



## News Release

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### DBS FIRST-QUARTER EARNINGS RISE 9% TO A RECORD SGD 1.03 BILLION

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***Total income increases 6% to new high of SGD 2.45 billion from higher net interest margin, loan volumes and customer non-interest income***

SINGAPORE, 30 April 2014 – DBS Group Holdings' net profit for first-quarter 2014 rose 9% from a year ago and 29% from the previous quarter to a record SGD 1.03 billion. It was the first time that quarterly earnings crossed the SGD 1 billion mark. Including one-time items, net profit was SGD 1.23 billion.

Total income rose 6% from a year ago to a new high of SGD 2.45 billion as higher net interest margin, loan volumes and customer non-interest income more than offset a decline in market-related income. Asset quality further strengthened as the non-performing loan rate declined to 1.0% and allowance coverage of non-performing assets rose to 148%. Return on equity increased to 12.3%, compared to 12.0% a year ago.



### **Total income up 6% from year ago despite lower market-related income**

Net interest income rose 12% from a year ago to SGD 1.49 billion. Loans increased 13% or SGD 30 billion to SGD 253 billion. The growth was broad-based and included Singapore corporate borrowing, regional trade loans and secured consumer loans. Net interest margin increased two basis points to 1.66%, the highest in six quarters.

Lower contributions from market-related activities resulted in a 3% decline in non-interest income to SGD 963 million. Stockbroking commissions fell in line with lower market turnover while investment banking fee income fell from a high base arising from a significant transaction a year ago. In addition, trading gains declined due to less favourable conditions in fixed income markets.

Non-interest income from customer activities continued to grow. Fee income from trade and transaction services and from wealth management rose to a record, while fee income from cards and loan activities were also higher. These increases more than offset the declines in stockbroking and investment banking income, and total fee income reached a record SGD 510 million. Treasury customer income was also strong, rising 20% to a record of SGD 355 million from increased corporate, institutional and individual customer activity.

Expenses rose 9% to SGD 1.04 billion and the cost-income ratio was 42%. Profit before allowances rose 3% to a record SGD 1.41 billion.

Total allowances declined 32% to SGD 151 million. Specific allowances of SGD 93 million or 15 basis points of loans were 18% lower, while general allowances halved



to SGD 56 million in line with loan growth.

One-time items amounted to SGD 198 million, comprising a gain of SGD 223 million from the divestment of a remaining stake in the Bank of the Philippine Islands less a donation of SGD 25 million to the National Gallery Singapore.

### **Net profit up 29% from previous quarter as total income rises 14%**

Compared to the previous quarter, net profit increased 29% as total income increased 14%.

Net interest income rose 2%. Loans increased 2% from secured consumer and regional corporate loan growth. Net interest margin of 1.66% was five basis points higher as trade loan pricing and other asset yields improved.

Non-interest income rose 38%. Fee income was 16% higher, with trade and transaction services, wealth management and loan activities leading the increase. Other non-interest income grew 76% as trading income more than doubled.

Expenses rose 1% and profit before allowances increased 26%. Allowances were unchanged.

### **Balance sheet remains strong, allowance coverage rises**

Asset quality further strengthened. The non-performing loan rate improved to 1.0% from 1.1% in the previous quarter due to the resolution of a significant exposure. The allowance coverage of non-performing assets rose to 148% and to 271% if



collateral was considered, both of which were historical highs, compared to 135% and 204% in the previous quarter.

Liquidity continued to be healthy. Deposits rose 3% during the quarter and 15% from a year ago to SGD 301 billion. US dollar deposits accounted for three-quarters of the overall deposit growth during the past 12 months, while the growth during the quarter was led by US dollar and Singapore dollar deposits. The overall loan-deposit ratio of 84% was similar to recent quarters.

DBS remained well-capitalised with a total capital adequacy ratio of 15.3% and a Common Equity Tier-1 ratio of 13.1%.

DBS CEO Piyush Gupta said, "DBS has had a very solid start to the year. Despite challenging fixed income markets, quarterly earnings crossed the SGD 1 billion mark for the first time, a testament to the strength of our franchise. Our portfolio is sound, and we have been disciplined in managing our balance sheet, which positions us well to benefit from a rise in interest rates."



## 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 19,000 staff, representing over 30 nationalities. For more information, please visit [www.dbs.com](http://www.dbs.com).

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