

Record 2015 earnings

DBS Group Holdings
4Q 2015 financial results
February 22, 2016

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Highlights

Record 2015 earnings at \$4.45 billion

- Total income rises 12% to cross the \$10 billion mark, propelled by record net interest income and broad-based non-interest income growth
- Cost-income ratio maintained at 45%
- ROE of 11.2%

4Q earnings up 20% to \$1.00 billion

- Total income up 13% on year to \$2.65 billion on record net interest income
- NIM up 6bp on quarter and 13bp on year to 1.84%, highest in five years
- Constant-currency non-trade loan growth of 2% on quarter and 5% on year offsets decline in trade loans

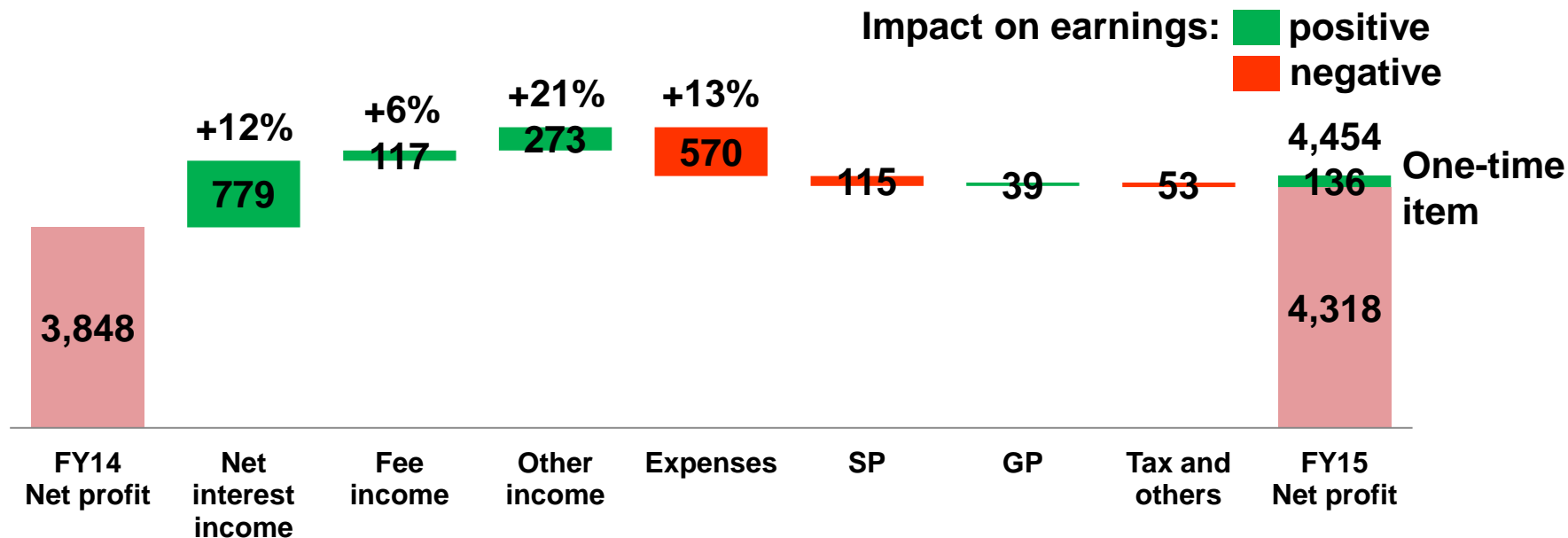
Resilient asset quality and strong balance sheet

- NPL unchanged at 0.9%, allowance coverage at 148%
- LCR at 122%, NSFR above 100%
- Fully phased-in CET 1 at 12.4%; leverage ratio at 7.3%

Full-year earnings at a record \$4.45bn

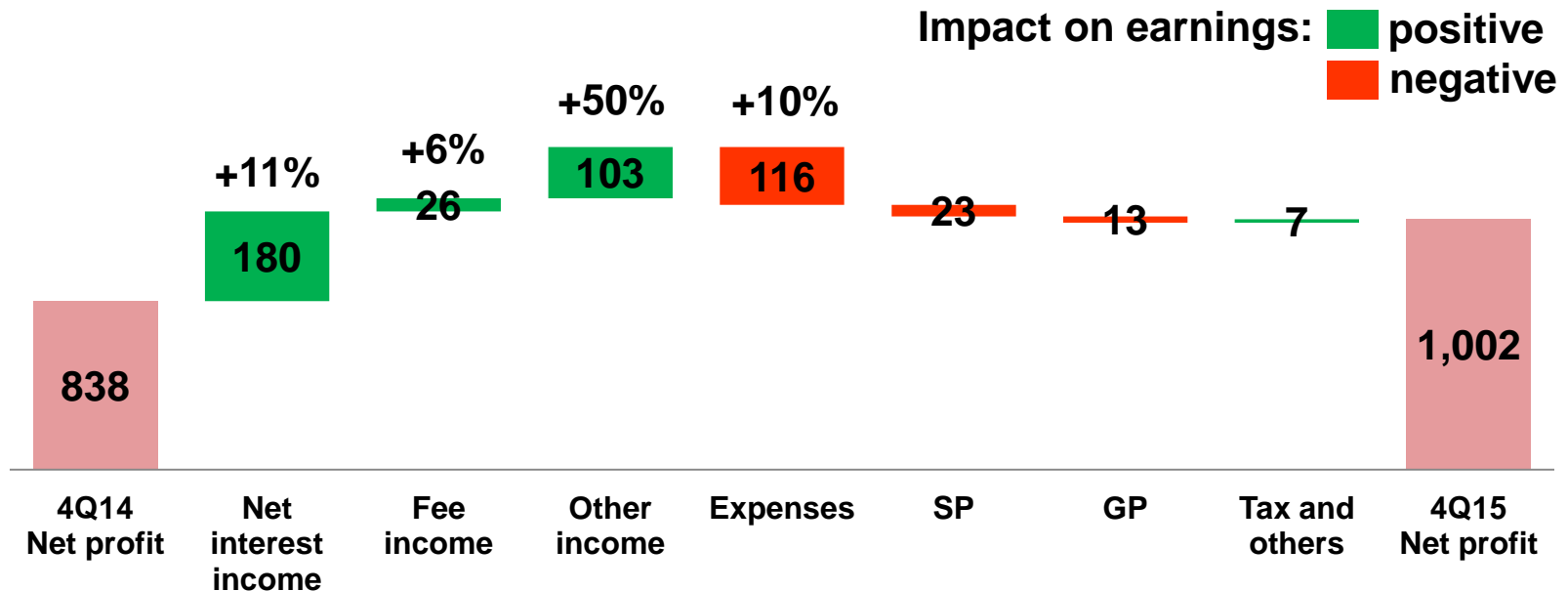
(S\$m)		FY15	YoY %
Total income	record	10,787	12
Expenses		4,900	13
Profit before allowances	record	5,887	11
Allowances		743	11
Net profit	record	4,318	12
Net profit incl. one-time item		4,454	10

- Total income up 12%, crossing \$10 billion mark
- Broad-based growth led by higher NIM (+9 bp), trading income and fees
- Cost/income maintained at 45%



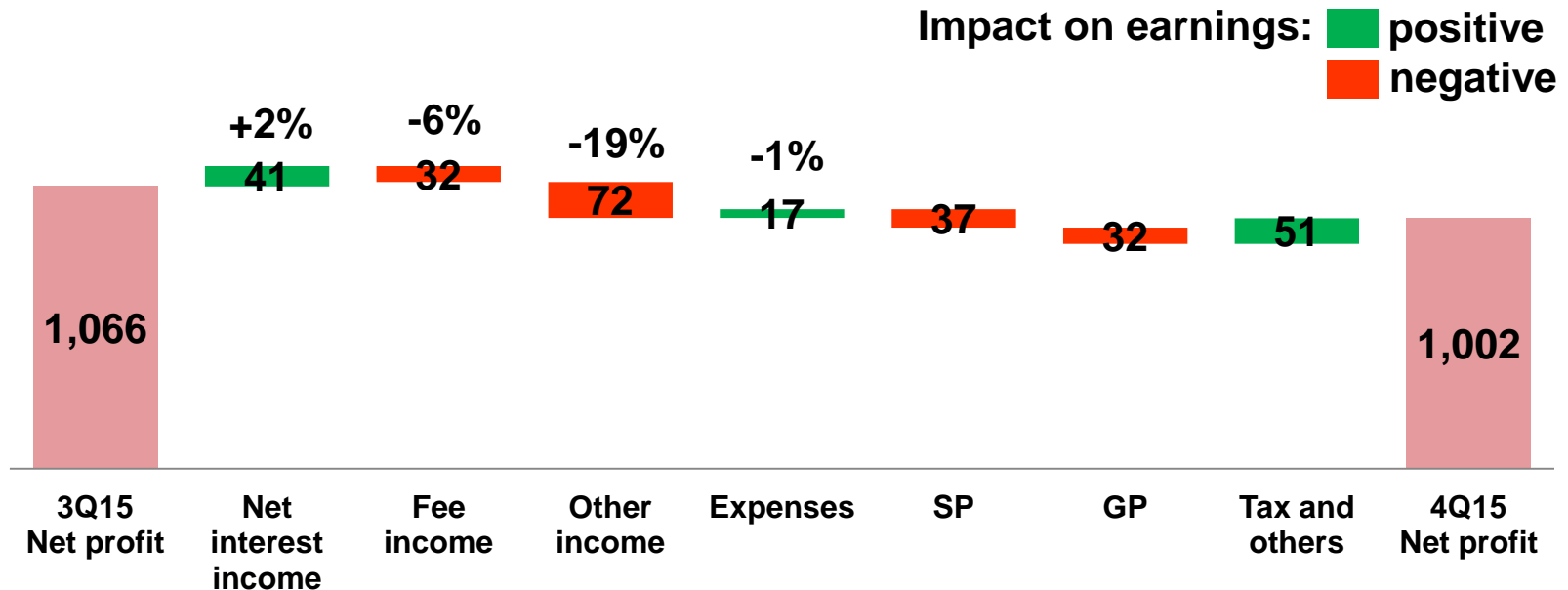
4Q earnings up 20% from a year ago

(S\$m)	4Q15	YoY %	
Total income	2,649	13	<ul style="list-style-type: none"> Total income up 13% on higher NIM (+13 bp), broad-based fee income and trading income
Expenses	1,242	10	
Profit before allowances	1,407	16	
Allowances	247	17	<ul style="list-style-type: none"> Costs rise less quickly than income GP of \$67m taken as a prudent measure
Net profit	1,002	20	

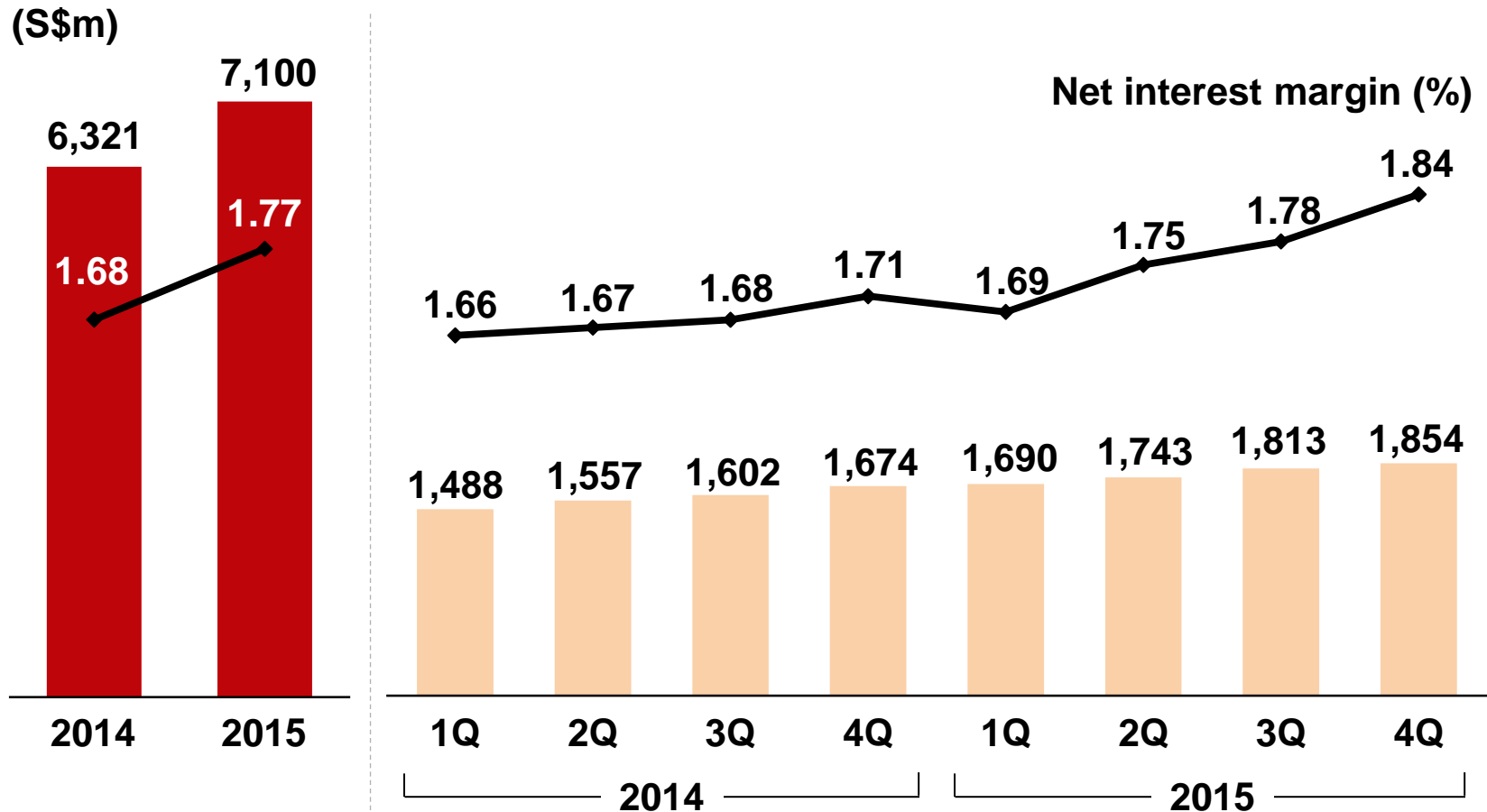


4Q earnings decline 6% on quarter

(S\$m)	4Q15	QoQ %	
Total income	2,649	(2)	<ul style="list-style-type: none"> Total income fell as higher NIM (+6 bp) more than offset by lower fees, and investment and fixed asset gains
Expenses	1,242	(1)	
Profit before allowances	1,407	(3)	
Allowances	247	39	<ul style="list-style-type: none"> Allowances higher from both SP and GP
Net profit	1,002	(6)	



NIM rises 6bp on quarter and 13bp on year to 1.84%, highest in five years



Constant-currency non-trade loan growth of 2% on quarter and 5% on year offsets decline in trade loans

(S\$bn)

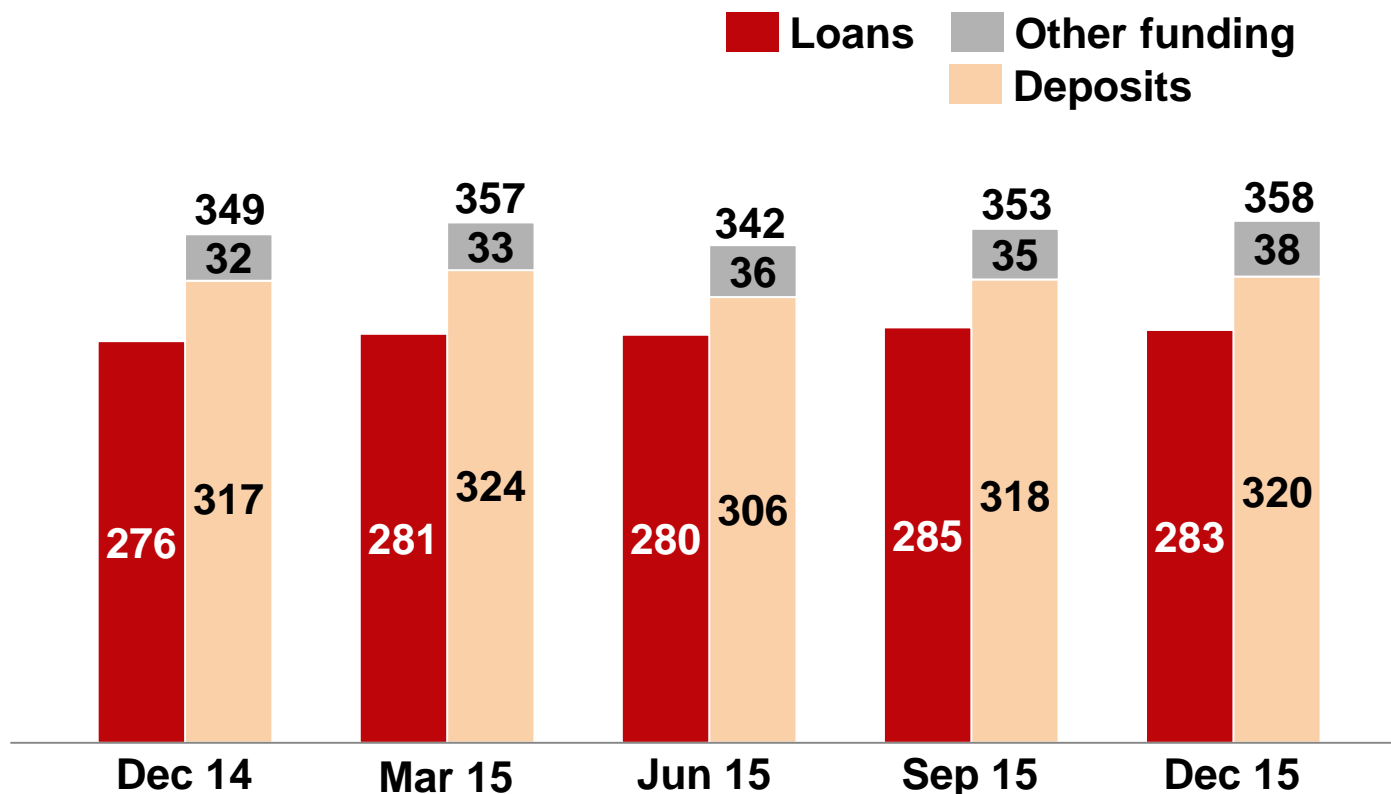
		QoQ		YoY	
		<u>Reported</u>	<u>Underlying</u>	<u>Reported</u>	<u>Underlying</u>
	287	-2	0	+8	-2
CBG	89	+2	+2	+7	+5
Other IBG	155	+1	+2	+11	+6
Trade	41	-4	-4	-10	-13

Loans

- Overall loan growth in constant-currency terms was flat in 4Q and -1% for full year

Ample liquidity with LCR at 122%

(S\$bn)



Ratios (%)

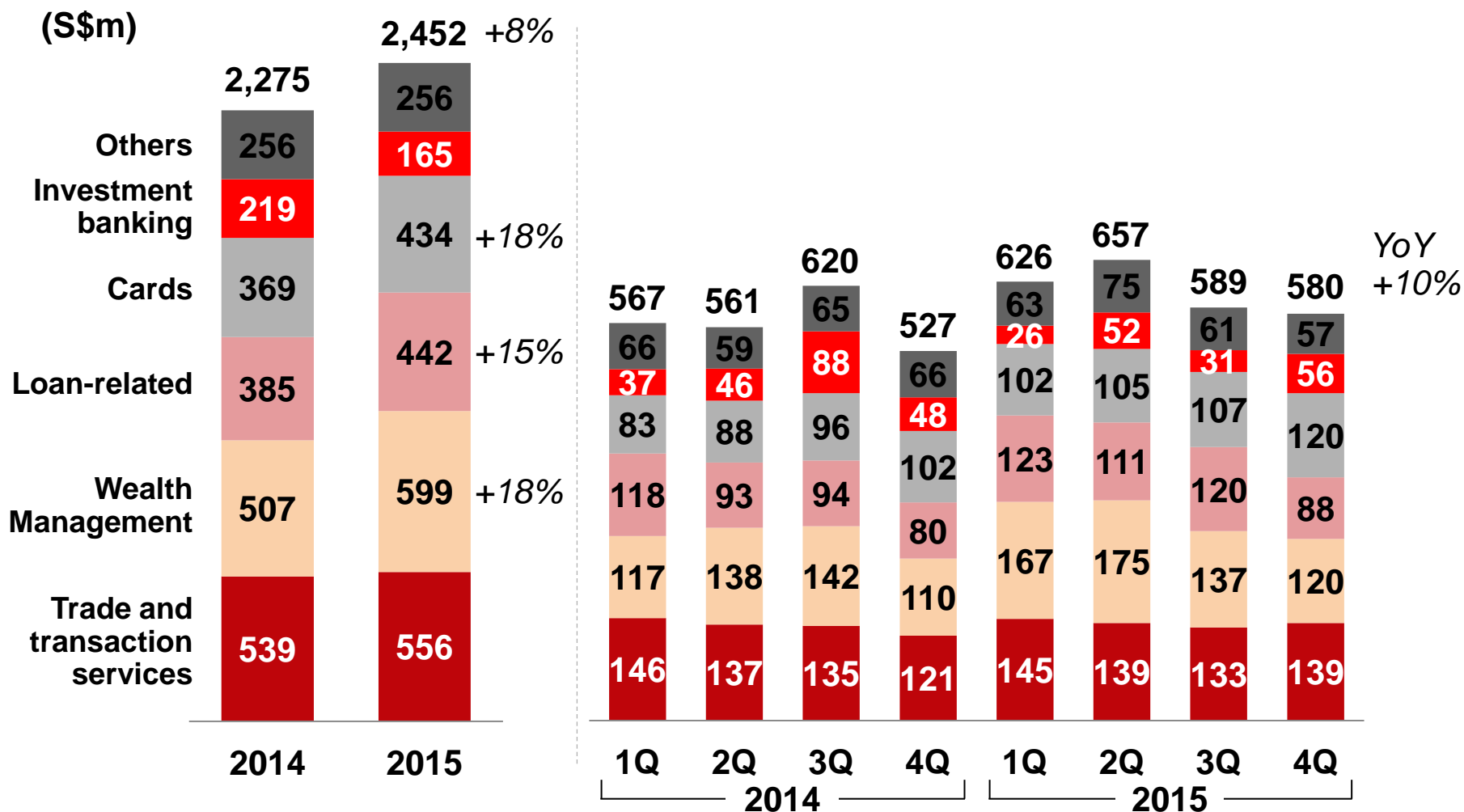
LDR	87	87	92	90	88
LCR *		135	131	121	122

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

* Average for quarter



4Q fee income up 10% on year, full year fee income up 8%



Gross fee income

IBG income up 7% for full year

(S\$m)	2015	2014	YoY %
Total income	5,290	4,967	7
Corporate	3,759	3,559	6
SME	1,531	1,408	9
Loans	2,605	2,290	14
Trade	931	1,081	(14)
Cash / SFS	670	513	31
Treasury	829	799	4
Others	255	284	(10)
Expenses	1,722	1,536	12
Profit before allowances	3,568	3,431	4
Allowances	558	540	3
Profit before tax	3,010	2,891	4
Assets (S\$bn)	224	226	(1)
Trade loans	47	62	(24)
Non-trade loans	155	144	8
Other assets	22	20	10
GTS deposits (S\$bn)	127	135	(6)

- Earnings rise 4% to \$3.01 billion
- Total income up 7% from higher loan volumes, NIM and loan-related fees
- Stronger cash management offsets lower trade income
- Assets little changed as growth in non-trade loans offsets trade loan decline
- Improved GTS deposit mix as higher cost deposits were managed out

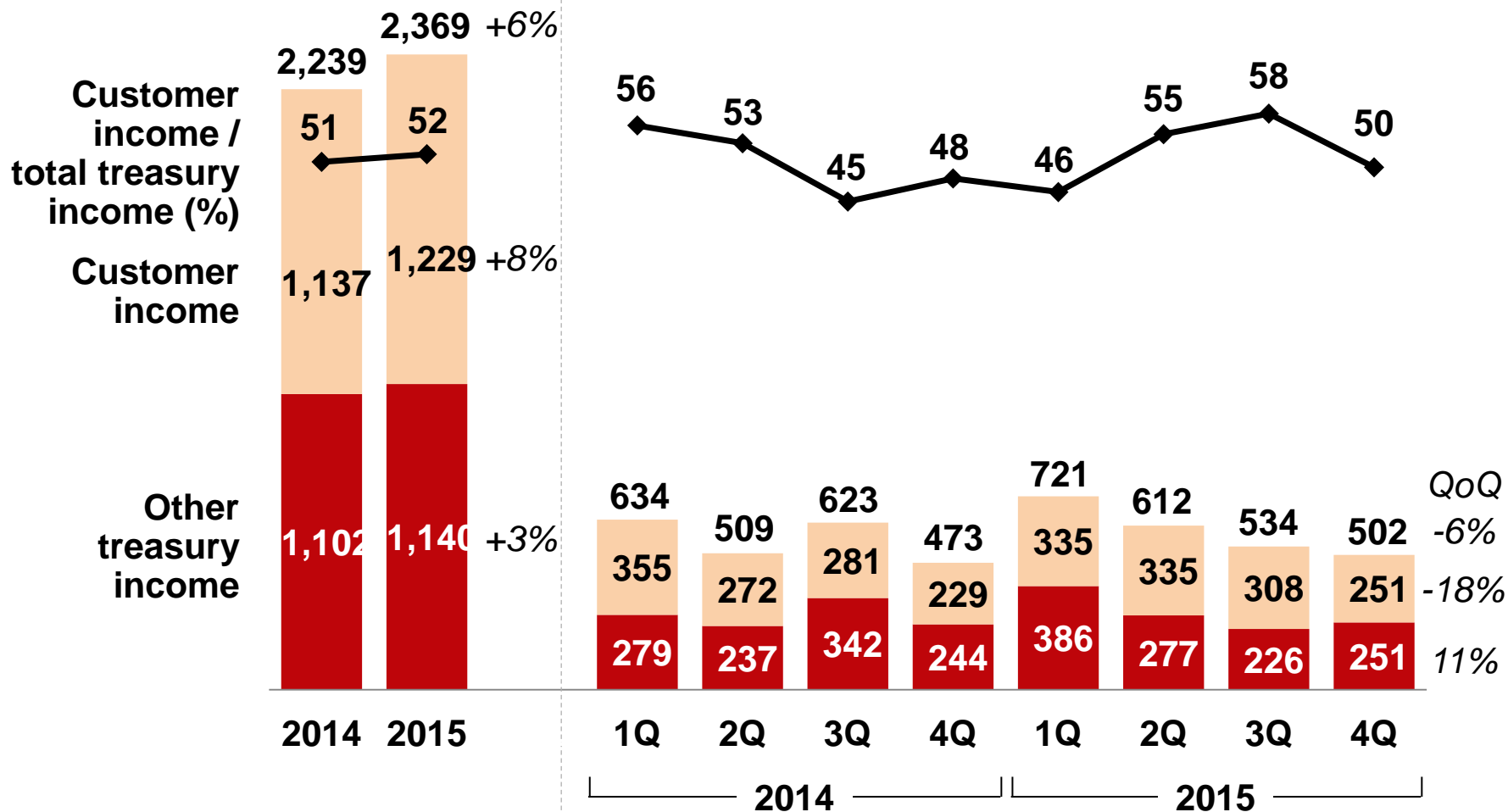
CBG / WM income up 23% for full year

(S\$m)	2015	2014	YoY %
Total income	3,547	2,882	23
Retail	2,131	1,783	20
Wealth Management	1,416	1,099	29
Loans and deposits	1,995	1,557	28
Investment products	958	803	19
Cards	531	474	12
Others	63	49	29
Expenses	2,261	1,920	18
Profit before allowances	1,286	962	34
Allowances	116	89	30
Profit before tax	1,170	876	34
AUM (S\$bn)	146	134	9
SGD savings (S\$bn)	105	101	4
Market share (%)	52.6	51.9	+0.7 pt

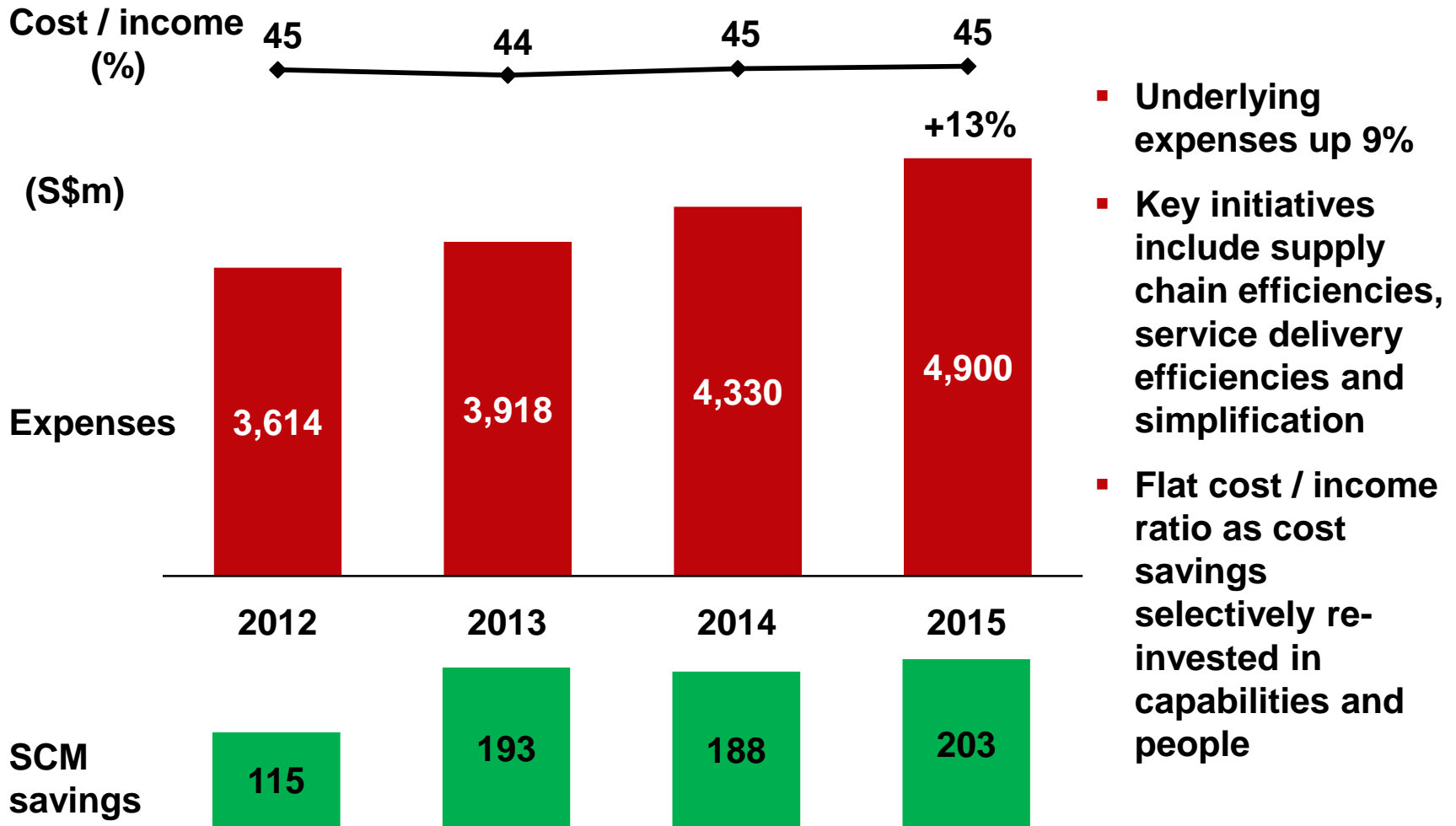
- Earnings rise 34% to a new high
- Total income up 23% from higher loan and deposit volumes, NIM, wealth management and card income
- Positive jaw as expenses rise less quickly than income
- Higher market share for SGD savings accounts

Full-year treasury customer income up 8%

(S\$m)



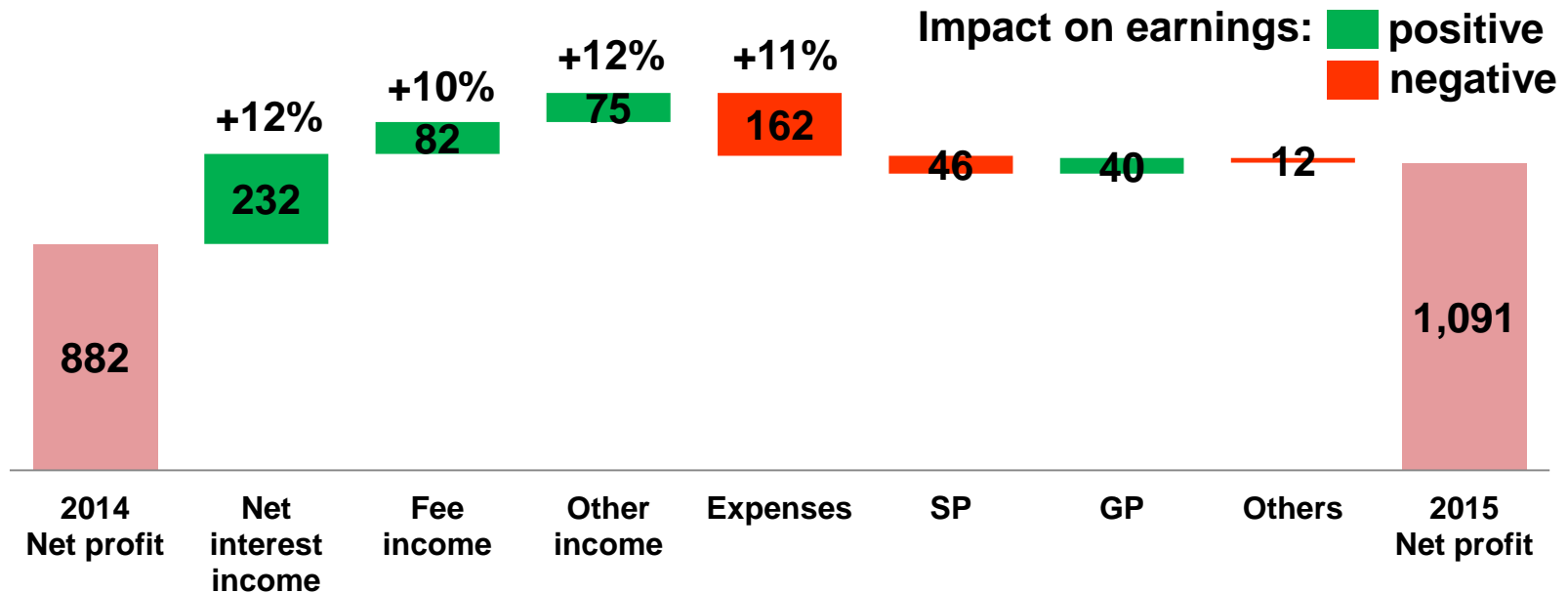
Cost-income ratio continues to be stable as strategic cost focus offsets new investments



SCM refers to strategic cost management. Amounts comprise cost reductions and cost avoidance

Hong Kong's underlying full-year earnings rise 14%

(S\$m)		FY15	YoY %	Underlying YoY %	
Total income	record	2,289	20	11	<ul style="list-style-type: none"> Higher NIM from improved loan and deposit mix
Expenses	record	951	21	11	
Profit before allowances		1,338	20	11	<ul style="list-style-type: none"> Wealth management led non-interest income growth
Allowances	record	58	12	6	
Net profit		1,091	24	14	

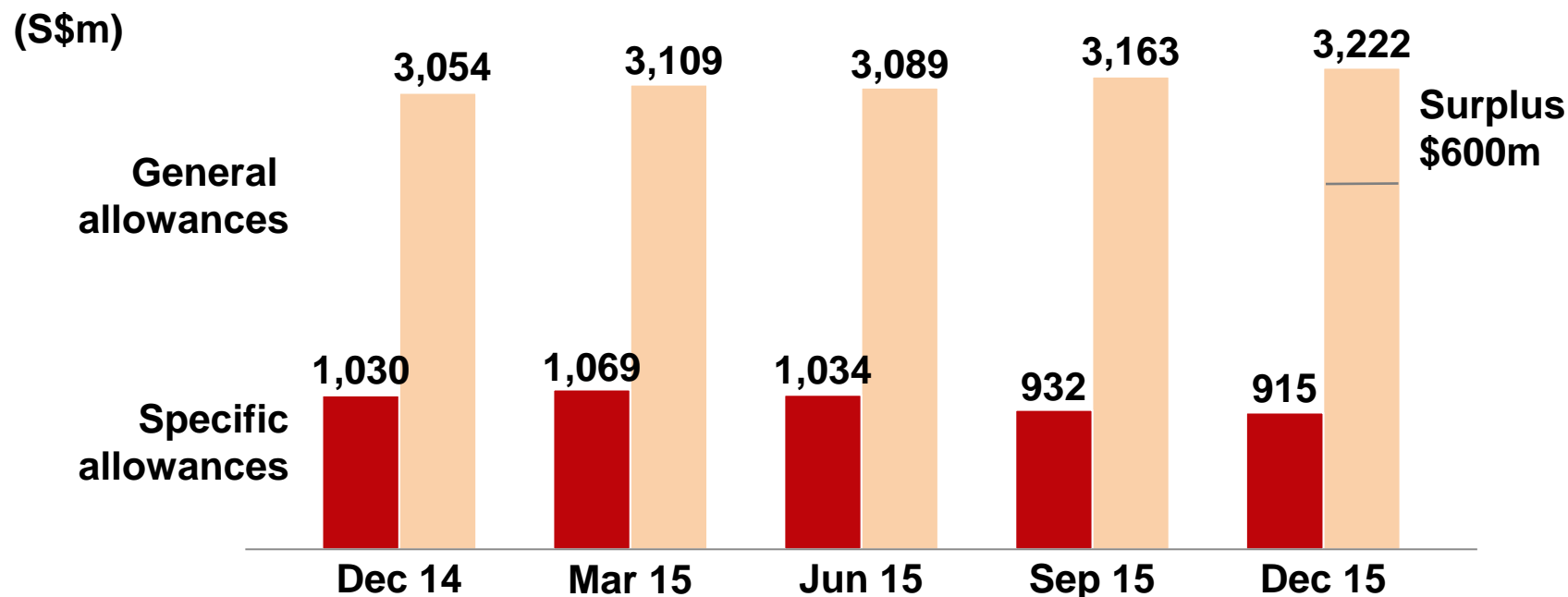


Asset quality resilient; increase in new NPAs led by two accounts that are substantially recoverable

(S\$m)	4Q 2015	3Q 2015	4Q 2014
NPAs at start of period	2,549	2,571	2,525
New NPAs	662	339	273
Upgrades, recoveries and translation	(211)	(74)	(56)
Write-offs	(208)	(287)	(229)
NPAs at end of period	2,792	2,549	2,513
NPL ratio (%)	0.9	0.9	0.9
SP / loans (bp)	17	20	22

Strong allowance coverage with cumulative GP of \$3.2 billion

- Surplus GP over what counts as Tier 2 capital is \$600m, which provides strong cushion to absorb additional SP without impacting CAR

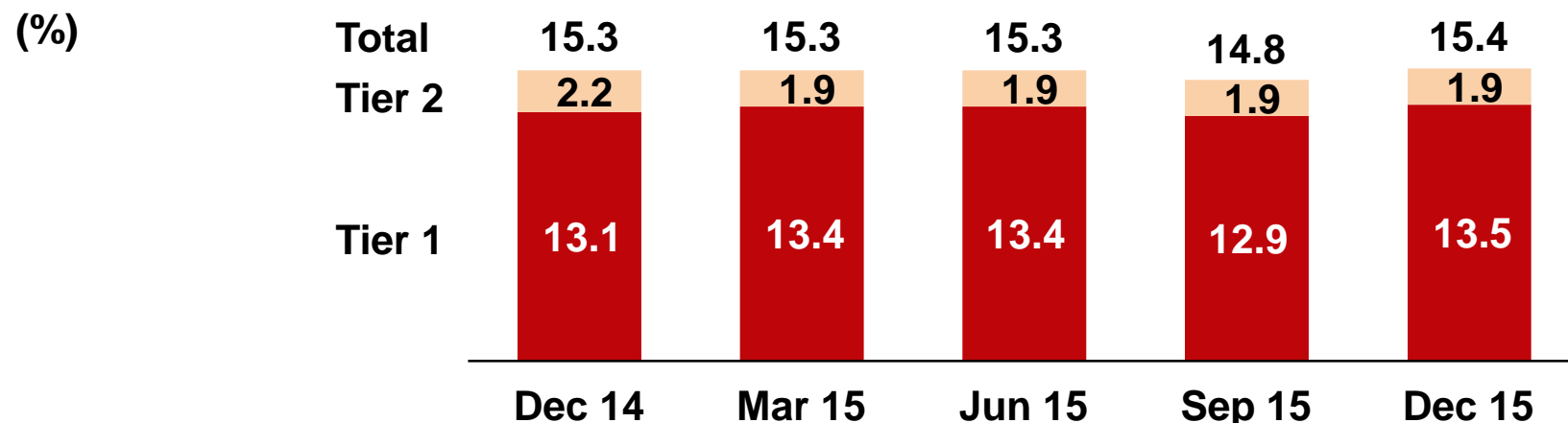


Cumulative general and specific allowances as % of:

NPA	163	161	160	161	148
Unsecured NPA	296	294	304	324	303

Strong CET 1 and leverage ratios

- RWA computations have been consistent with latest MAS clarification on undrawn commitments
- Comfortable capital position after factoring in latest Basel 3.5 changes for SACCR and FRTB
- RWA / total assets (or risk density) is at 60%, among the highest in the world

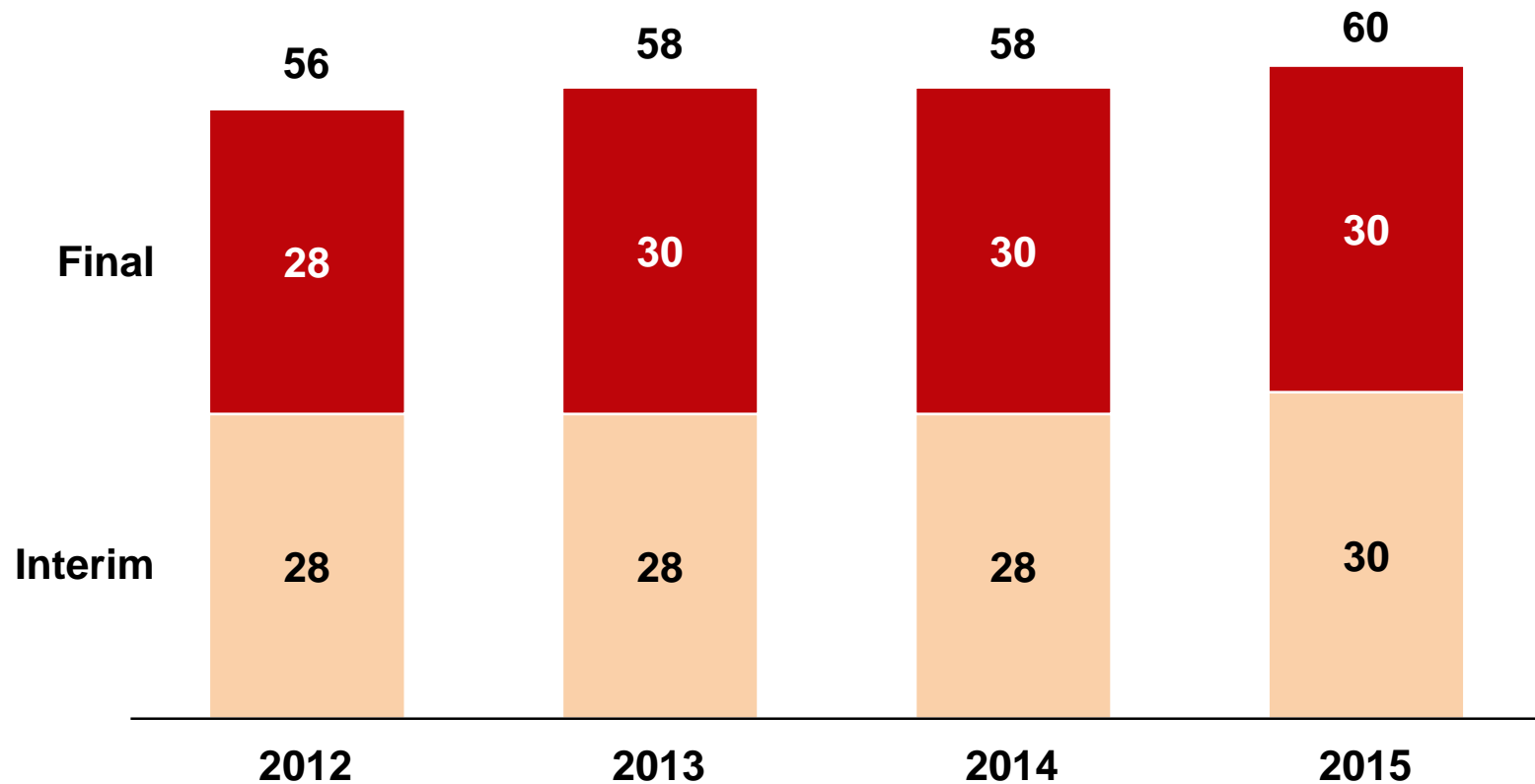


Common Equity Tier 1 (%)

	Dec 14	Mar 15	Jun 15	Sep 15	Dec 15
Transitional	13.1	13.4	13.4	12.9	13.5
Fully phased-in	11.9	12.2	12.3	11.9	12.4
RWA (\$bn)	264	269	268	279	274
Leverage ratio (%)	NA	7.1	7.3	7.1	7.3

Final dividend of 30 cents per share

(S¢ per share)



In summary – record 2015 earnings

Total income up 12% to cross \$10 billion for first time despite slower economic growth and volatile financial markets

Consistent performance through the year reflects franchise resilience and earnings quality

Asset quality remains resilient with prudent levels of specific and general allowances

Capital adequacy ratios remain strong after factoring in known Basel 3.5 changes

Remaining vigilant to risks while staying nimble

Supplementary slides

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Full-year earnings excluding one-time items up 12%

(S\$m)	FY 2015	FY 2014	YoY %
Net interest income	7,100	6,321	12
Fee income	2,144	2,027	6
Trading income	1,204	901	34
Other income	339	369	(8)
Non-interest income	3,687	3,297	12
Total income	10,787	9,618	12
Staff expenses	2,651	2,294	16
Other expenses	2,249	2,036	10
Expenses	4,900	4,330	13
Profit before allowances	5,887	5,288	11
General allowances	121	160	(24)
Specific allowances	622	507	23
Allowances	743	667	11
Net profit	4,318	3,848	12
One-time items	136	198	(31)
Net profit incl. one-time items	4,454	4,046	10

4Q earnings up 20% on year

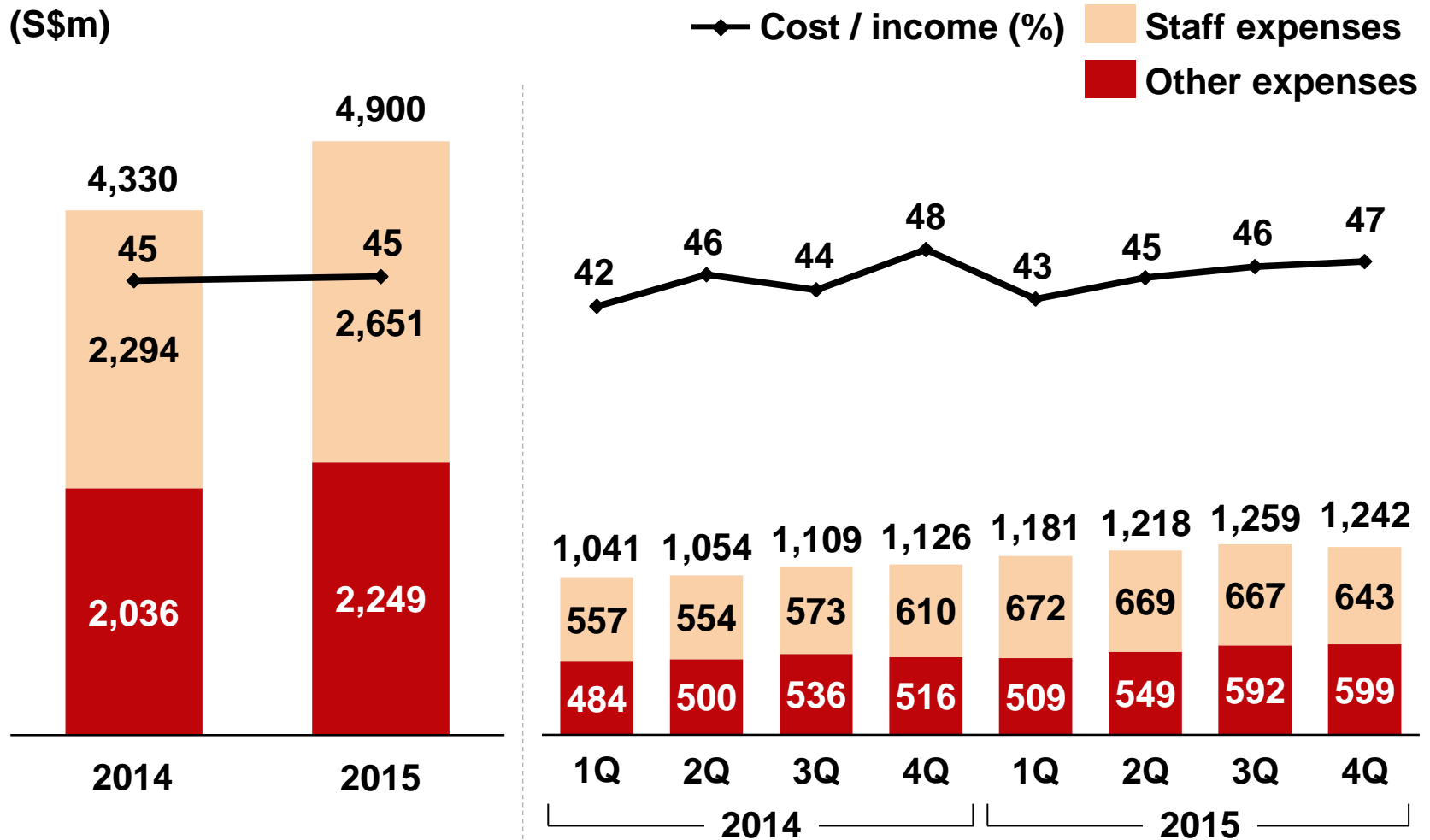
(S\$m)	4Q 2015	4Q 2014	YoY %	3Q 2015	QoQ %
Net interest income	1,854	1,674	11	1,813	2
Fee income	485	459	6	517	(6)
Trading income	289	92	>100	286	1
Other income	21	115	(82)	96	(78)
Non-interest income	795	666	19	899	(12)
Total income	2,649	2,340	13	2,712	(2)
Staff expenses	643	610	5	667	(4)
Other expenses	599	516	16	592	1
Expenses	1,242	1,126	10	1,259	(1)
Profit before allowances	1,407	1,214	16	1,453	(3)
General allowances	67	54	24	35	91
Specific allowances	180	157	15	143	26
Allowances	247	211	17	178	39
Net profit	1,002	838	20	1,066	(6)
One-time items	-	-	-	-	-
Net profit incl. one-time items	1,002	838	20	1,066	(6)

Full-year ROE at 11.2%

(%)	4Q 2015	4Q 2014	3Q 2015	FY 2015	FY 2014
Net interest margin	1.84	1.71	1.78	1.77	1.68
Fee income/total income	18	20	19	20	21
Non-interest income/total income	30	28	33	34	34
Cost/income	47	48	46	45	45
ROE	10.1	9.0	10.9	11.2	10.9
Loan/deposit	88	87	90	88	87
SP/loans (bp)	17	22	20	19	18
NPL ratio	0.9	0.9	0.9	0.9	0.9

Full-year cost-income ratio at 45%

(S\$m)



Hong Kong's underlying full-year earnings rise 14%

Constant-currency terms

(S\$m)	FY 2015	FY 2014	YoY %	YoY %
Net interest income	1,330	1,098	21	12
Non-interest income	959	802	20	11
Total income	2,289	1,900	20	11
Expenses	951	789	21	11
Profit before allowances	1,338	1,111	20	11
General allowances	(43)	(3)	NM	NM
Specific allowances	101	55	84	68
Allowances	58	52	12	6
Net profit	1,091	882	24	14
Net interest margin (%)	1.68	1.58		
Loan growth (%)				(9)
Non-trade growth (%)				0
Trade growth (%)				(35)
Deposit growth (%)				(10)

Hong Kong's underlying 4Q earnings stable on year

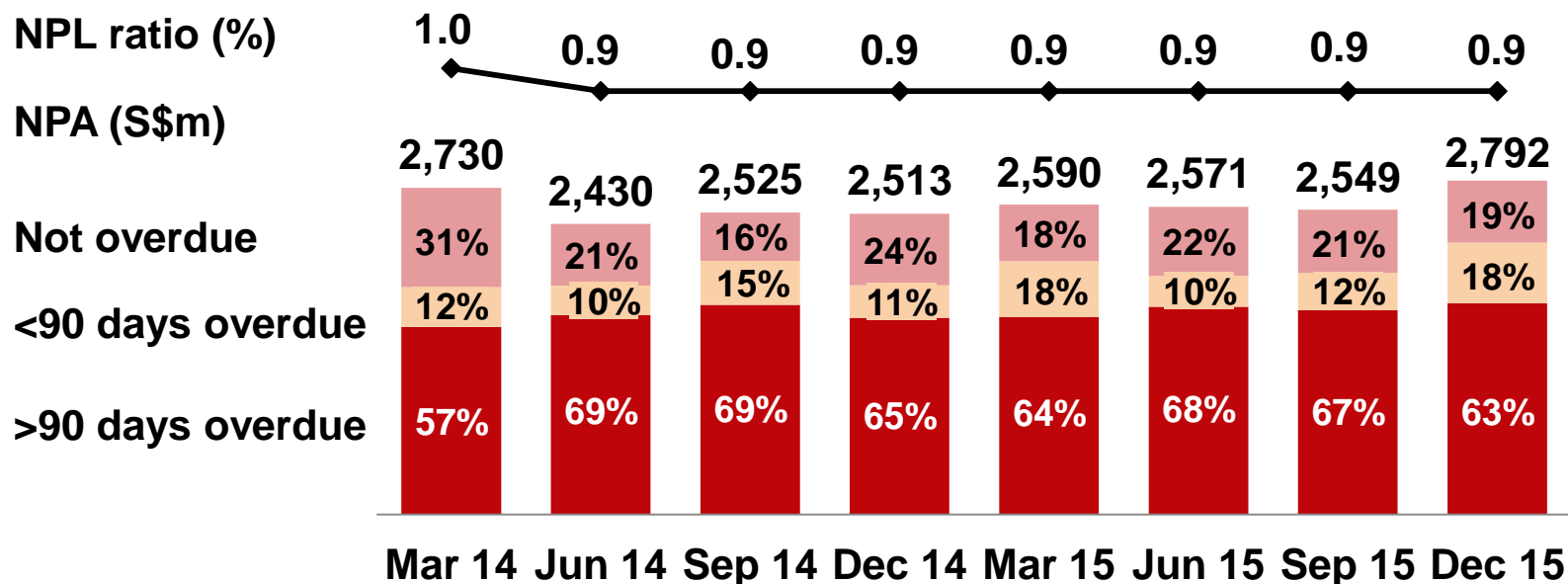
(S\$m)	Constant-currency terms						
	4Q 2015	4Q 2014	YoY %	YoY %	3Q 2015	QoQ %	QoQ %
Net interest income	344	308	12	3	356	(3)	(4)
Non-interest income	180	174	3	(4)	248	(27)	(28)
Total income	524	482	9	0	604	(13)	(14)
Expenses	251	230	9	1	240	5	4
Profit before allowances	273	252	8	0	364	(25)	(25)
General allowances	(15)	17	NM	NM	(31)	NM	NM
Specific allowances	43	14	>100	>100	18	>100	>100
Allowances	28	31	(10)	(10)	(13)	NM	NM
Net profit	202	184	10	1	329	(39)	(39)
Net interest margin (%)	1.79	1.66			1.73		
Loan growth (%)				(9)			(4)
Non-trade growth (%)				0			0
Trade growth (%)				(35)			(16)
Deposit growth (%)				(10)			(6)

Regional income up 3% on year

(S\$m)	FY 2015	FY 2014	YoY %
Net interest income	1,112	1,205	(8)
Non-interest income	710	563	26
Total income	1,822	1,768	3
Expenses	1,133	1,020	11
Profit before allowances	689	748	(8)
Allowances	365	361	1
Net profit	272	398	(32)

Figures for operations outside of Singapore and Hong Kong

NPL ratio unchanged at 0.9%, healthy allowance coverage



SP / loans (bp)	15	14	22	22	22	19	20	17
<u>Cumulative general and specific allowances as % of:</u>								
NPA	148	162	160	163	161	160	161	148
Unsecured NPA	271	321	324	296	294	304	324	303

Specific allowances lower on quarter and on year

(S\$m)	4Q 2015	3Q 2015	4Q 2014
<u>Add charges for</u>			
New NPLs	84	89	57
Existing NPLs	78	112	134
	162	201	191
<u>Subtract charges for</u>			
Upgrading	1	-	1
Settlements	21	41	29
Recoveries	14	18	12
	36	59	42
Total SP charges for loans	126	142	149
SP/loans (bp)	17	20	22

AFS duration remains short

(S\$m)	Dec 15	Sep 15
Government securities	25,266	23,266
Less than 3 years	15,878	14,370
3 to 5 years	3,534	3,347
5 to 10 years	4,716	4,308
More than 10 years	1,138	1,240
Supranational, bank and corporate bonds	11,884	11,960
Equities	1,697	1,361
Total	38,847	36,587
AFS reserves	96	97

Time-banding is based on maturity date from reporting date

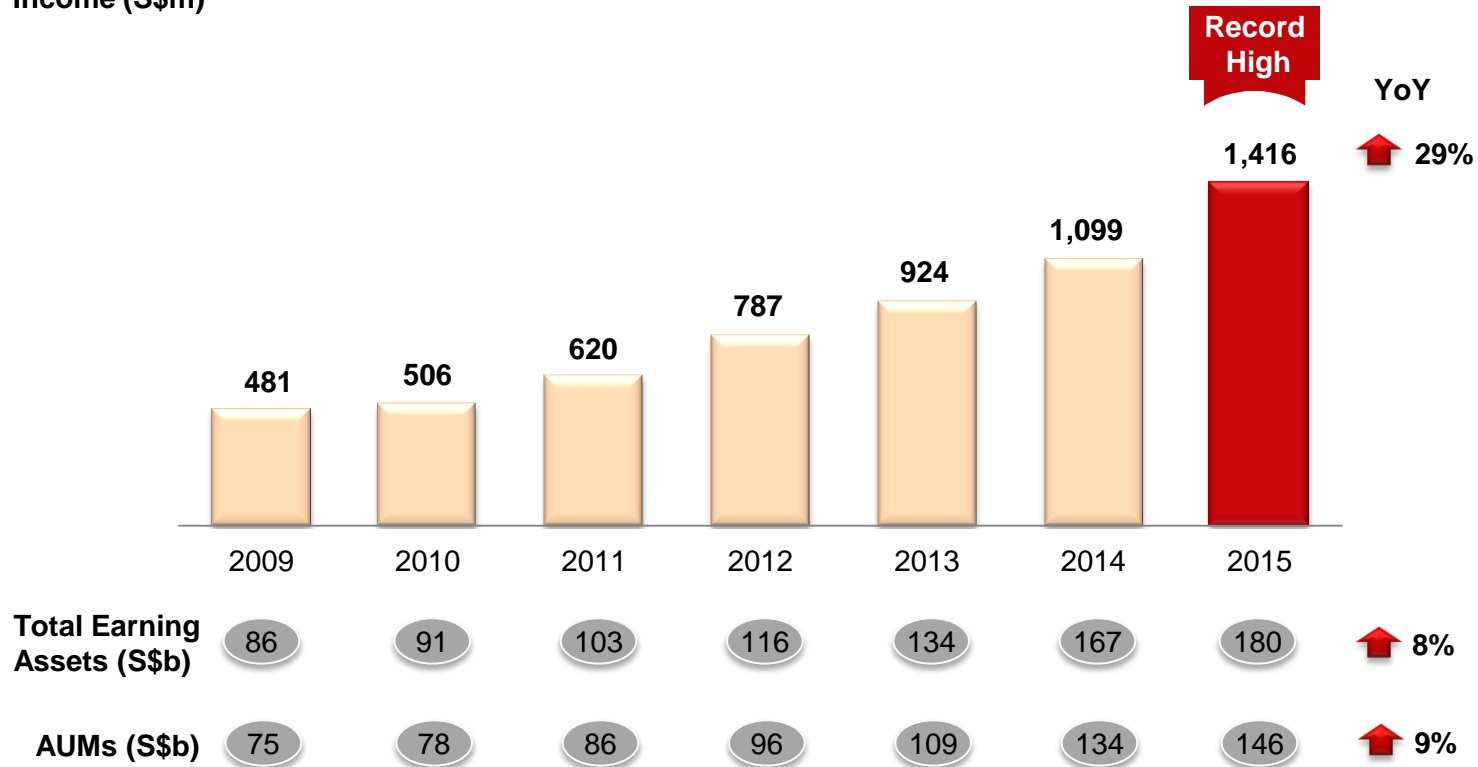
European AFS exposure mostly in AAA and AA+ entities; no exposure to peripheral countries

(S\$m)	Government / Govt-owned	Bank	Total
Supranational	425 *	0	425
Germany	390 *	0	390
Switzerland	0	14	14
United Kingdom	818 *	8	827
Total	1,633	23	1,656

* Supranational and German entities rated AAA/Aaa by S&P, Moody's and Fitch. UK entities rated AAA by S&P, AA1 by Moody's and AA+ by Fitch

Wealth Management segment

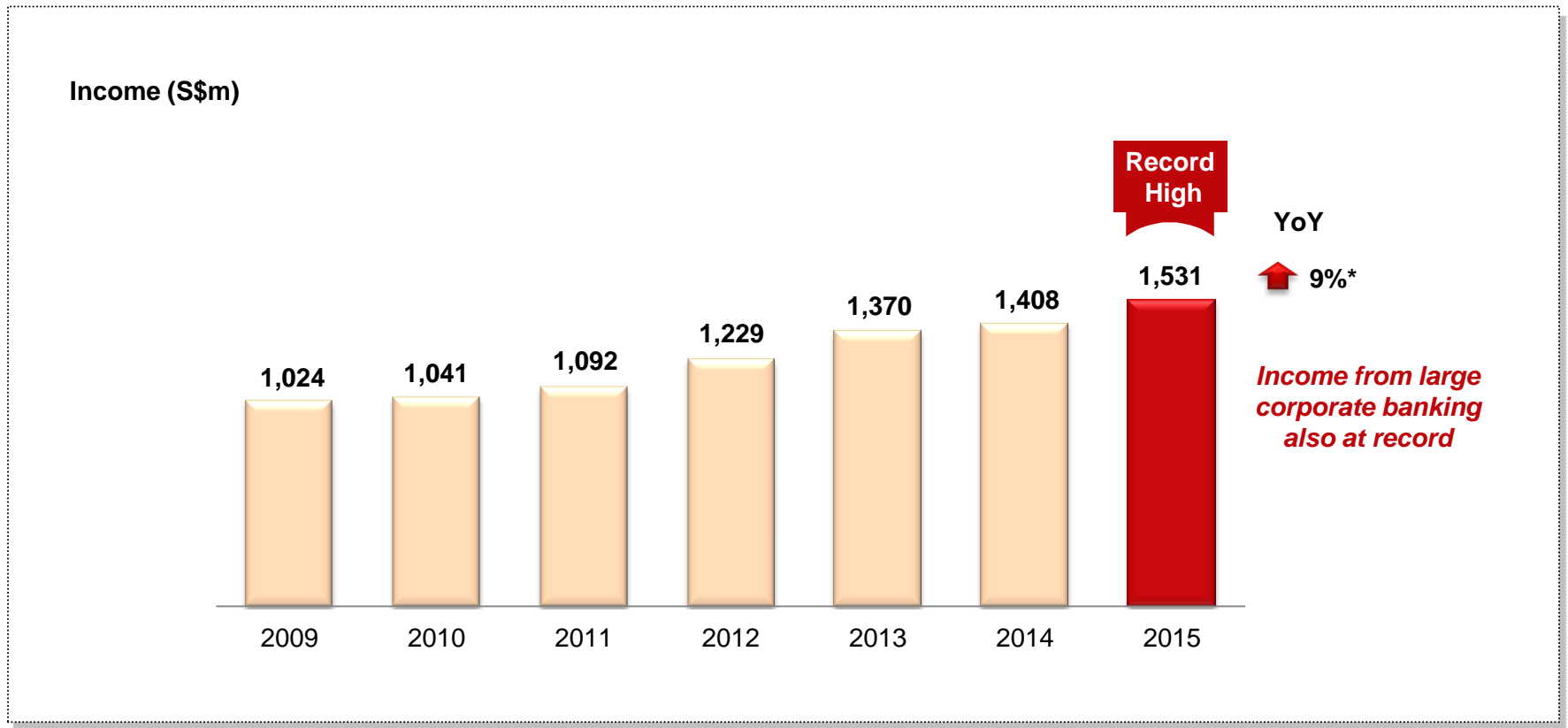
Income (S\$m)



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

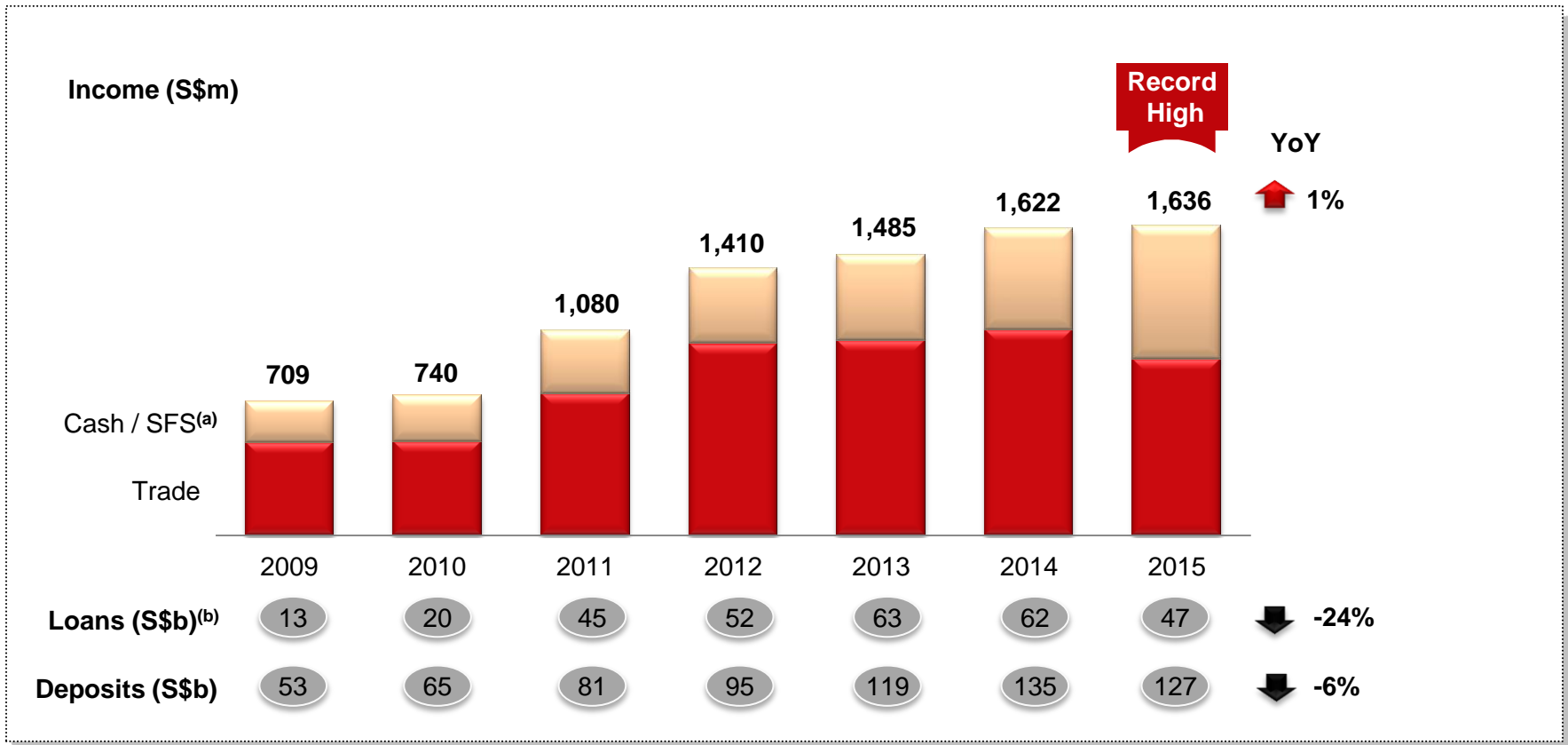


SME segment



* Up 10% on comparable basis that excludes the impact of customer up-tiering

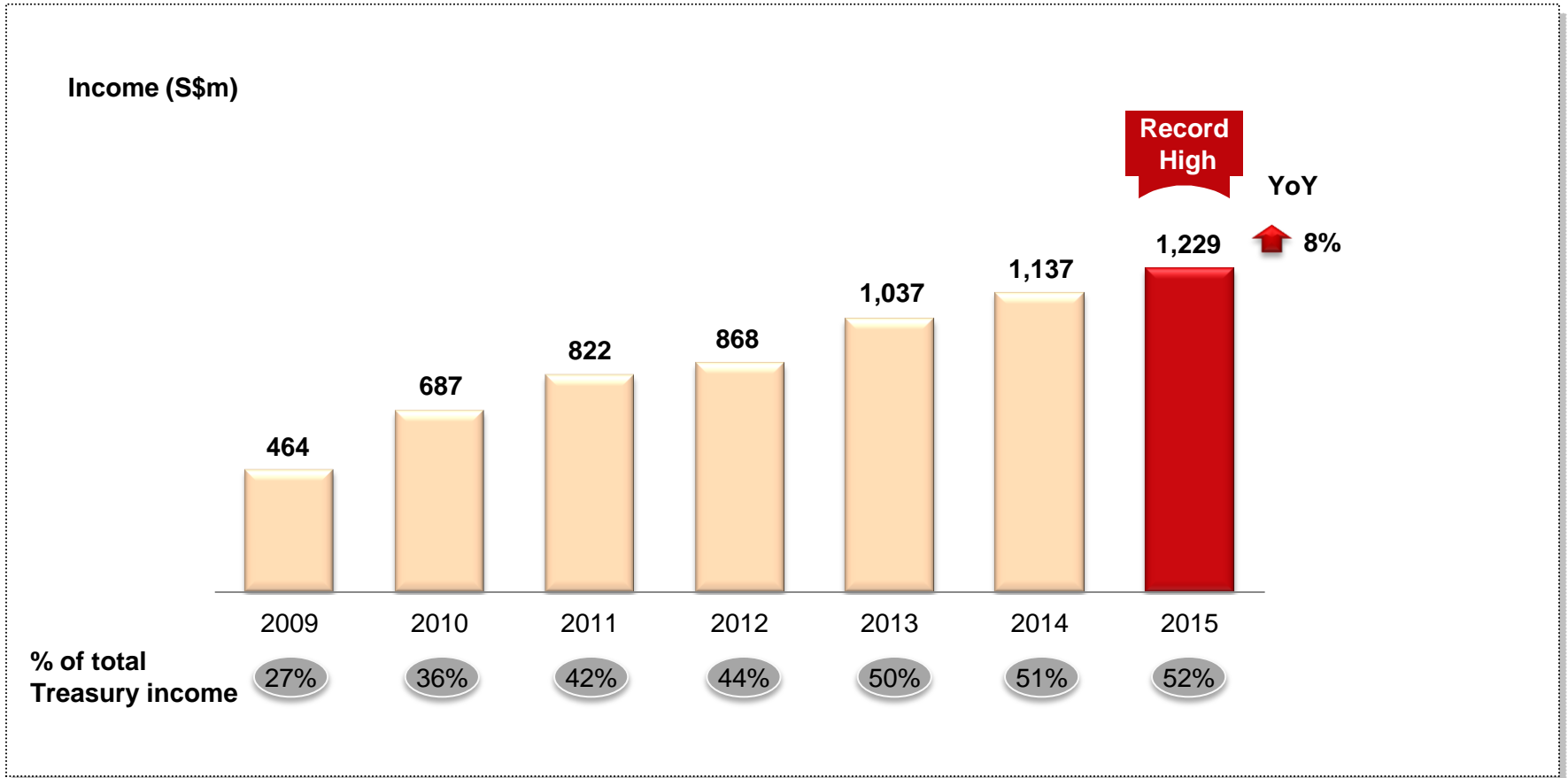
Global transaction services



(a) Security and Fiduciary Services

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

Treasury customer flows



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