



News Release

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DBS FIRST-HALF EARNINGS RISE 9% TO CROSS SGD 2 BILLION

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Second-quarter earnings up 9% to SGD 969 million

SINGAPORE, 1 August 2014 – DBS Group delivered record net profit of SGD 2.00 billion for the first six months of 2014, up 9% from a year ago, crossing the SGD 2 billion mark for the first time. Including one-time items, net profit was SGD 2.20 billion.

The performance was underpinned by a 3% increase in total income to SGD 4.76 billion as higher net interest margin, loan volumes and annuity fee income streams more than offset a decline in market-related income. Allowance charges were lower, declining 40% to SGD 279 million, as the non-performing loan rate improved to 0.9% and the allowance coverage of non-performing assets increased to 162%.

For the second quarter, net profit rose 9% from a year ago to SGD 969 million.



First-half earnings rise 9%

First-half net interest income increased 12% to SGD 3.05 billion as loan and deposit volumes grew and net interest margin improved three basis points to 1.66%. Loans rose 10% to SGD 257 billion from regional corporate borrowing and secured consumer loans.

Net fee income rose 3% to SGD 1.01 billion with increased contributions from annuity activities. Wealth management fees rose 19% to a new high of \$255 million, while card and loan-related fees also increased. These increases were partially offset by lower brokerage commissions and investment banking fees. Other non-interest income fell 24% to SGD 706 million due mainly to lower net trading income.

Total income rose 3% to SGD 4.76 billion. By business segment, Consumer Banking/Wealth Management (CBG) increased 10% to SGD 1.38 billion and Institutional Banking (IBG) grew 5% to SGD 2.49 billion. The increase in both businesses' incomes was broad-based across products and included an 8% increase in income from treasury customer flows to SGD 627 million. Treasury segment income declined 15% to SGD 516 million. CBG and IBG accounted for a combined 81% of total income from 78% a year ago.

Expenses increased 8% to SGD 2.10 billion from higher staff and operating costs. The cost-income ratio was 44%.

Total allowances declined 40% to SGD 279 million. Specific allowances fell 20% to SGD 195 million or 14 basis points of loans due partly to non-performing loan resolutions. General allowances of SGD 84 million were taken in tandem with loan growth and were 62% lower.



Second-quarter earnings increase 9% from year ago

For the second quarter, net profit rose 9% from a year ago to SGD 969 million. Net interest income and fee income were higher and allowance charges declined. These improvements were partially offset by a decline in other non-interest income.

Net interest income rose 13% to SGD 1.56 billion from higher loan and deposit volumes as well as better net interest margin, which improved five basis points to 1.67%.

Fee income increased 5% to SGD 503 million as higher wealth management and card fees were partially offset by lower brokerage commissions.

Other non-interest income fell 44% to SGD 253 million due to a decline in net trading income. There had also been a gain of SGD 44 million from the sale of fixed assets in second-quarter 2013.

Total income was unchanged at SGD 2.31 billion while expenses rose 7% to SGD 1.05 billion. Total allowances fell 48% to SGD 128 million as both specific and general allowances were lower.

A gain of SGD 39 million was recorded in the share of profit of associates during the quarter from the divestment of the operating entities of Hwang Capital (Malaysia).

Second-quarter earnings 6% lower than previous quarter

Second-quarter net profit was 6% below the previous quarter as net interest income growth was more than offset by a decline in other non-interest income.

Net interest income increased 5%. Loans grew 2% from Singapore dollar consumer and corporate borrowing. Net interest margin was stable at 1.67%.

Fee income was maintained around the previous quarter's levels as increases in



wealth management and investment banking fees were offset by a decline in loan-related fees. Other non-interest income declined 44% as a result of lower net trading income.

Total income fell 6% while expenses were little changed. Total allowances were 15% lower as general allowances declined.

Balance sheet remains strong

Asset quality continued to be strong. The non-performing loan rate improved to 0.9% from 1.0% in the previous quarter and 1.2% a year ago due to loan resolutions. The allowance coverage of non-performing assets rose to new highs of 162% and to 321% if collateral was considered.

Deposits rose 9% during the past 12 months, in line with loan growth, to SGD 299 billion. The increase was led by US dollar deposits and Singapore dollar savings accounts. The loan-deposit ratio was stable at 86%. Together with funding from wholesale sources, there is ample liquidity to fund future growth.

Capital adequacy ratios were comfortably above regulatory requirements, with Common Equity Tier-1 at 13.5%, Tier-1 at 13.5% and the total adequacy ratio at 15.7%.

DBS CEO Piyush Gupta said, "DBS reached a new milestone with half year earnings crossing the SGD 2 billion mark for the first time. Margins rose, annuity income remained strong and asset quality improved. This broad-based performance enabled us to continue our multi-year track record of solid growth."



The Board declared a first-half dividend of 28 cents a share, unchanged from first-half 2013. The scrip dividend scheme will apply to the dividend. Scrip dividends will be issued at the average of the last-dealt price on 13, 14 and 15 August 2014 to shareholders electing to receive dividends in scrip.

About DBS

DBS - Living, Breathing Asia

DBS is a leading financial services group in Asia, with over 250 branches across 17 markets. Headquartered and listed in Singapore, DBS has a growing presence in the three key Asian axes of growth: Greater China, Southeast Asia and South Asia. The bank's capital position, as well as "AA-" and "Aa1" credit ratings, is among the highest in Asia-Pacific. DBS has been recognised for its leadership in the region, having been named "Asia's Best Bank" by The Banker, a member of the Financial Times group, and "Best Bank in Asia-Pacific" by Global Finance. The bank has also been named "Safest Bank in Asia" by Global Finance for five consecutive years from 2009 to 2013.

DBS provides a full range of services in consumer, SME and corporate banking activities across Asia. As a bank born and bred in Asia, DBS understands the intricacies of doing business in the region's most dynamic markets. These market insights and regional connectivity have helped to drive the bank's growth as it sets out to be the Asian bank of choice. DBS is committed to building lasting relationships with customers, and positively impacting communities through supporting social enterprises, as it banks the Asian way. It has also established a SGD 50 million foundation to strengthen its corporate social responsibility efforts in Singapore and across Asia.

With its extensive network of operations in Asia and emphasis on engaging and empowering its staff, DBS presents exciting career opportunities. The bank acknowledges the passion, commitment and can-do spirit in all of our 20,000 staff, representing over 30 nationalities. For more information, please visit www.dbs.com.

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