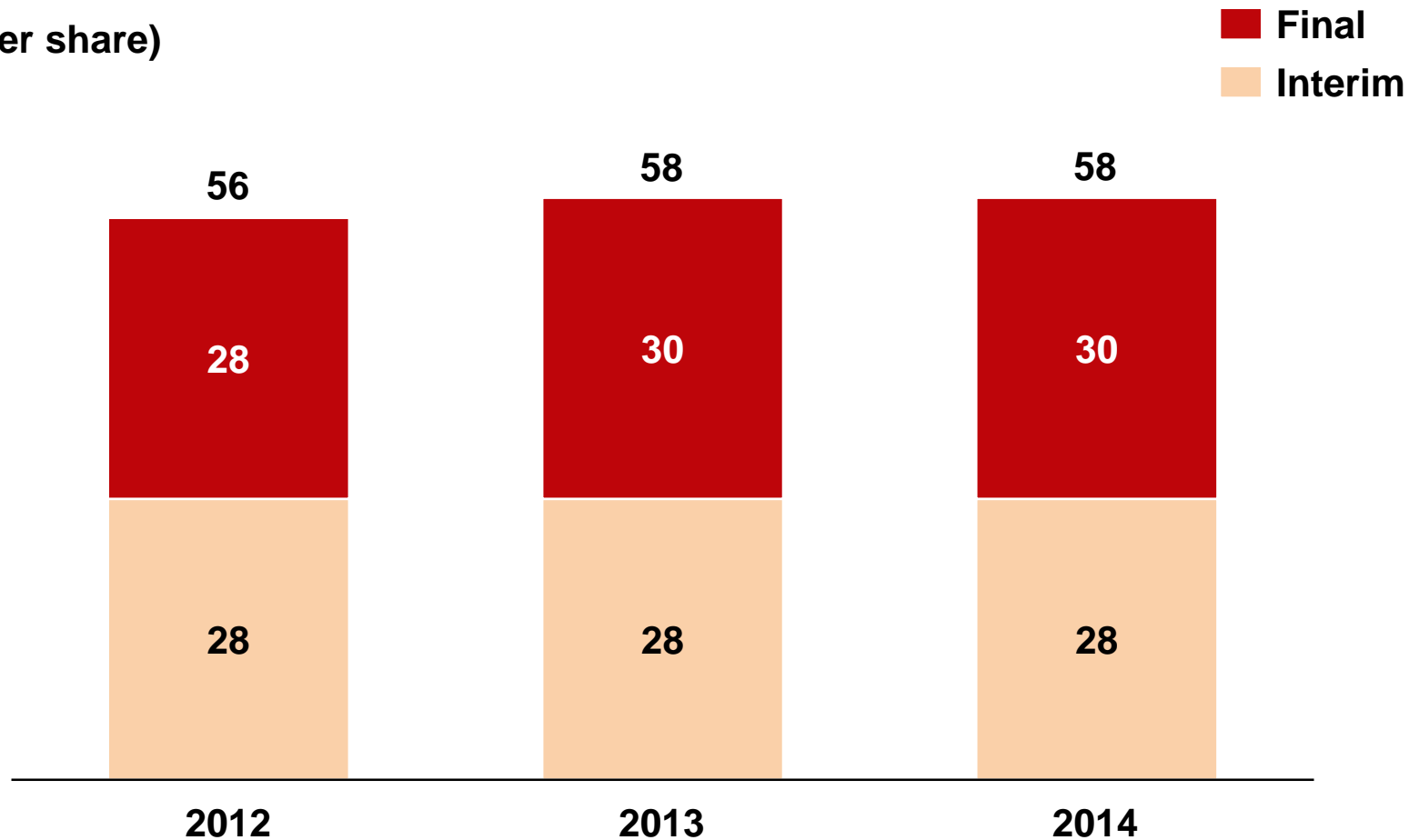


## Common Equity Tier 1 (%)

Transitional	13.7	13.1	13.5	13.4	13.1
Pro-forma final	11.9	11.7	12.2	12.1	11.9
RWA (S\$bn)	238	247	250	254	264

# Final dividend of 30 cents per share

(S¢ per share)



# **In summary – 2014 record earnings, broad-based income growth**

**Delivered 22 consecutive quarters of year-on-year earnings growth**

**Since 2009, full-year income has grown by some 50% to \$9.6bn while net profit has doubled to \$4bn**

**Performance underpinned by improved income mix, financial discipline and strong risk management**

**Developed multiple growth engines that are scalable and can drive business expansion with operating leverage**

**Structurally higher returns of our franchise will become more evident as interest rates normalise**

**Well-positioned to continue supporting customers and delivering shareholder returns**



# Supplementary slides

**DBS Group Holdings**  
**4Q 2014 financial results**  
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# Full-year earnings up 10%

(S\$m)	FY 2014	FY 2013	YoY %
<b>Net interest income</b>	<b>6,321</b>	<b>5,569</b>	<b>14</b>
Fee income	2,027	1,885	8
Trading income	901	1,095	(18)
Other income	369	378	(2)
<b>Non-interest income</b>	<b>3,297</b>	<b>3,358</b>	<b>(2)</b>
<b>Total income</b>	<b>9,618</b>	<b>8,927</b>	<b>8</b>
Staff expenses	2,294	2,065	11
Other expenses	2,036	1,853	10
<b>Expenses</b>	<b>4,330</b>	<b>3,918</b>	<b>11</b>
<b>Profit before allowances</b>	<b>5,288</b>	<b>5,009</b>	<b>6</b>
General allowances	160	340	(53)
Specific allowances	507	430	18
<b>Allowances</b>	<b>667</b>	<b>770</b>	<b>(13)</b>
<b>Net profit</b>	<b>3,848</b>	<b>3,501</b>	<b>10</b>
One-time items	198	171	16
<b>Net profit incl. one-time items</b>	<b>4,046</b>	<b>3,672</b>	<b>10</b>

# 4Q profit up 4% on year

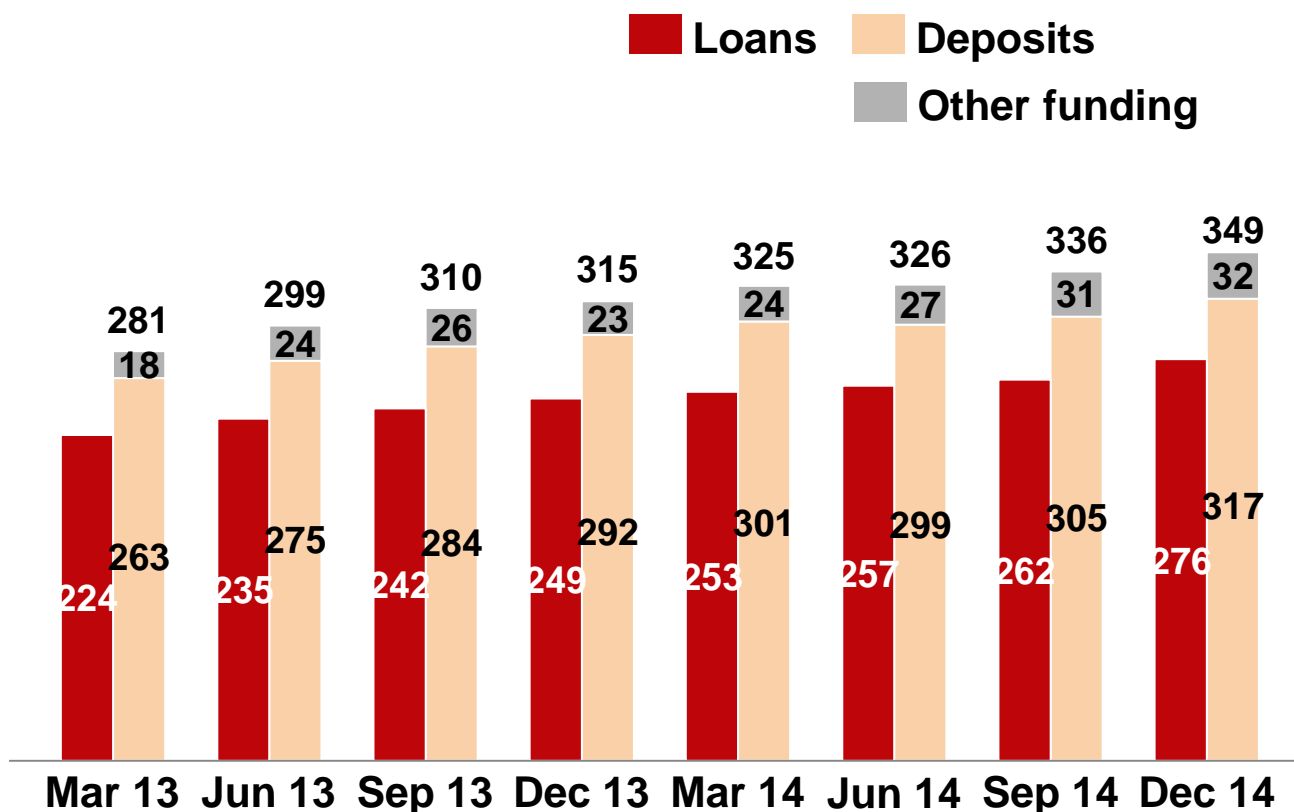
(S\$m)	4Q 2014	4Q 2013	YoY %	3Q 2014	QoQ %
<b>Net interest income</b>	<b>1,674</b>	<b>1,454</b>	<b>15</b>	<b>1,602</b>	<b>4</b>
Fee income	459	439	5	555	(17)
Trading income	92	163	(44)	271	(66)
Other income	115	95	21	86	34
<b>Non-interest income</b>	<b>666</b>	<b>697</b>	<b>(4)</b>	<b>912</b>	<b>(27)</b>
<b>Total income</b>	<b>2,340</b>	<b>2,151</b>	<b>9</b>	<b>2,514</b>	<b>(7)</b>
Staff expenses	610	527	16	573	6
Other expenses	516	503	3	536	(4)
<b>Expenses</b>	<b>1,126</b>	<b>1,030</b>	<b>9</b>	<b>1,109</b>	<b>2</b>
<b>Profit before allowances</b>	<b>1,214</b>	<b>1,121</b>	<b>8</b>	<b>1,405</b>	<b>(14)</b>
General allowances	54	60	(10)	22	>100
Specific allowances	157	91	73	155	1
<b>Allowances</b>	<b>211</b>	<b>151</b>	<b>40</b>	<b>177</b>	<b>19</b>
<b>Net profit</b>	<b>838</b>	<b>802</b>	<b>4</b>	<b>1,008</b>	<b>(17)</b>
One-time items	-	171	(100)	-	-
<b>Net profit incl. one-time items</b>	<b>838</b>	<b>973</b>	<b>(14)</b>	<b>1,008</b>	<b>(17)</b>

# Full-year ROE at 10.9%

(%)	4Q 2014	4Q 2013	3Q 2014	FY 2014	FY 2013
Net interest margin	1.71	1.61	1.68	1.68	1.62
Fee income/total income	20	20	22	21	21
Non-interest income/total income	28	32	36	34	38
Cost/income	48	48	44	45	44
ROE	9.0	9.7	11.2	10.9	10.8
Loan/deposit	87	85	86	87	85
SP/loans (bp)	22	13	22	18	18
NPL ratio	0.9	1.1	0.9	0.9	1.1

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

(S\$bn)



## Loan/deposit (%)

Group	85	85	85	85	84	86	86	87
SGD	71	70	73	75	73	77	78	79
Non-SGD	103	104	99	96	96	96	95	95

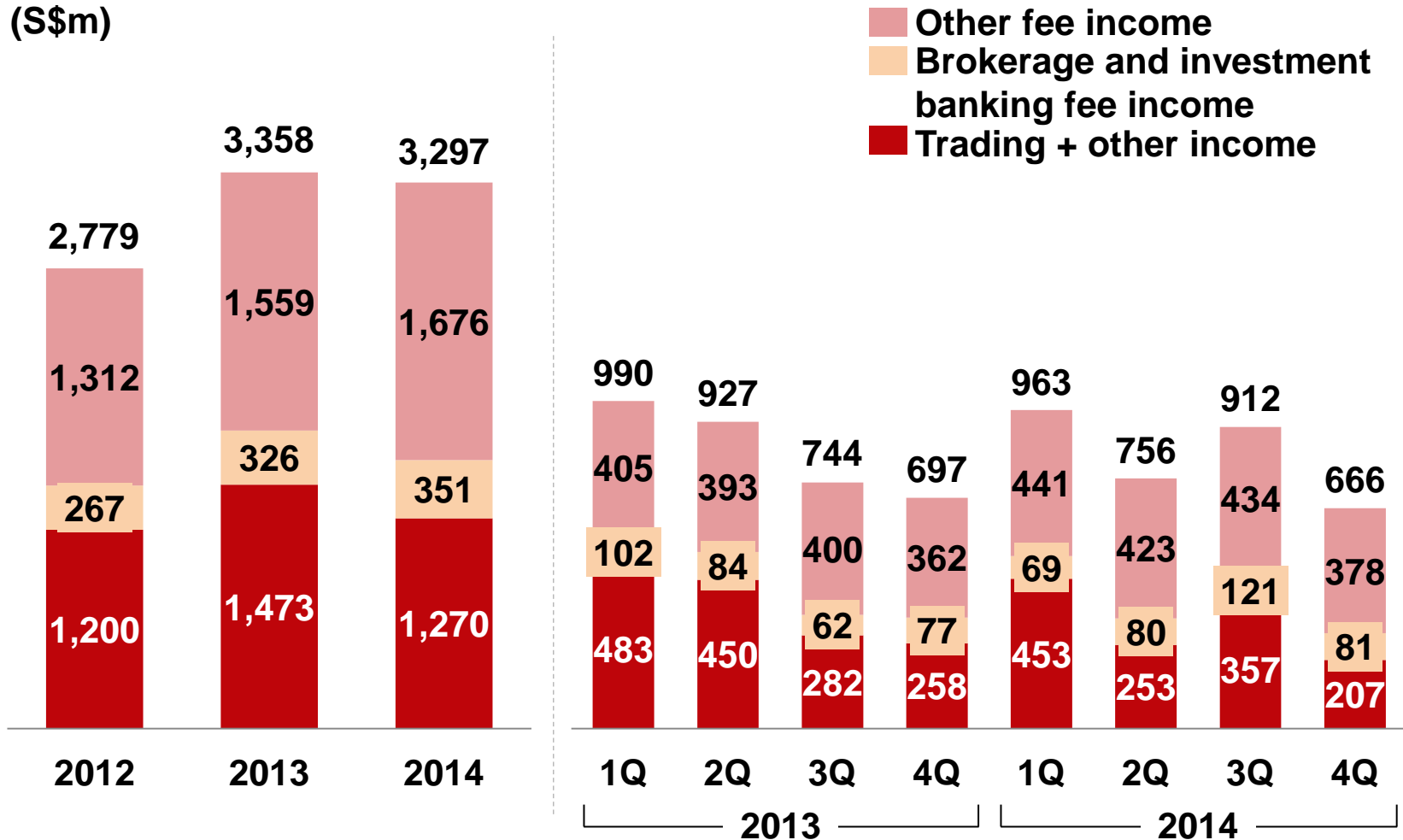
SGD and Non-SGD loan/deposit ratios are based on gross loans.

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



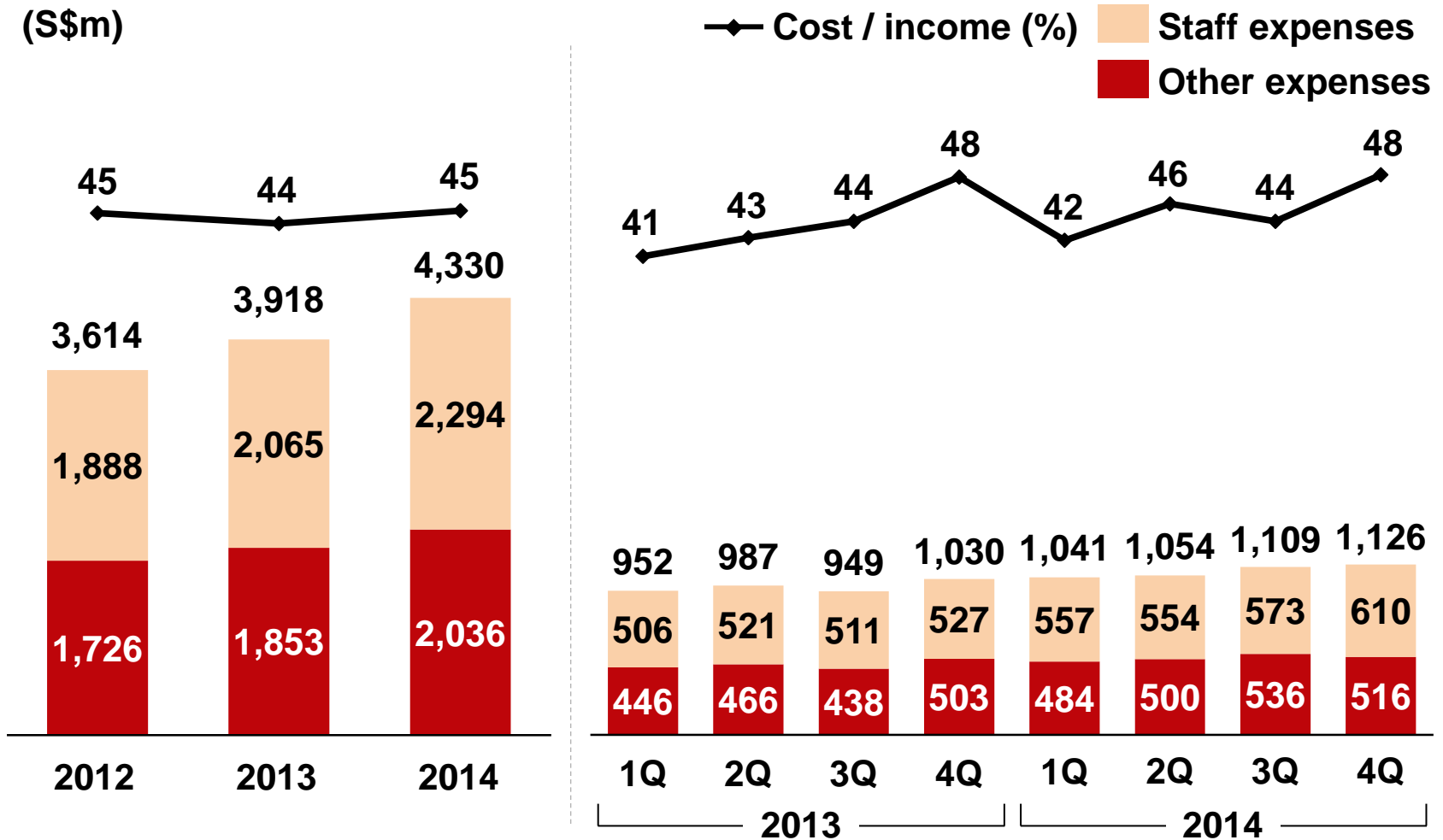
# 4Q non-interest income declines 4% on year from lower trading income

(S\$m)



# Full-year cost-income ratio at 45%

(S\$m)



# Hong Kong's full-year core earnings rise 9%

Constant-currency terms

(S\$m)	FY 2014	FY 2013	YoY %		YoY excl. property gains %	
Net interest income	1,098	1,016	8	7	8	7
Non-interest income	802	847	(5)	(7)	(0)	(2)
Total income	1,900	1,863	2	1	4	3
Expenses	789	717	10	8	10	8
Profit before allowances	1,111	1,146	(3)	(4)	1	(1)
General allowances	(3)	98	NM	NM	NM	NM
Specific allowances	55	44	25	23	25	23
Allowances	52	142	(63)	(65)	(63)	(65)
Net profit	882	851	4	2	9	8
Net interest margin (%)	1.58	1.54				
Loan growth (%)				2		
Deposit growth (%)				6		



# Hong Kong's 4Q income rises 11% on year

	Constant-currency terms						
(S\$m)	4Q 2014	4Q 2013	YoY %	YoY %	3Q 2014	QoQ %	QoQ %
Net interest income	308	272	13	9	277	11	8
Non-interest income	174	164	6	2	209	(17)	(20)
Total income	482	436	11	6	486	(1)	(4)
Expenses	230	184	25	20	195	18	14
Profit before allowances	252	252	0	(4)	291	(13)	(17)
General allowances	17	(17)	NM	NM	(3)	NM	NM
Specific allowances	14	16	(13)	(19)	19	(26)	(30)
Allowances	31	(1)	NM	NM	16	94	71
Net profit	184	216	(15)	(17)	226	(19)	(21)
Net interest margin (%)	1.66	1.52			1.60		
Loan growth (%)				2			4
Deposit growth (%)				6			1

# Full-year regional income up 7% on year

(S\$m)	FY 2014	FY 2013	YoY %
Net interest income	1,205	1,066	13
Non-interest income	563	583	(3)
<b>Total income</b>	<b>1,768</b>	<b>1,649</b>	<b>7</b>
Expenses	1,020	913	12
<b>Profit before allowances</b>	<b>748</b>	<b>736</b>	<b>2</b>
Allowances	361	293	23
<b>Net profit</b>	<b>398</b>	<b>390</b>	<b>2</b>

Figures for operations outside of Singapore and Hong Kong

# NPAs remain low

(S\$m)	4Q 2014	3Q 2014	4Q 2013
NPAs at start of period	2,525	2,430	3,054
New NPAs	273	349	275
Upgrades, recoveries and translation	(56)	(150)	(67)
Write-offs	(229)	(104)	(266)
NPAs at end of period	2,513	2,525	2,996

# Specific allowances stable

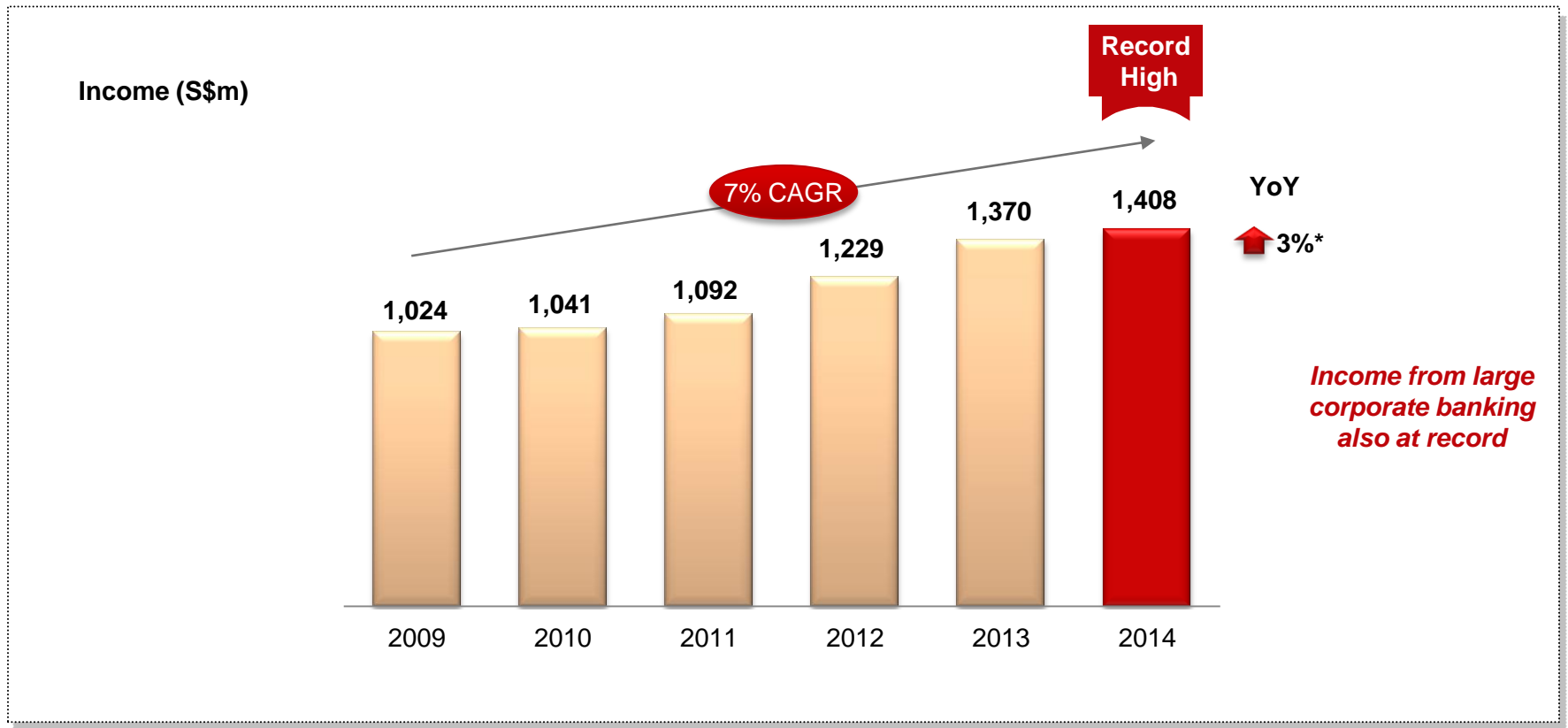
(S\$m)	4Q 2014	3Q 2014	4Q 2013
<u>Add charges for</u>			
New NPLs	57	65	42
Existing NPLs	134	118	73
	191	183	115
<u>Subtract charges for</u>			
Upgrading	1	2	-
Settlements	29	14	26
Recoveries	12	19	8
	42	35	34
<b>Total SP charges for loans</b>	<b>149</b>	<b>148</b>	<b>81</b>
<b>SP/loans (bp)</b>	<b>22</b>	<b>22</b>	<b>13</b>

# AFS duration remains short

(S\$m)	Dec 14	Sep 14
<b>Government securities</b>	<b>22,436</b>	<b>22,301</b>
Less than 3 years	15,699	15,600
3 to 5 years	1,939	1,485
5 to 10 years	4,249	4,697
More than 10 years	549	519
<b>Supranational, bank and corporate bonds</b>	<b>11,373</b>	<b>11,114</b>
<b>Equities</b>	<b>1,459</b>	<b>1,430</b>
<b>Total</b>	<b>35,268</b>	<b>34,845</b>
<b>AFS reserves</b>	<b>284</b>	<b>206</b>

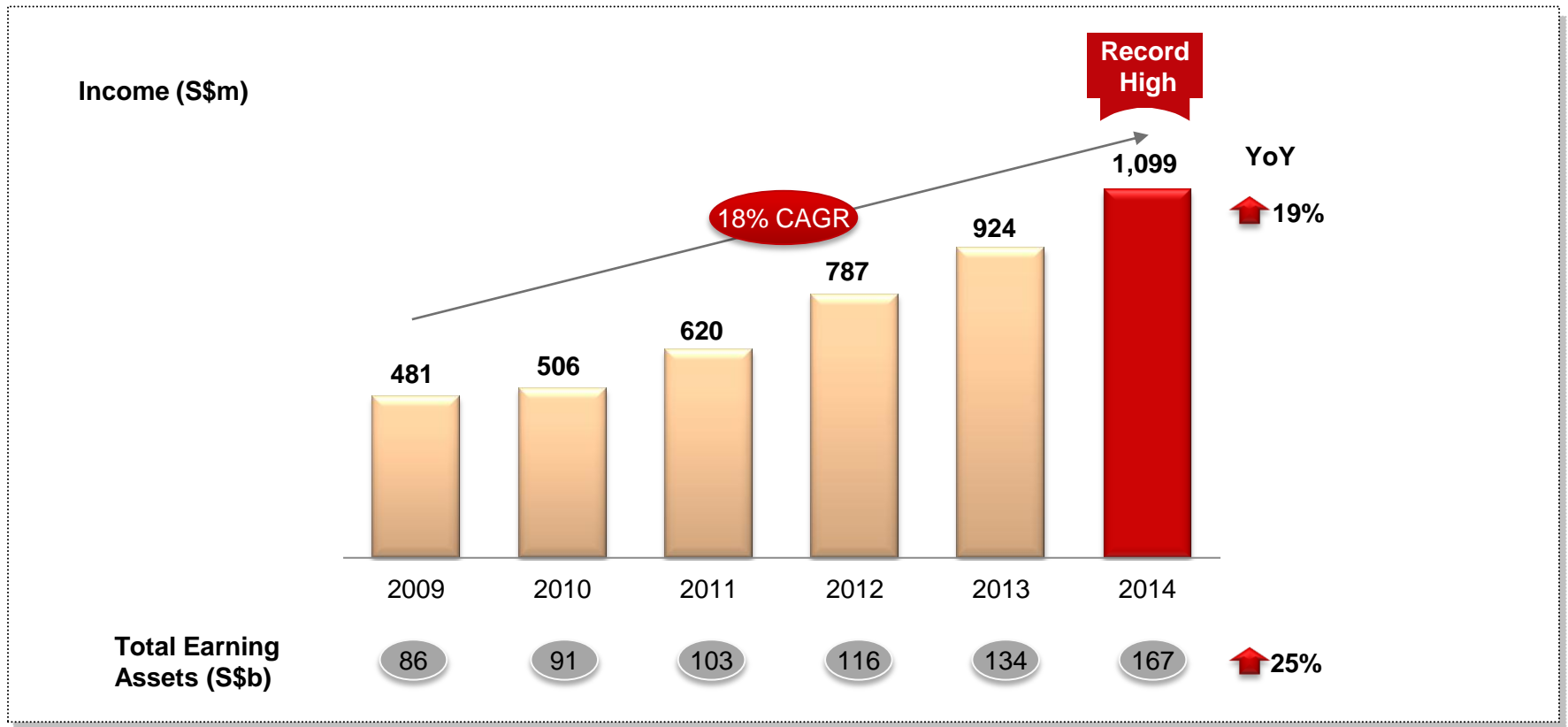
Time-banding is based on reporting date to maturity date

# SME



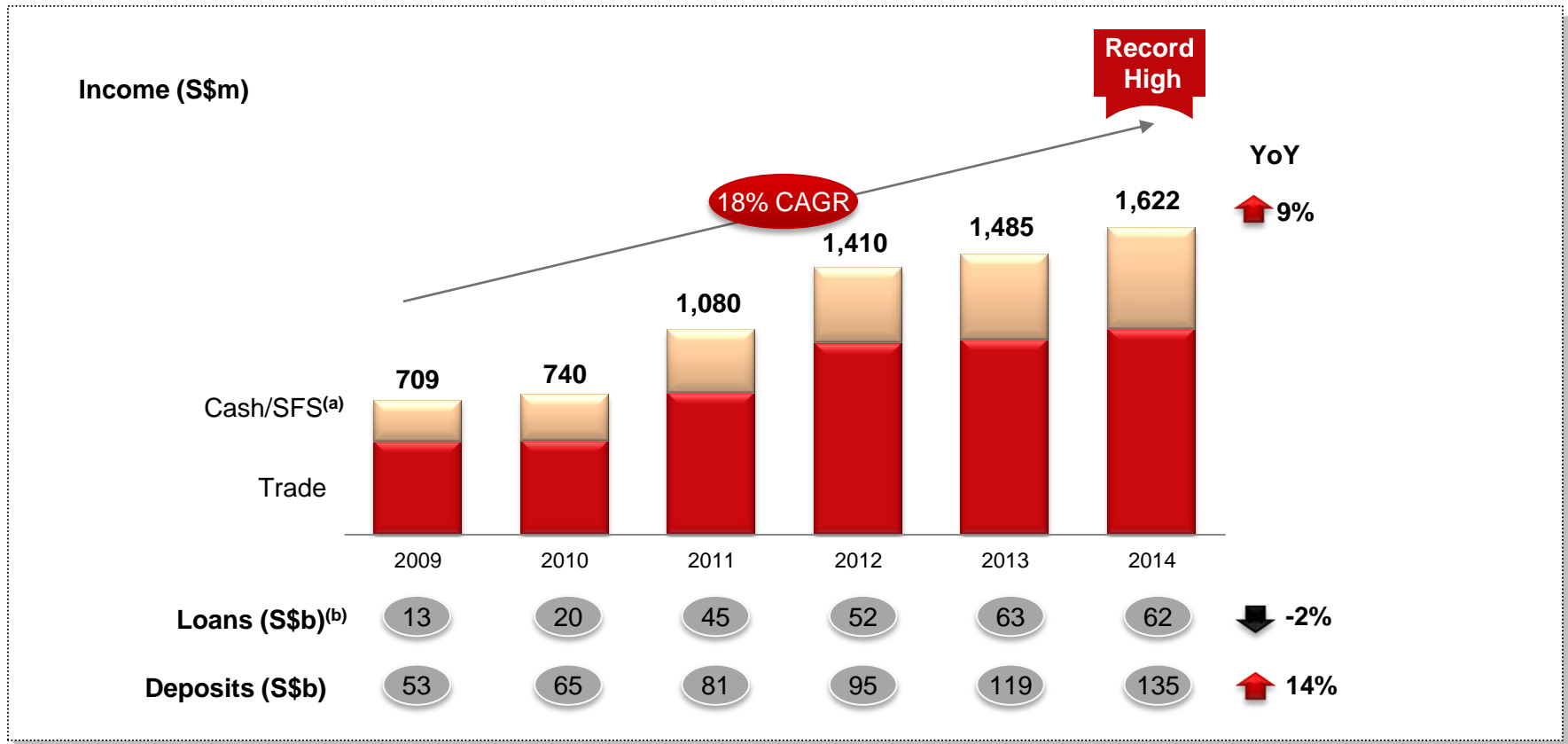
\* Up 8% on comparable basis that excludes the impact of customer up-tiering

# Wealth



Comprising Treasures, Treasures Private Client and Private Bank  
Total earning assets at end of period  
FY2014 financials include SGPB Asia which was integrated 6 Oct 2014

# Global transaction services



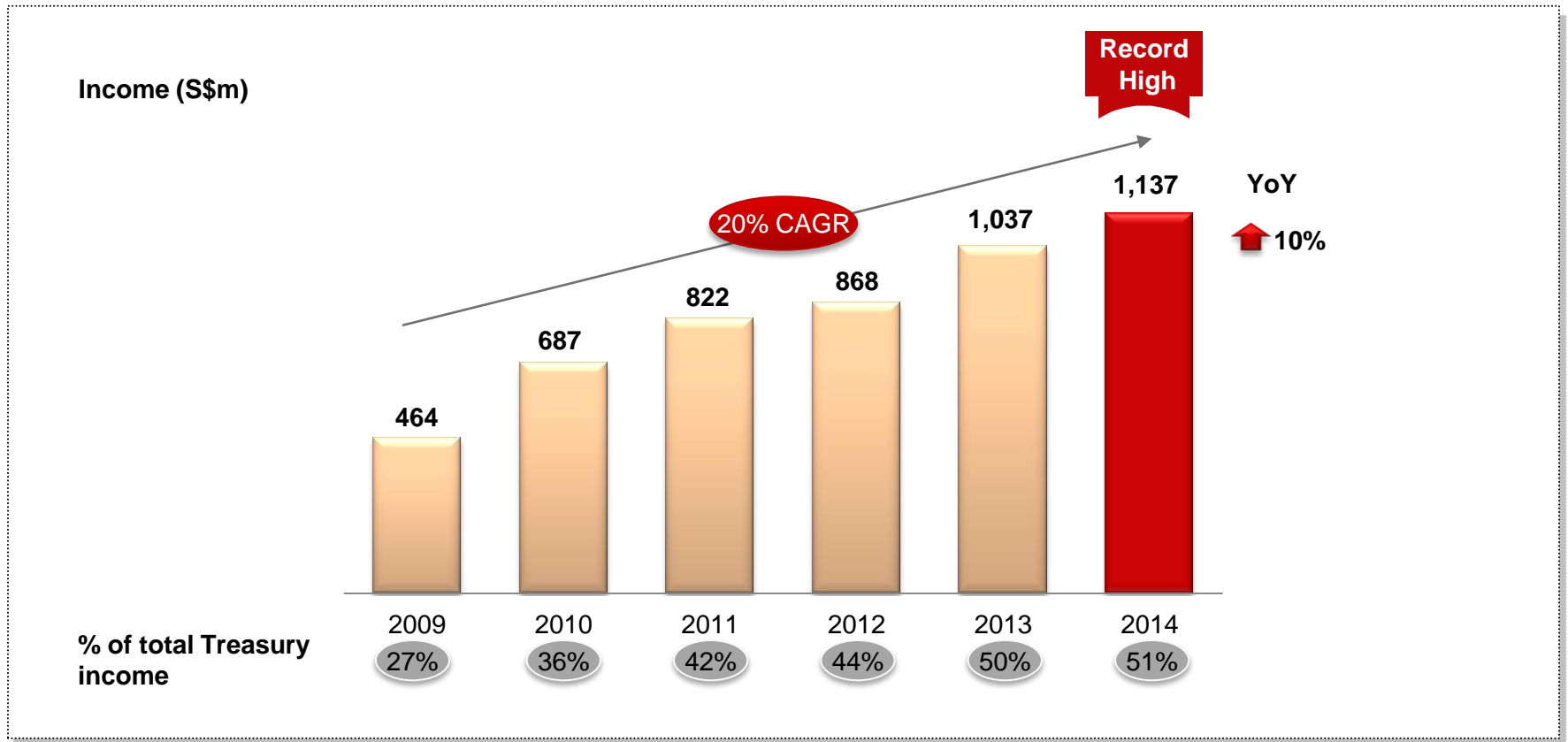
Assets and deposits at end of period

(a) Security and fiduciary services

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



# Treasury cross-sell customer flows



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