News Release

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DBS POSTS RECORD 2013 NET PROFIT OF SGD 3.50 BILLION

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Total income rises 11% to new high of SGD 8.93 billion

SINGAPORE, 14 February 2014 – DBS Group Holdings' net profit rose to a record SGD 3.50 billion for 2013. Including one-time items, net profit was SGD 3.67 billion.

Total income increased 11% to a new high of SGD 8.93 billion, propelled by higher loan volumes and broad-based non-interest income growth. The double-digit top-line growth reflected the depth and resilience of DBS' regional franchise in a year marked by market volatility. Profit before allowances increased 13% to cross SGD 5 billion for the first time.

The stronger operating performance was partially offset by higher general and specific allowances, resulting in net profit growth of 4% before one-time items.

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Full-year performance underpinned by double-digit income growth

Total income rose 11% to SGD 8.93 billion.

Net interest income rose 5% to a record SGD 5.57 billion. Loans increased 18% or SGD 38 billion to SGD 249 billion, led by regional trade loans, Singapore corporate borrowing and secured consumer loans. While the net interest margin of 1.62% was eight basis points below the previous year due to lower average loan spreads and yields on securities, it was stable during the course of the year with little quarterly fluctuations.

Non-interest income increased 21% to a record SGD 3.36 billion. Fee income rose 19% to SGD 1.89 billion. All fee segments grew by double-digit percentage terms, with contributions from wealth management and trade and transaction services reaching new highs. Stockbroking commissions and investment banking income benefited from stronger capital market activity, particularly in the first half. Other non-interest income increased 23% to SGD 1.47 billion as higher treasury customer income and trading gains were partially offset by lower income from investment securities.

By customer segments, Wealth Management income increased 18% to SGD 924 million and Small and Medium Enterprise Banking income grew 11% to SGD 1.37 billion. By product lines, income from treasury customer flows rose 19% to SGD 1.04 billion, accounting for a record 50% of total Treasury income from 44% in the previous year. Income from Global Transaction Services increased 5% to SGD 1.48 billion as double-digit percentage increases in loans and deposits were offset by lower rates.

Institutional Banking and Consumer Banking / Wealth Management, the two customer-facing business units, respectively accounted for 52% and 28% of the group's

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total income. The remaining 20% was attributable to other activities, including balance sheet management, market making, and investment and trading gains.

Expense growth was contained at 8% to SGD 3.92 billion, giving a positive jaw of three percentage points. Cost-income ratio improved to 44% from 45% a year ago. Profit before allowances increased 13% to SGD 5.01 billion.

Total allowances rose 85% to SGD 770 million. General allowances increased in line with stronger loan growth while specific allowances doubled to 18 basis points of loans from exceptionally low levels a year ago.

One-time items amounted to SGD 171 million, comprising a gain of SGD 221 million for the partial divestment of a stake in the Bank of Philippine Islands less a sum of SGD 50 million set aside to establish the DBS Foundation to further the group's commitment to social and community development.

Fourth-quarter income rises 10% from a year ago

Net profit for the fourth quarter rose 6% from a year ago to SGD 802 million. A 10% increase in total income to SGD 2.15 billion was partially offset by higher allowances. Strong business momentum resulted in fourth-quarter income crossing SGD 2 billion for the first time.

Net interest income increased 12% to SGD 1.45 billion as loans grew 18% and net interest margin was stable at 1.61%. Non-interest income rose 5% to SGD 697 million. Fee income increased 18% to SGD 439 million with wealth management, investment banking, trade and transaction services and cards leading the increase.

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Other non-interest income declined 12% to SGD 258 million as there had been a gain on fixed asset sales of SGD 41 million a year ago.

Expenses rose 9% to SGD 1.03 billion. Profit before allowances was 10% higher at SGD 1.12 billion. Total allowances increased 32% to SGD 151 million as both general and specific allowances increased.

Fourth-quarter income maintained at previous quarter's level

Total income was maintained at the previous quarter's level as sustained growth in customer income offset lower trading gains.

Net interest income rose 3%. Loans grew 3% from regional corporate and secured consumer loans while net interest margin was stable. Fee income fell 5%, mainly due to lower contributions from loan-related activities. Contributions from other fee segments were generally maintained at recent quarters' levels. Other non-interest income fell 9% from a decline in trading gains.

Expenses rose 9% due to higher computerisation and other non-staff costs. Total allowances were unchanged as both general and specific allowances were stable.

Fourth-quarter net profit was 7% below the previous quarter.

Balance sheet remains strong

Asset quality remained healthy. The non-performing loan rate was little changed from recent quarters at 1.1%. Allowance coverage was at 135% and at 204% if collateral was considered.

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Liquidity continued to be ample. Deposits grew 15% or SGD 39 billion during the year to SGD 292 billion, in line with loan growth, and the loan-deposit ratio was maintained around recent quarters' levels at 85%. Three-fifths of the deposit growth during the year was in US dollars from multi-national corporations, institutional investors and other customers.

The group was also well capitalised, with a total capital adequacy ratio of 16.3% and a Common Equity Tier-1 ratio of 13.7%.

The Board proposed a final dividend of 30 cents per share for approval at the forthcoming annual general meeting. This compares to a final dividend of 28 cents per share in 2012 and raises the full-year payout from 56 cents per share to 58 cents per share. The increase is in line with DBS' dividend policy of paying sustainable dividends in line with its capital management objectives and long-term growth prospects. The scrip dividend scheme will be applicable to the final dividend. Scrip dividends will be issued at the average of the last-dealt share price on each of 12, 14 and 15 May 2014.

DBS CEO Piyush Gupta said, "Our record earnings in a year marked by significant market volatility are testament to the strength and resilience of our franchise. DBS is today operating on a higher trajectory and increasingly recognised as a leading Asian bank. To reward shareholders, we are pleased to raise our full-year payout to 58 cents per share. Going forward, we will invest in intensifying our efforts to digitise the bank and redefine the customer experience. We remain committed to stakeholder value creation and to shaping the future of banking."

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About DBS

DBS - Living, Breathing Asia

DBS is a leading financial services group in Asia, with over 250 branches across 16 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 as “Asia’s Best Bank” by The Banker, a member of the Financial Times group, and “Best Managed Bank in Asia-Pacific” by The Asian Banker. 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 also committed to building lasting relationships with customers, and positively impacting communities through supporting social enterprises, as it banks the Asian way.

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 19,000 staff, representing over 30 nationalities. For more information, please visit www.dbs.com.

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