



News Release

Ref No. 08/2014

DBS THIRD-QUARTER EARNINGS RISE 17% TO SGD 1.01 BILLION

* * *

Nine-month earnings rise 19% to a record SGD 3.21 billion

SINGAPORE, 31 October 2014 – DBS Group reported net profit of SGD 1.01 billion for third-quarter 2014, up 17% from a year ago. Total income rose 17% to a record SGD 2.51 billion as net interest income and fee income reached new highs while trading income improved. Compared to the previous quarter, net profit was 4% higher.

For the nine months, net profit rose to a record SGD 3.21 billion, including net one-time gains of SGD 198 million. Excluding the gains, net profit rose 12% to SGD 3.01 billion. The performance was underpinned by higher net interest income and fee income as well as lower allowance charges.



Third-quarter net profit rises 17% from a year ago

Net interest income rose 14% from a year ago to SGD 1.60 billion. Loans grew 8% or SGD 20 billion to SGD 262 billion from regional corporate borrowing and secured consumer loans. Net interest margin increased eight basis points to 1.68%, the highest in nine quarters.

Non-interest income grew 23% to SGD 912 million. The gains were broad-based as fee income increased 20% to SGD 555 million while other non-interest income increased 27% to SGD 357 million. Investment banking fees more than doubled to SGD 94 million from higher capital market activities while wealth management fees rose 39% to SGD 142 million. Income from treasury customer flows rose 23% to SGD 281 million. Trading gains were also higher.

Total income rose 17% to SGD 2.51 billion. Costs also grew 17%, to SGD 1.11 billion, as headcount was increased and technology investments continued to be made. The cost-income ratio was unchanged at 44%. Profit before allowances was 17% higher at SGD 1.41 billion.

Total allowances of SGD 177 million were taken compared to SGD 151 million a year ago. An increase in specific allowances from 15 basis points to 22 basis points of loans was partially offset by lower general allowances.

Third-quarter earnings 4% higher than the previous quarter

Net interest income rose 3% from the previous quarter from moderate increases in net interest margin and loan volumes.



Non-interest income increased 21%. Fee income grew 10% led by higher investment banking fees while contributions from wealth management and cards also rose. Other non-interest income grew 41% from higher trading gains. Income from treasury customer flows was similar to the previous quarter.

Total income rose 9% while expenses were 5% higher. Total allowances increased 38% as there had been specific allowance write-backs in the previous quarter due to loan resolutions.

Excluding one-time items, nine-month earnings increase 12%

For the nine months, net interest income rose 13% to SGD 4.65 billion. The increase was faster than the 8% growth in loans as net interest margin improved five basis points to 1.67%.

Fee income rose 8% to SGD 1.57 billion, led by higher contributions from wealth management, investment banking and cards. Other non-interest income declined 13% to SGD 1.06 billion from lower trading gains. Income from treasury customer flows rose 13% to SGD 908 million.

Total income was 7% higher at SGD 7.28 billion. By business segment, Consumer Banking / Wealth Management increased 14% to SGD 2.14 billion and Institutional Banking grew 6% to SGD 3.75 billion, with both businesses accounting for 81% of Group income. Income from the Treasury and Others segments rose 2% to SGD 1.39 billion.

Expenses increased 11% to SGD 3.20 billion. Profit before allowances rose 5% to SGD 4.07 billion.



Total allowances fell 26% to SGD 456 million as general allowances declined in line with the more modest loan growth in the nine months compared with the previous period. Specific allowances for loans were little changed at SGD 329 million or 17 basis points of loans.

Balance sheet remains strong

Asset quality remained healthy. The non-performing loan rate was unchanged from the previous quarter at 0.9%. The allowance coverage of non-performing assets was little changed at 160% and at 324% if collateral was considered.

Liquidity continued to be healthy. Deposits rose 2% during the quarter and 7% over the past 12 months to SGD 305 billion, with US dollar deposits accounting for most of the growth. The loan-deposit ratio was maintained at the previous quarter's level of 86%.

Capital ratios remained comfortably above regulatory requirements, with Common Equity Tier 1 at 13.4%, Tier 1 at 13.4% and total adequacy ratio at 15.6%.

DBS CEO Piyush Gupta said, "Despite some slowdown in the region, we continued to see very strong earnings momentum in the third quarter, fuelled by broad-based growth across businesses. Net interest margin has also been steady. In addition, we are very pleased to have completed the acquisition of Societe Generale Private Banking Asia earlier this month, which will further bolster our wealth franchise."



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 six consecutive years from 2009 to 2014.

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 21,000 staff, representing over 40 nationalities. For more information, please visit www.dbs.com.

[End]

For more information, contact:

*Karen Ngui
Group Strategic Marketing & Communications
DBS Bank
Email: karenngui@dbs.com
Tel: (65) 6878 3008
Fax: (65) 6222 4478
Mobile: (65) 9030 8080*

*Michael Sia
Investor Relations
DBS Bank
Email: michaelsia@dbs.com
Tel: (65) 6878 4751
Fax: (65) 6226 3702
Mobile: (65) 9636 9472*