

Another record quarter

DBS Group Holdings
1Q 2018 financial results
April 30, 2018

Highlights

First-quarter earnings at record \$1.52 billion

- Total income climbs 16% on year and 10% on quarter to \$3.36 billion
- Net interest income up day-adjusted 4% on quarter from 2% loan growth and five basis point improvement in NIM to 1.83%
- Net fee income at record \$744 million, up 12% on year, led by wealth management
- Cost-income ratio improves one percentage point on year to 42%; underlying expenses up 6%
- Return on equity rises to 13%, highest in decade

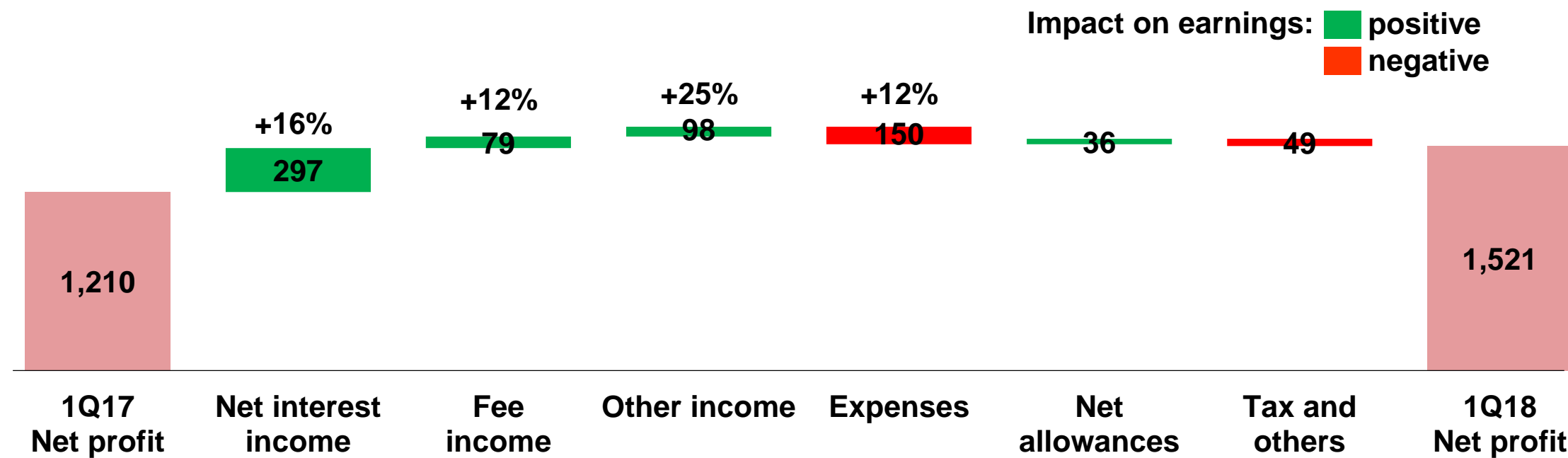
Balance sheet remains strong

- Total allowances fall 18% on year, non-performing assets decline 4% on quarter as new non-performing asset formation at four-year low, NPL rate improves on quarter to 1.6%
- CET-1 at 14.0%, LCR at 125%, NSFR at 110%

Net profit up 26% on year

(S\$m)		1Q18	YoY %
Total income	record	3,360	16
Expenses		1,398	12
Profit before allowances	record	1,962	20
Allowances		164	(18)
Net profit	record	1,521	26

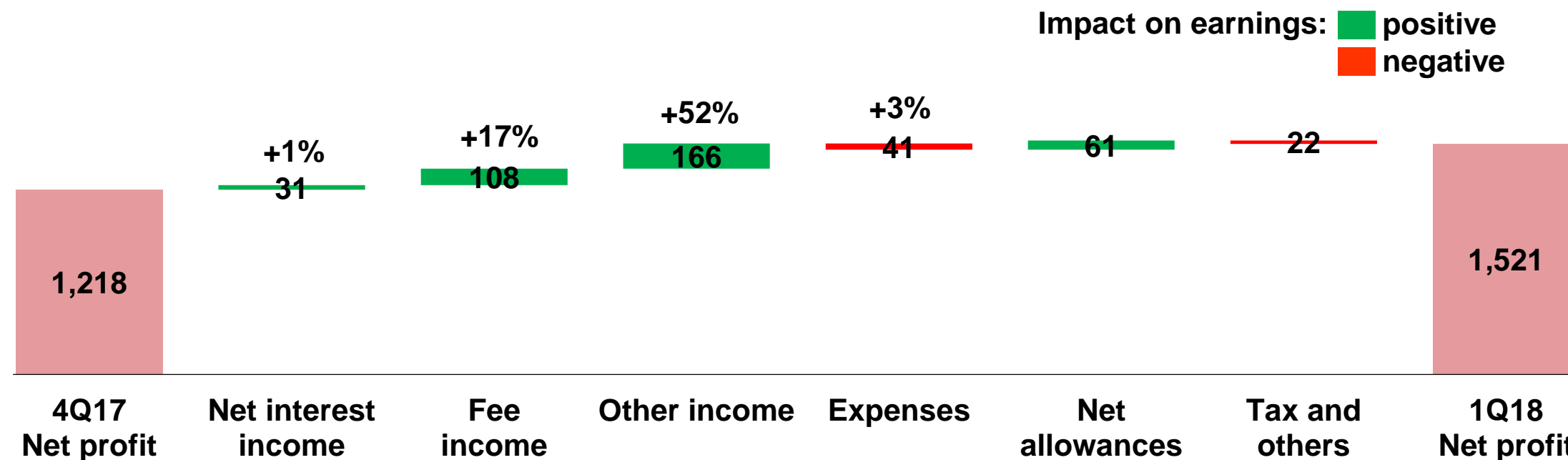
- Total income rises 16% led by broad-based growth in loans and non-interest income, higher NIM
- Positive jaw improves cost-income ratio to 42%; underlying expenses up 6%
- Allowances decline 18%



Net profit up 25% on quarter

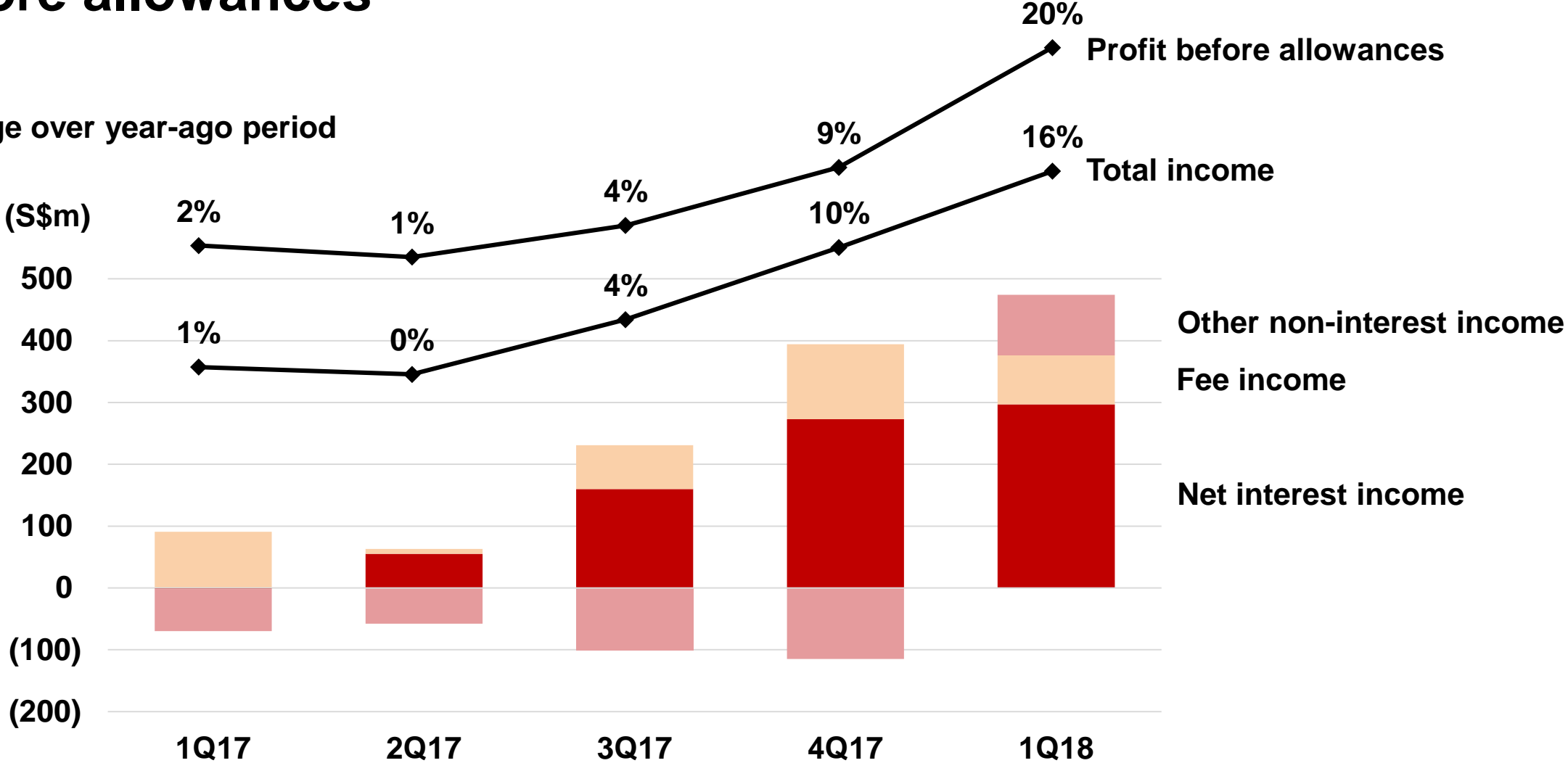
(S\$m)		1Q18	QoQ %
Total income	record	3,360	10
Expenses		1,398	3
Profit before allowances	record	1,962	16
Allowances		164	(27)
Net profit	record	1,521	25

- Total income rises 10% on sustained business momentum
- Net interest income up day-adjusted 4% from 2% loan growth and five basis point rise in NIM to 1.83%
- Broad-based fee income growth



Sustained growth momentum in total income and profit before allowances

Change over year-ago period

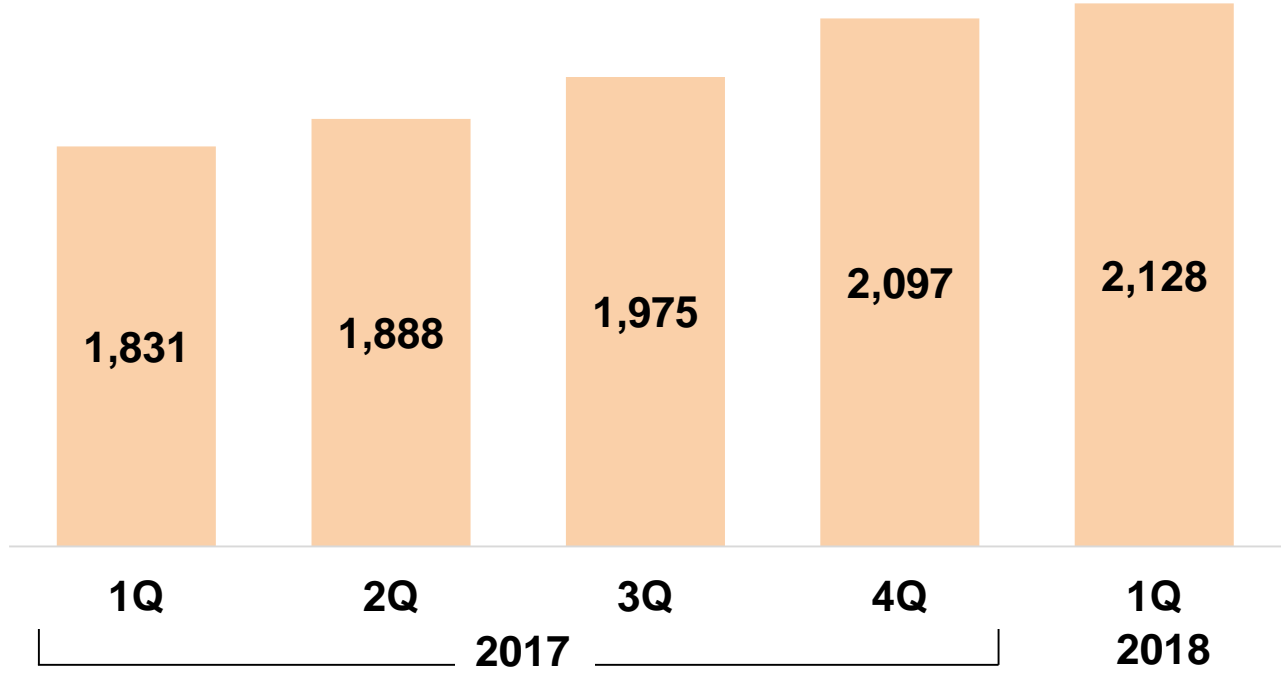
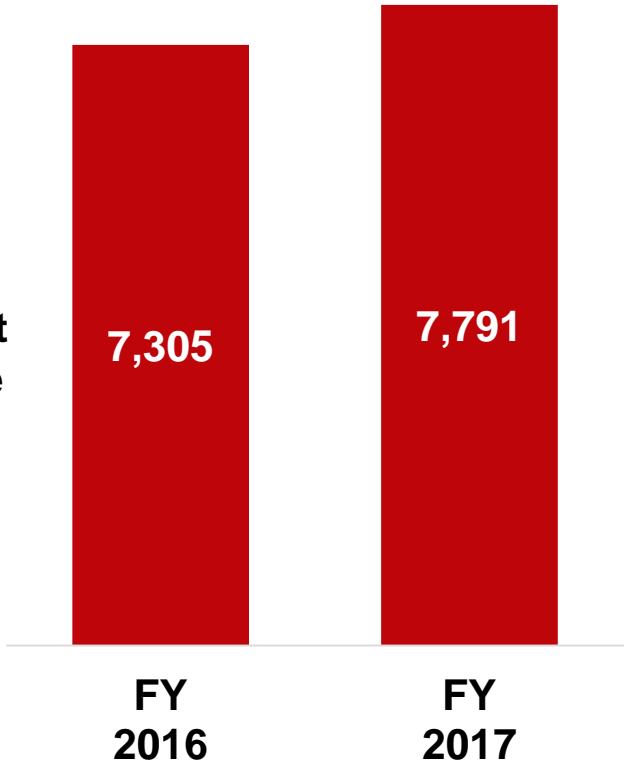


Net interest income up day-adjusted 4% on quarter as NIM improves 5 bp

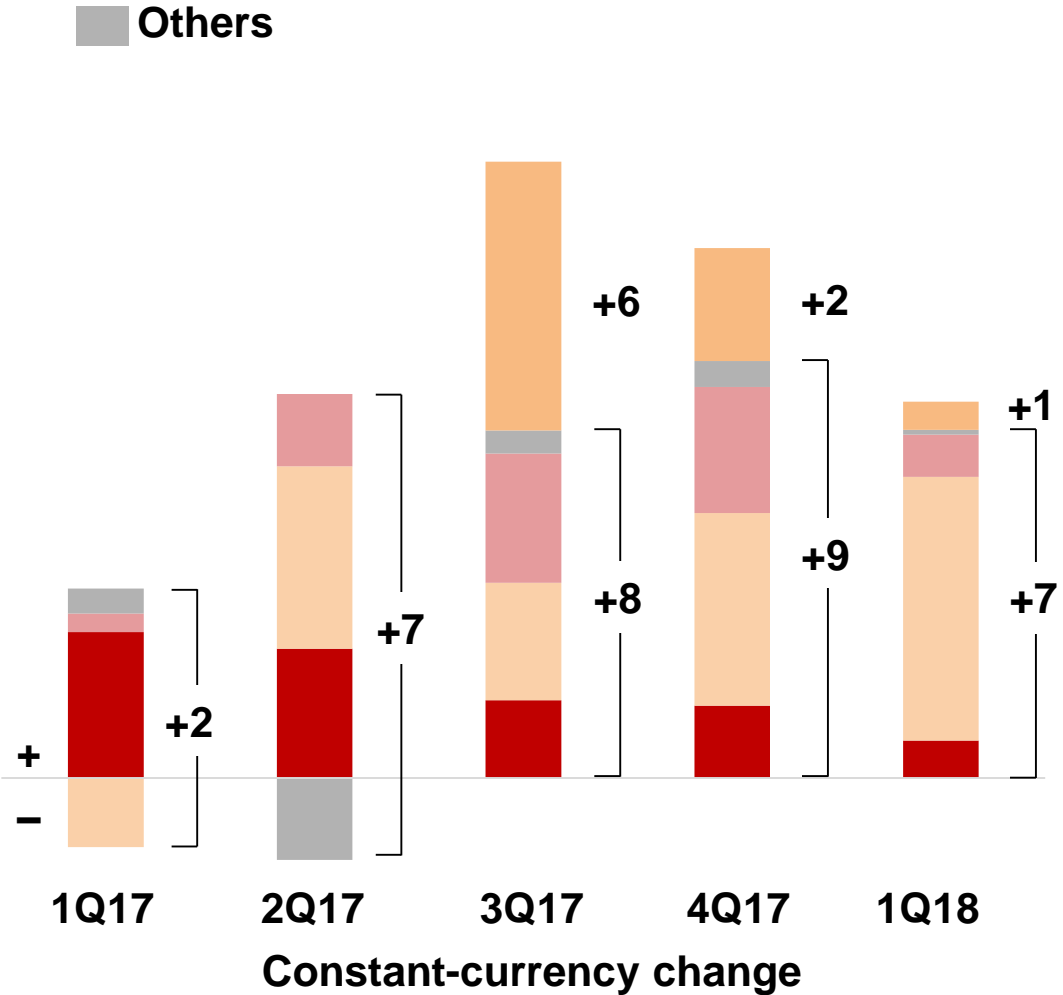
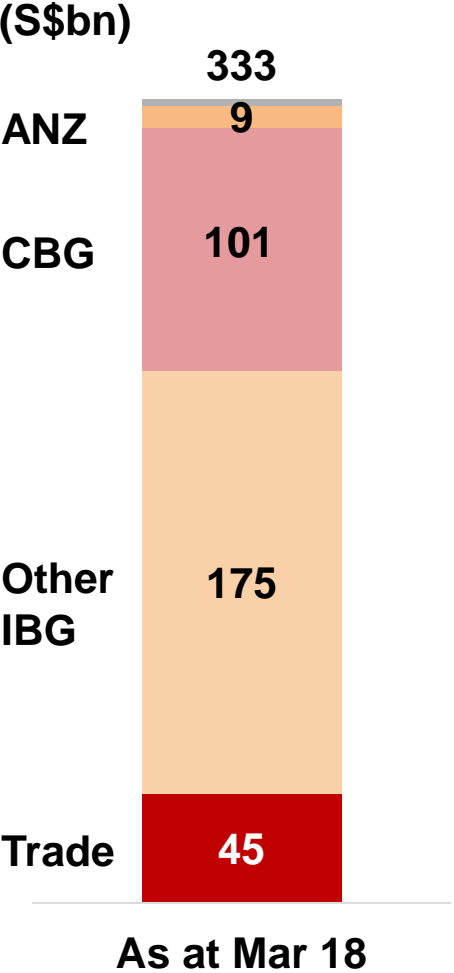
Net interest margin (%)



Net interest income (S\$m)



Loans up 2% on quarter, led by non-trade corporate loans



In constant-currency terms

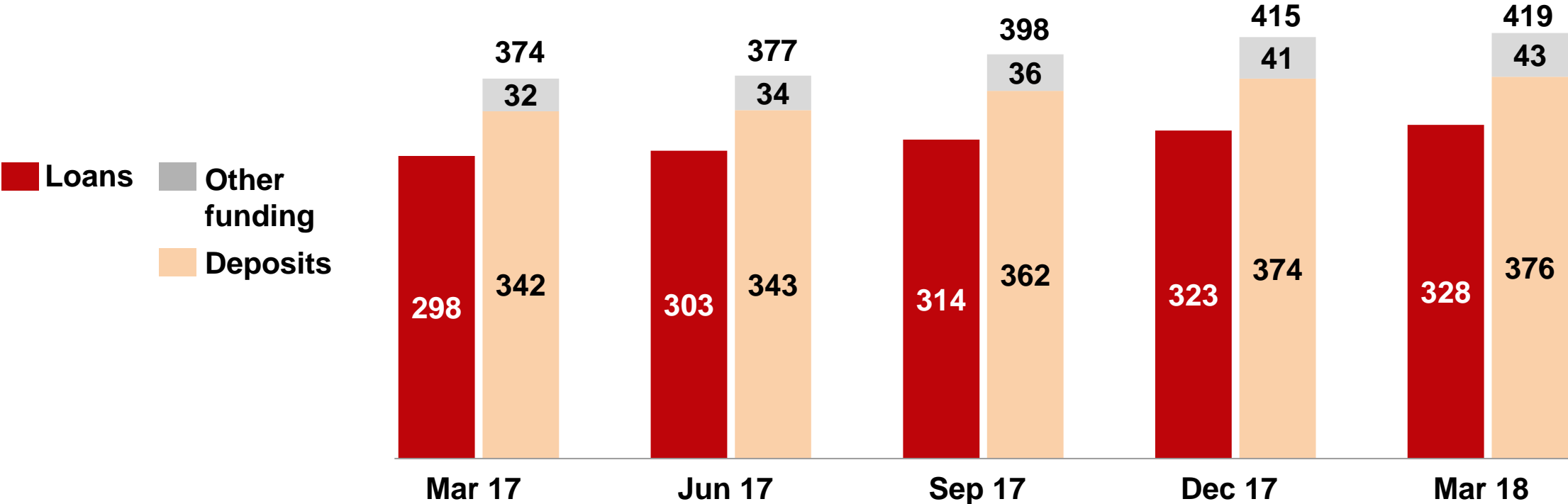
- Gross loans up \$8bn or 2% on quarter, including \$1bn from ANZ
- Gross loans up \$39bn or 13% on year, including \$9bn from ANZ
- Non-trade corporate and consumer loans up \$6bn or 2% on quarter and \$32bn or 12% on year
- Trade loans up \$1bn or 2% on quarter and \$7bn or 17% on year

Gross loans



Ample liquidity with LCR at 125% and NSFR at 110%

(S\$bn)



Ratios (%)

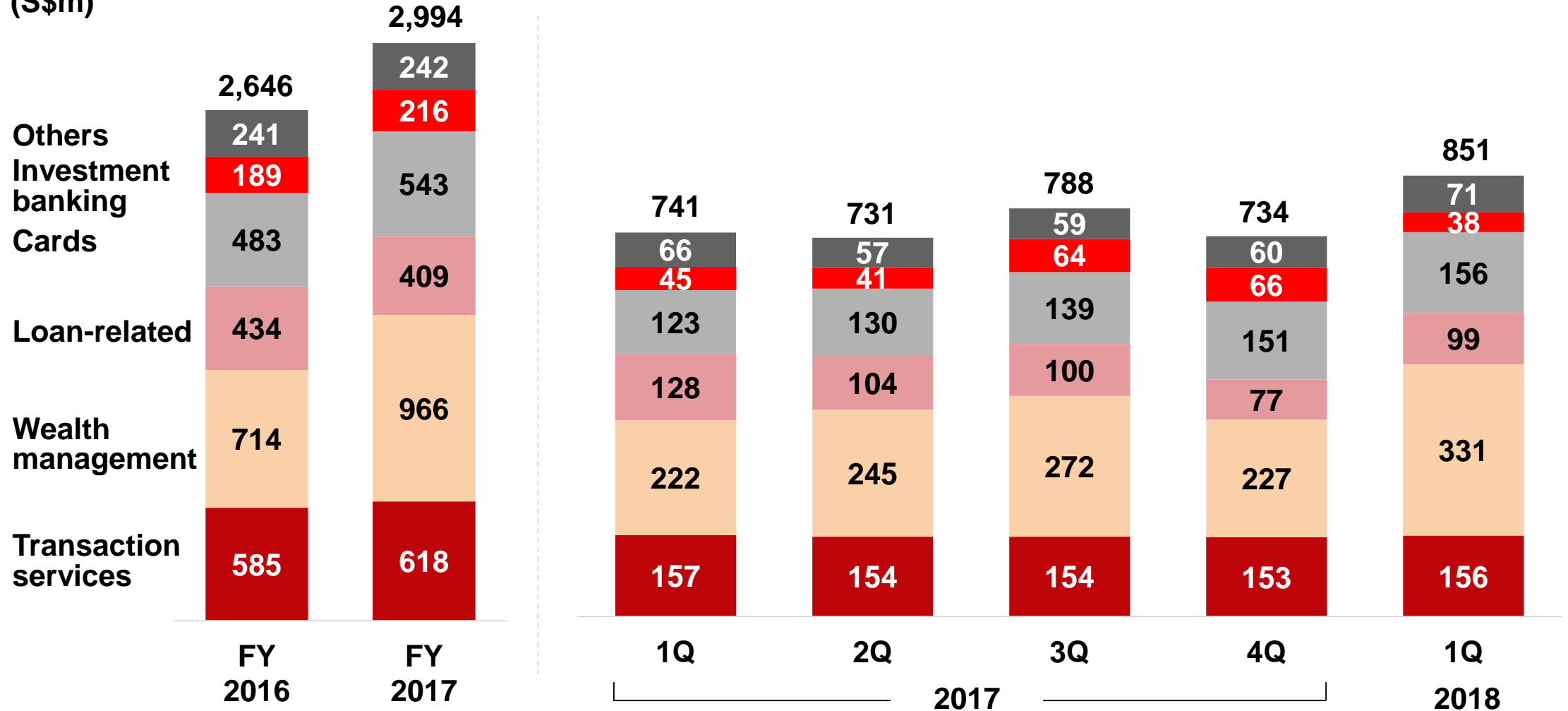
LDR	87	88	87	86	87
LCR	138	150	141	131	125
NSFR					110

The consolidation of ANZ added \$9 billion of loans and \$12 billion of deposits as at March 2018. Other funding comprises senior medium term notes, commercial papers, negotiable certificates of deposit, other debt securities and covered bonds



Gross fee income up 15% on year from higher wealth management and card fees

(S\$m)



Gross fee income. Wealth management fees include \$23 million in 2Q17, \$28 million in 3Q17, \$21 million in 4Q17 and \$40 million in 1Q18 previously classified as other non-interest income. The change in classification has been applied prospectively from 1 April 2017

IBG income up 5% in constant-currency terms

(S\$m)	1Q18	1Q17	YoY %
Total income	1,358	1,319	3
Corporate	903	901	0
SME	455	418	9
Loans	653	694	(6)
Trade	176	188	(6)
Cash / SFS	343	245	40
Treasury	152	157	(3)
Investment banking	34	35	(3)
Expenses	441	423	4
Profit before allowances	917	896	2
Assets (S\$bn)	250	228	10
GTS deposits (S\$bn)	134	133	1 *

- Total income up 3%, or 5% in constant-currency terms
- Cash management income rises 40% from new customer mandates, deeper customer relationships and higher NIM
- Loan growth of 10% lifts assets to \$250bn
- Cash management deposits up 1% to \$134bn as proportion of lower-cost deposits increases

SFS is Security and Fiduciary Services

* GTS deposits up 3% YoY in constant-currency terms

CBG / Wealth income and earnings rise to quarterly highs

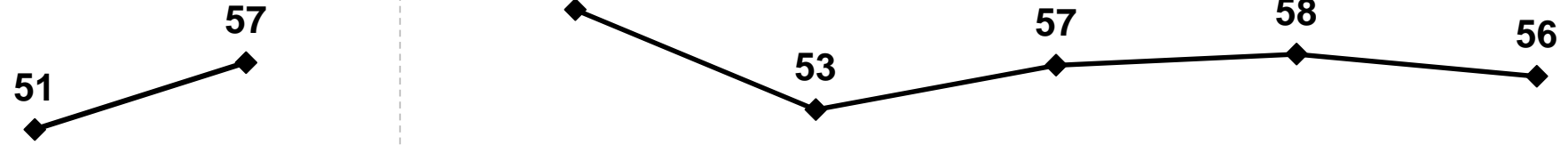
(S\$m)	1Q18	1Q17	YoY %
Total income	1,359	1,159	17
Retail	696	643	8
Wealth Management	663	516	28
Loans and deposits	722	643	12
Investment products	434	348	25
Cards	187	150	25
Others	16	18	(11)
Expenses	685	597	15
Profit before allowances	674	562	20
AUM (S\$bn)	208	170	22 *
SGD savings (S\$bn)	118	112	5

- Total income up 17%, or 19% in constant-currency terms
- Total income growth from all key product segments led by investment products and cards
- Wealth Management segment income rises 28% to \$663m
- AUM increases 22% to \$208bn
- Singapore housing loan market share at 31%, SGD savings account market share at 52%

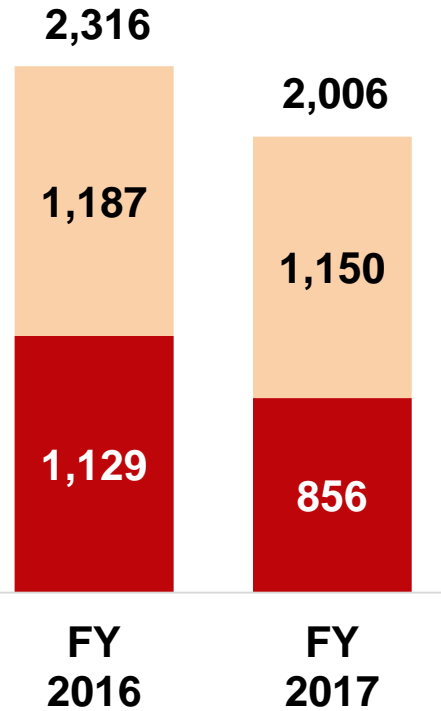
* AUM up 25% YoY in constant-currency terms

Treasury income up 18% on year in constant-currency terms

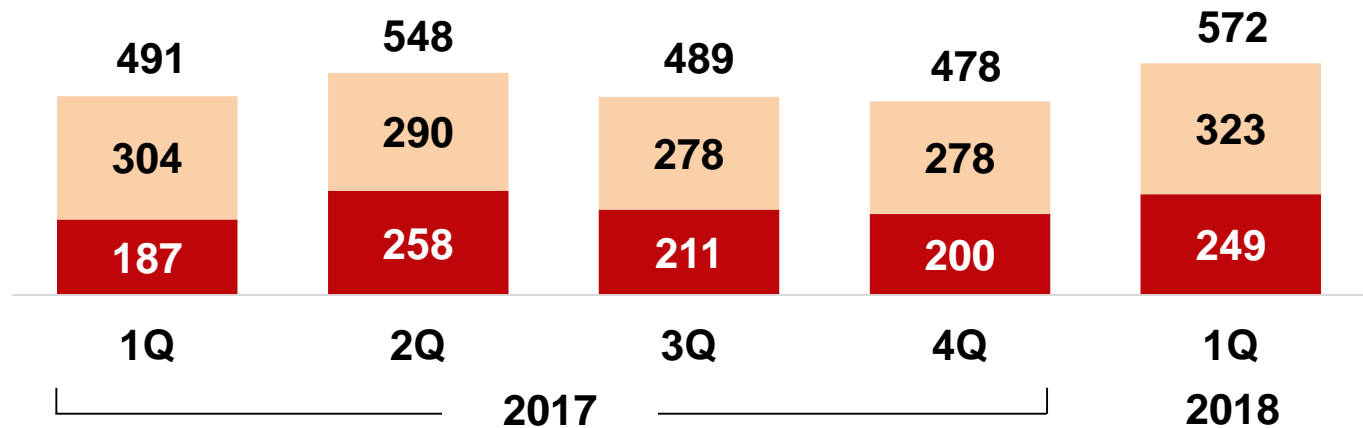
Customer income / Total treasury income (%)



Customer income (S\$m)



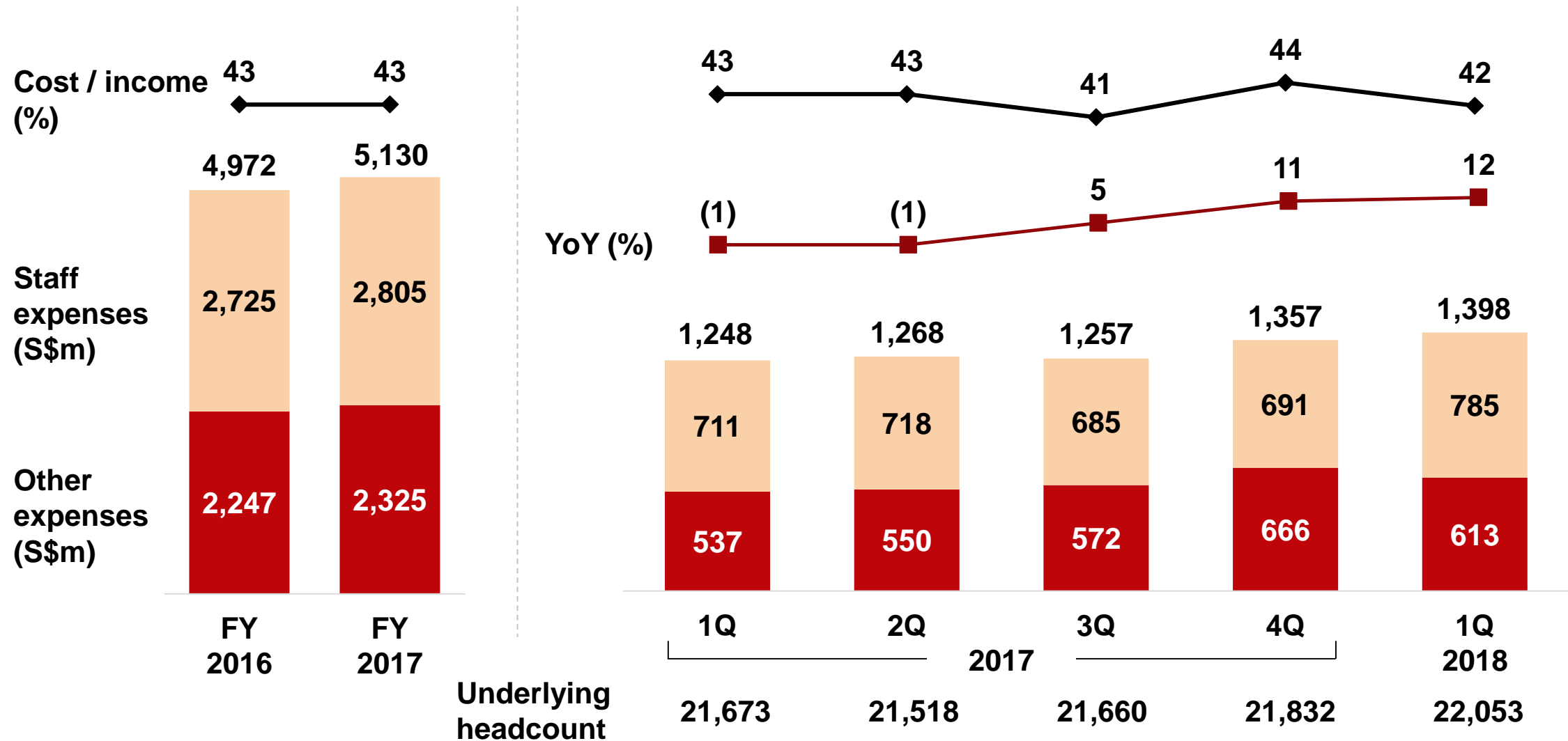
Treasury Markets income (S\$m)



Treasury customer income is included under IBG/CBG segment income. It is included in this chart for a complete product view

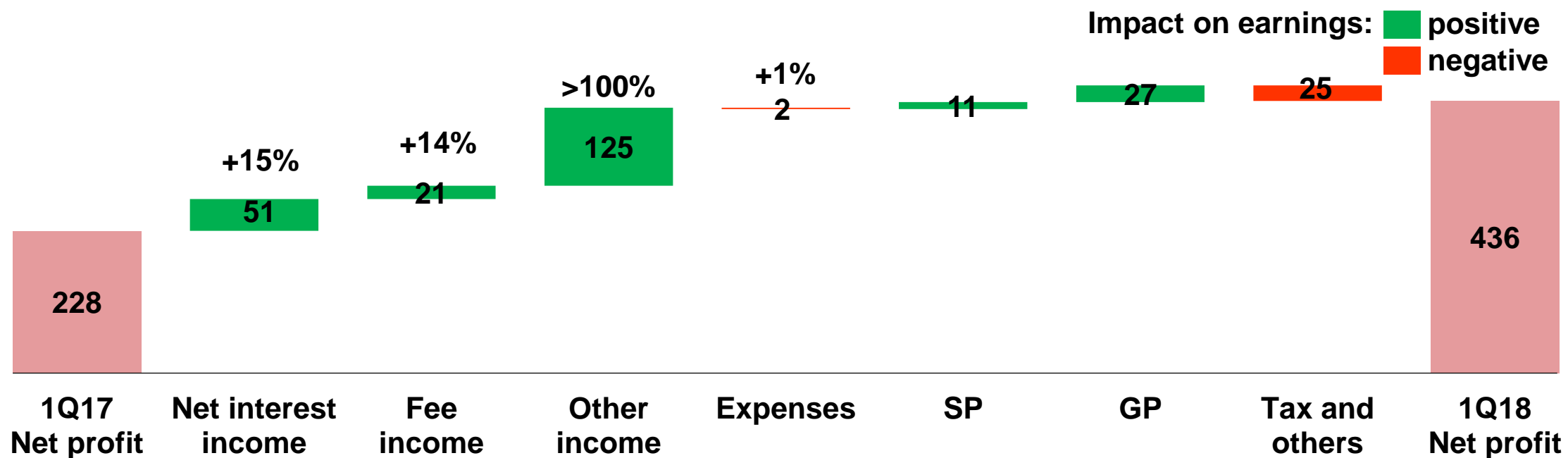


Cost-income ratio at 42%, underlying expenses up 6% on year



Hong Kong earnings at record from broad-based growth

(S\$m)		1Q18	YoY %	Constant-currency YoY %	
Total income	record	721	38	48	<u>Excluding property gains of \$86m and in constant-currency terms</u> <ul style="list-style-type: none"> Total income up 31% to new high of \$635m from loan growth, higher NIM, non-interest income growth Net profit up 66% to record \$350m
Expenses		232	1	9	
Profit before allowances	record	489	66	79	
Allowances		(18)	NM	NM	
Net profit	record	436	91	>100	



NPL improves to 1.6%, new NPA formation at four-year low

(S\$m)

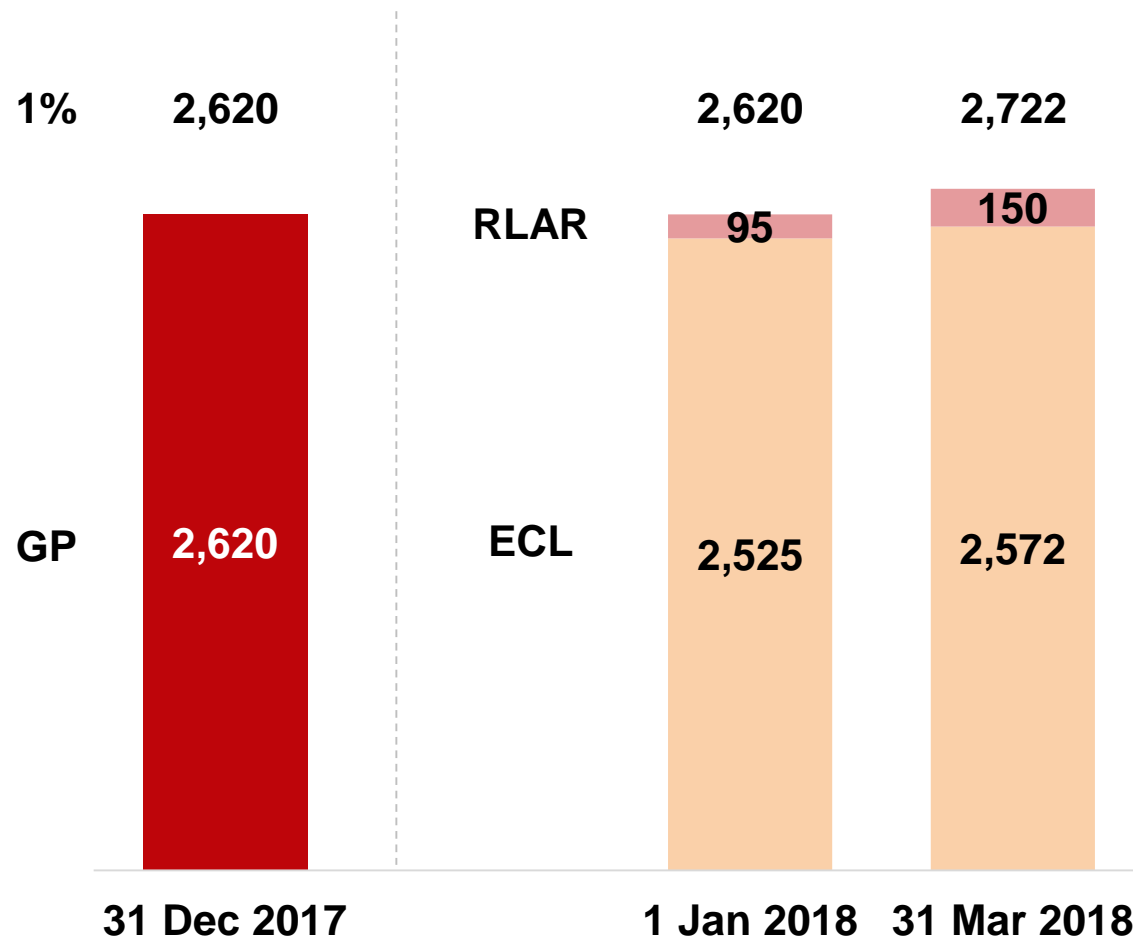
	1Q18	4Q17	1Q17
NPAs at start of period	6,070	6,127	4,856
New NPAs	195	362	523
Upgrades, recoveries and translation	(313)	(298)	(307)
Write-offs	(166)	(187)	(239)
NPAs at end of period (excluding ANZ)	5,786	6,004	4,833
ANZ consolidation	31	66	-
NPAs at end of period (including ANZ)	5,817	6,070	4,833
NPL ratio (%)	1.6	1.7	1.4

Credit costs decline to 20 bp

(S\$m)	1Q18	4Q17	1Q17
<u>Add charges for</u>			
New NPLs	41	79	53
Existing NPLs	205	199	190
	246	278	243
<u>Subtract charges for</u>			
Upgrades	-	-	-
Settlements	51	27	27
Recoveries	33	45	23
	84	72	50
Total charges for impaired loans (SP)	162	206	193
SP / loans (bp)	20	25	26

Impact of SFRS(I) 9 on GP

(S\$m)



31 Dec 2017

- General allowances of \$2,620m equal to 1%

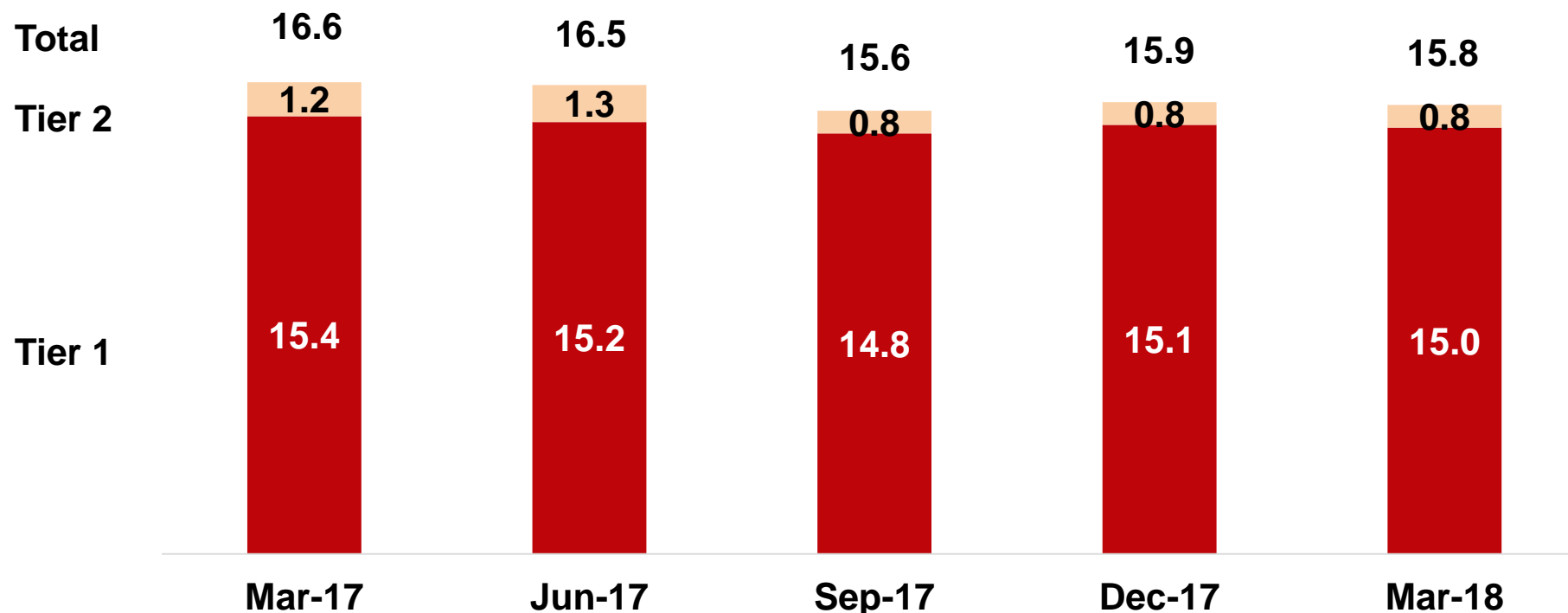
Transition on 1 Jan 2018

- ECL at \$2,525m
- Difference from 1% of \$95m transferred to RLAR

Movement during 1Q

- ECL
 - \$7m taken through profit and loss for loan growth net of transfer to SP
 - \$40m taken through balance sheet mainly for ANZ Indonesia ECL reserve
- RLAR
 - \$55m transferred from retained earnings

Strong CET-1 and leverage ratios



Common Equity Tier-1 (%)

Fully phased-in	14.2	14.0	13.6	13.9	14.0
RWA (S\$bn)	272	280	286	288	295
Leverage ratio (%)	7.9	7.9	7.5	7.6	7.6

In summary – another record quarter

Higher ROE demonstrates improvements in underlying profitability of franchise now that interest rates and allowance charges are reverting to more normalised levels

Sustained business momentum underscored by broad-based growth in loans and fee income

Continued productivity improvements will lower cost-income ratio progressively

Asset quality benign with new NPA formation at four-year low

Well placed to continue serving customers and delivering shareholder returns

Supplementary slides

**DBS Group Holdings
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April 30, 2018**

Earnings at quarterly high

(S\$m)	1Q18	1Q17	YoY %	4Q17	QoQ %
Net interest income	2,128	1,831	16	2,097	1
Fee income	744	665	12	636	17
Trading income	368	270	36	228	61
Other income	120	120	0	94	28
Non-interest income	1,232	1,055	17	958	29
Total income	3,360	2,886	16	3,055	10
Staff expenses	785	711	10	691	14
Other expenses	613	537	14	666	(8)
Expenses	1,398	1,248	12	1,357	3
Profit before allowances	1,962	1,638	20	1,698	16
Allowances for non-impaired exposures (GP)	7	0	NM	(5)	NM
Allowances for impaired exposures (SP)	157	200	(22)	230	(32)
Allowances	164	200	(18)	225	(27)
Net profit	1,521	1,210	26	1,218	25
One-time items	(10)	35	NM	(24)	NM
Net profit incl. one-time items	1,511	1,245	21	1,194	27

ROE of 13% at decade high

(%)

Net interest margin

Fee income / total income

Non-interest income / total income

Cost / income

ROE

Loan / deposit

SP / loans (bp)

NPL ratio

	1Q18	1Q17	4Q17
Net interest margin	1.83	1.74	1.78
Fee income / total income	22	23	21
Non-interest income / total income	37	37	31
Cost / income	42	43	44
ROE	13.1	11.1	10.5
Loan / deposit	87	87	87
SP / loans (bp)	20	26	25
NPL ratio	1.6	1.4	1.7

Hong Kong earnings double on year

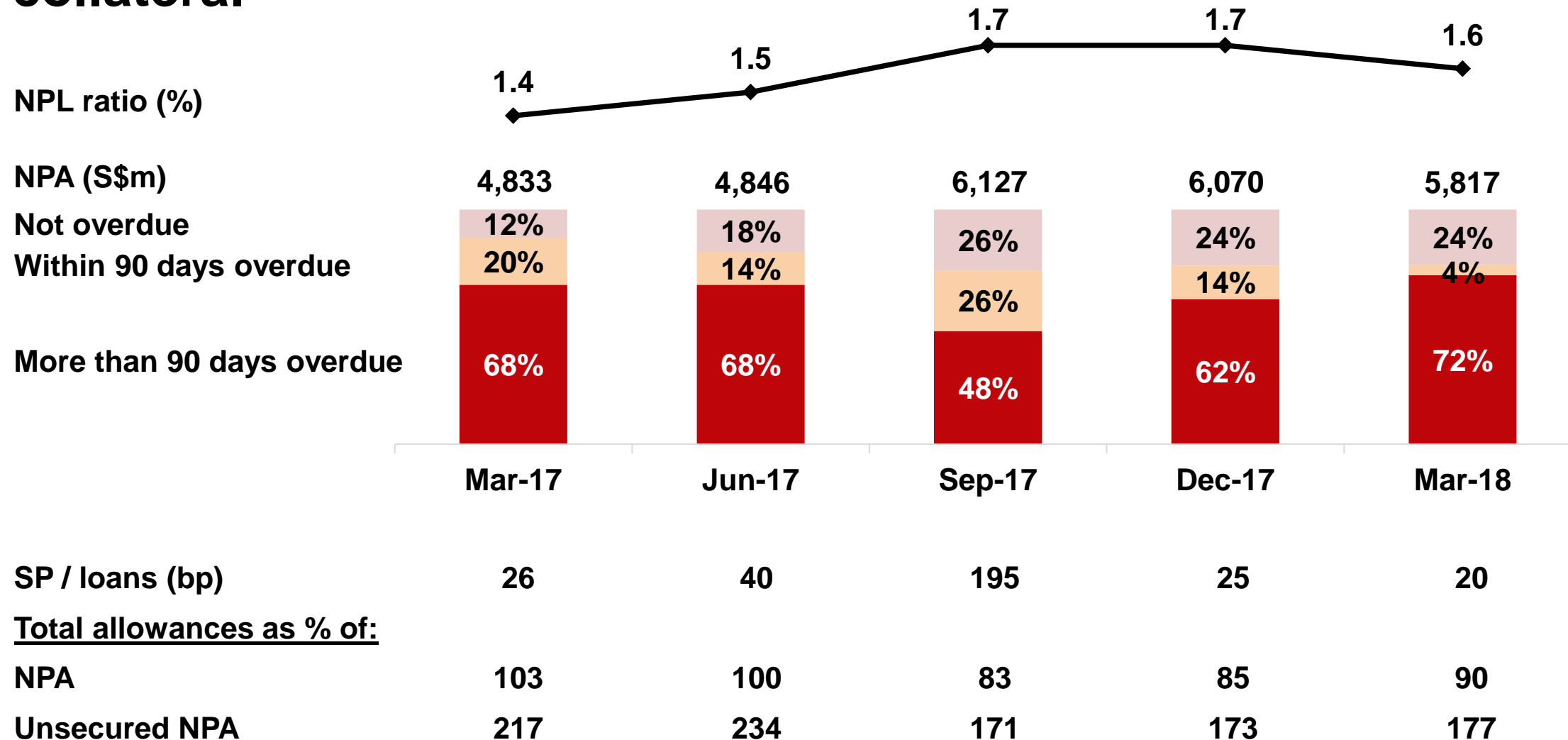
Constant-currency terms

(S\$m)	1Q18	1Q17	YoY %	YoY %	4Q17	QoQ %	QoQ %
Net interest income	402	351	15	24	391	3	6
Net fee and commission income	166	145	14	24	147	13	16
Other non-interest income	153	28	>100	>100	62	>100	>100
Non-interest income	319	173	84	99	209	53	57
Total income	721	524	38	48	600	20	24
Expenses	232	230	1	9	256	(9)	(6)
Profit before allowances	489	294	66	79	344	42	46
GP	(15)	12	NM	NM	7	NM	NM
SP	(3)	8	NM	NM	37	NM	NM
Allowances	(18)	20	NM	NM	44	NM	NM
Net profit	436	228	91	>100	247	77	81
Net interest margin (%)	1.87	1.79			1.78		
Loan growth (%)				20			4
Non-trade growth (%)				21			3
Trade growth (%)				16			7
Deposit growth (%)				21			0

Regional performance improves

(S\$m)	1Q18	1Q17	YoY %
Net interest income	366	296	24
Non-interest income	189	196	(4)
Total income	555	492	13
Expenses	317	284	12
Profit before allowances	238	208	14
Allowances	57	40	43
Net profit	147	132	11

Allowance coverage prudent at 90% and at 177% with collateral



Duration of FVOCI instruments remains short

(S\$m)	Mar-18	Dec-17
Government securities	19,669	27,826
Less than 3 years	13,899	15,993
3 to 5 years	3,080	4,704
5 to 10 years	2,494	6,784
More than 10 years	196	345
Supranational, bank and corporate bonds	7,490	14,630
Equities	1,958	1,277
Total	29,117	43,733
FVOCI reserves	(214)	38

Time-banding is based on maturity date from reporting date. Government securities of \$9.2 billion and corporate securities of \$7.3 billion were reclassified to amortised cost due to SFRS(I) 9 adoption on 1 January 2018

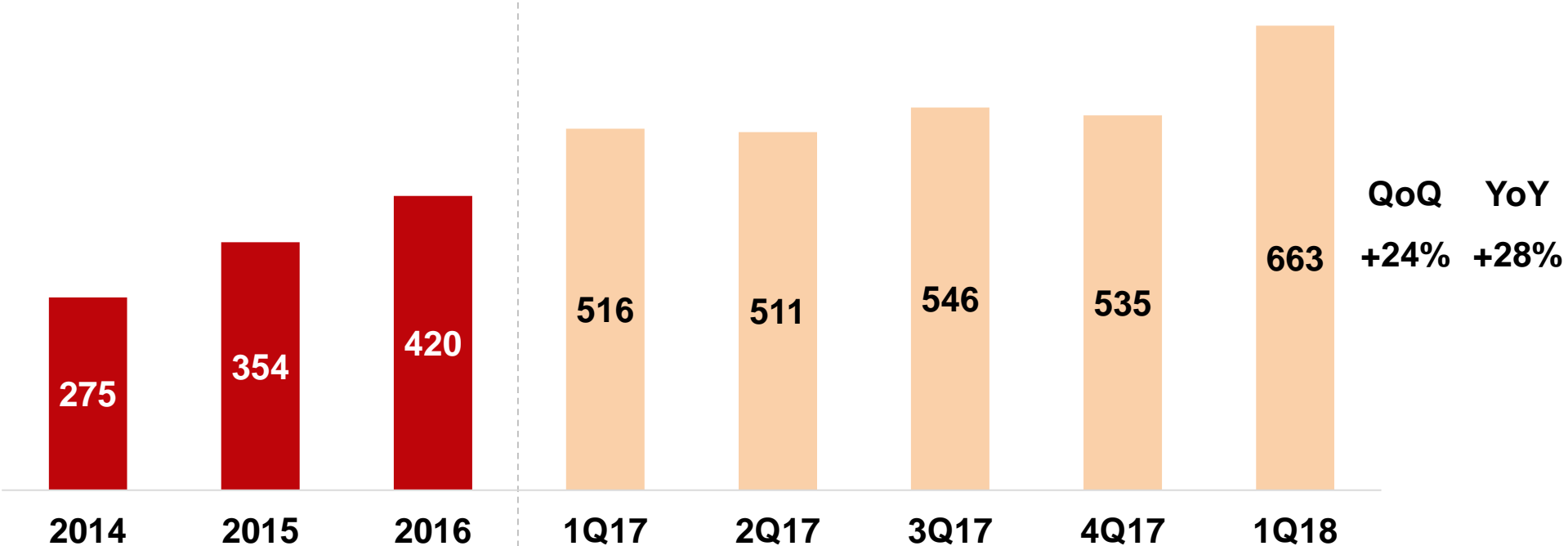
Deposits up 2% on quarter and up 13% on year in constant-currency terms

	(S\$bn)	QoQ (%)		YoY (%)	
	Mar-18	Reported	Underlying	Reported	Underlying
Deposits	376	1	2	10	13
By product					
Casa	235	1	2	10	12
Fixed deposits	138	0	2	10	15
Other	3	(5)	(4)	(8)	(3)
By currency					
Singapore dollar	160	2	2	4	4
US dollar	126	(2)	0	16	24
HK dollar	34	(4)	(2)	2	10
Chinese yuan	12	2	0	18	15
Others	44	6	6	21	22
LDR (%)	Mar-18	Dec-17		Mar-17	
Overall	87	87		87	
Singapore dollar	86	86		81	
US dollar	82	81		92	

Deposits as at March 2018 include \$12 billion from ANZ consolidation

Wealth Management segment

Income
(S\$m)



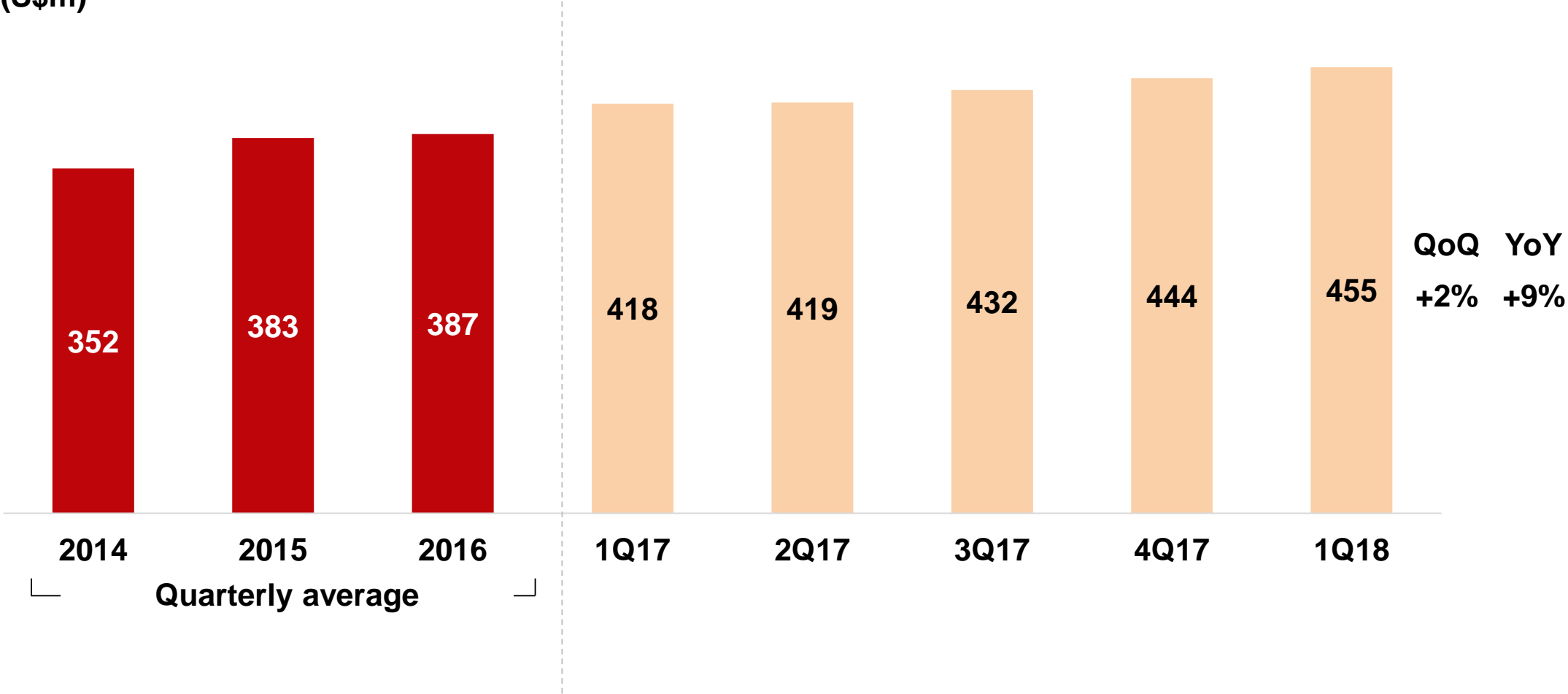
	2014	2015	2016	1Q17	2Q17	3Q17	4Q17	1Q18	QoQ	YoY
	Quarterly average									
AUM (S\$bn)	134	146	166	170	175	195	206	208	+1%*	+22%*
Total earning assets (S\$bn)	167	180	204	208	213	240	253	256	+1%	+23%

Comprising Treasures, Treasures Private Client and Private Bank. Total earning assets and AUM at end of period
* AUM up 2% QoQ and 25% YoY in constant-currency terms

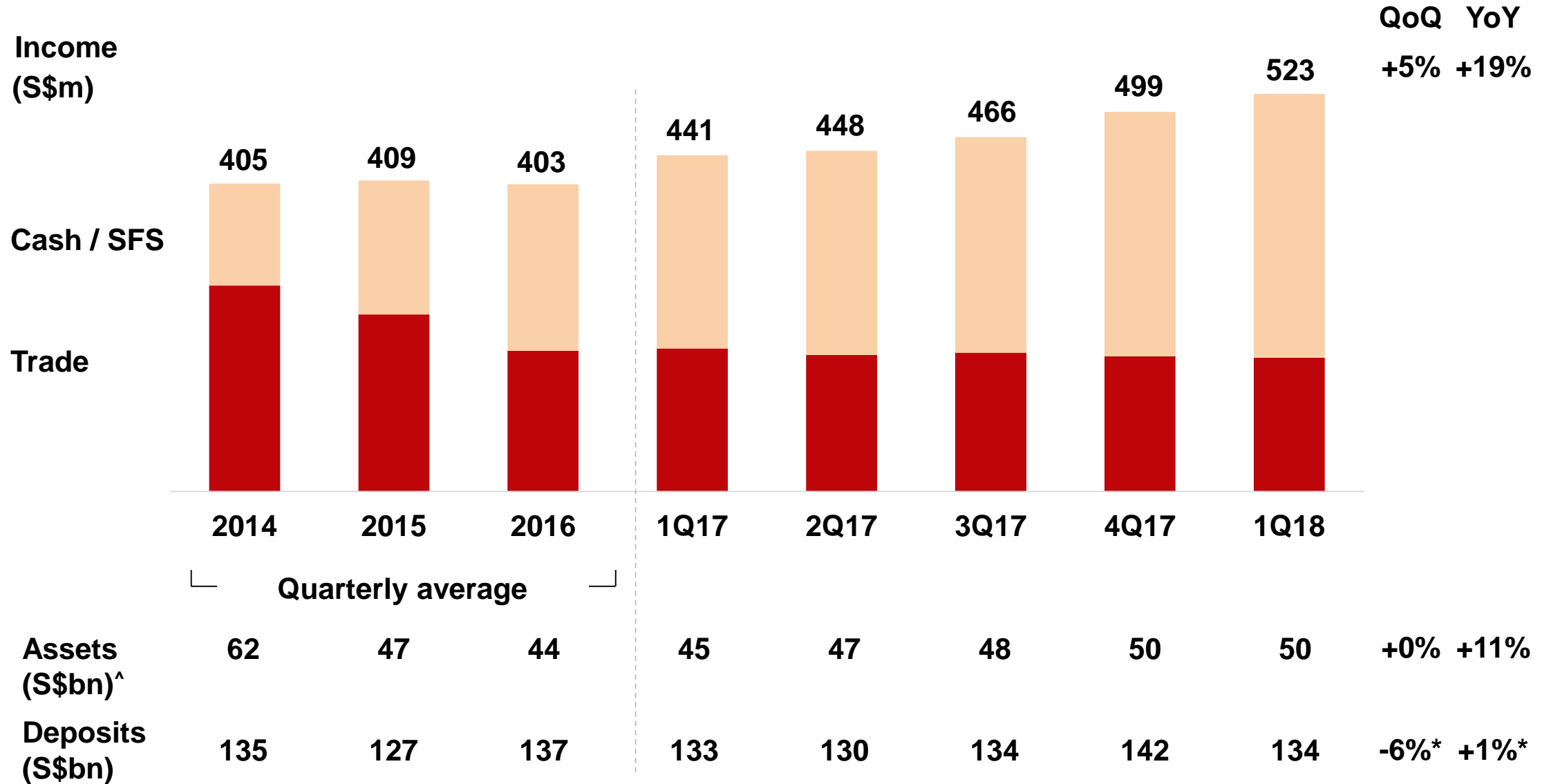


SME segment

Income
(S\$m)



Global transaction services



[^] Trade assets, including bank exposures and loans of financial institutions

* GTS deposits decline 2% QoQ and up 3% YoY in constant-currency terms

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