



Resilient third quarter operating performance

DBS Group Holdings
3Q 2016 financial results
October 31, 2016

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Highlights

Resilient 3Q operating performance underpinned by income growth and cost containment

- 3Q total income up 8% on year and stable on quarter to \$2.93 billion
- Expenses decline 5% on year and 7% on quarter to \$1.20 billion
- Profit before allowances up 19% on year and 6% on quarter to \$1.73 billion
- Strong operating results provide substantial headroom for higher allowances to be taken as prudent measure

9M total income and profit before allowances at new highs

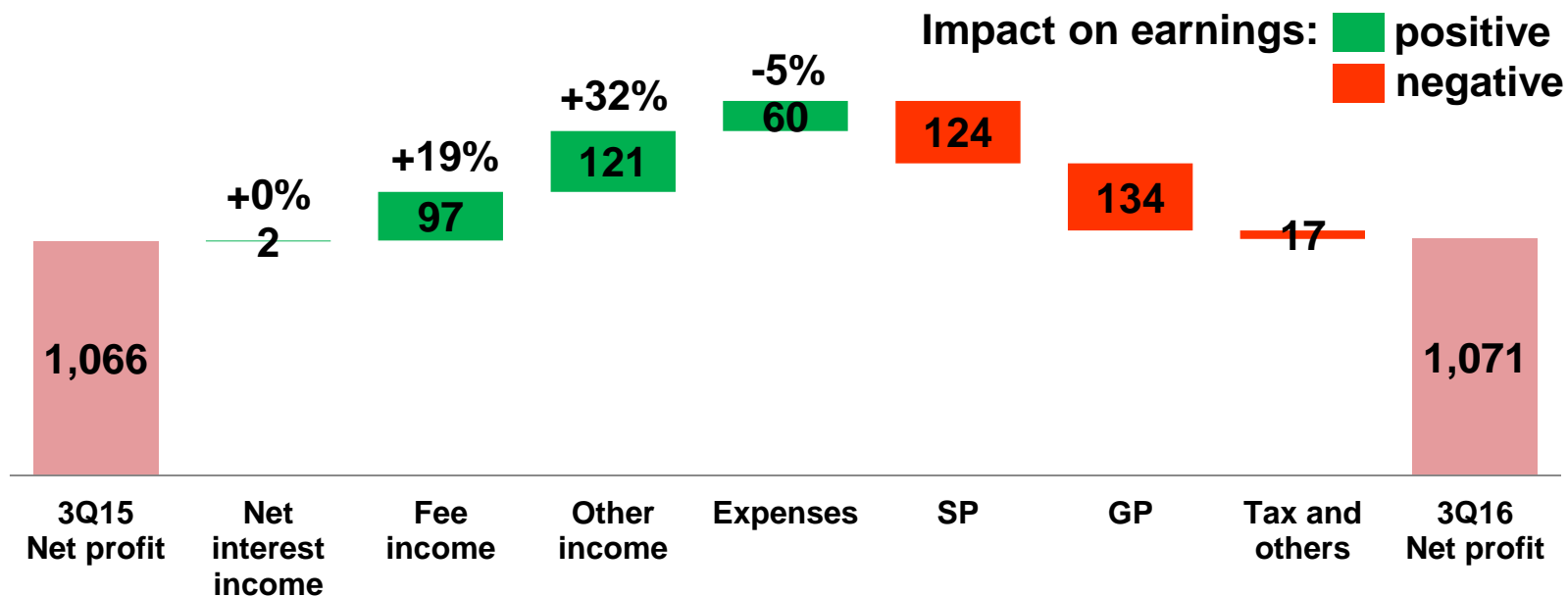
- 9M total income up 7% to record \$8.71 billion from broad-based growth
- Productivity gains improve cost-income ratio to 43% from 45%
- Profit before allowances up 11% to \$4.96 billion

Balance sheet remains sound

- NPL at 1.3%, allowance coverage at 100% and at 204% with collateral
- LCR at 115%, NSFR above 100%
- Fully phased-in CET 1 at 13.5%, leverage ratio at 7.8%

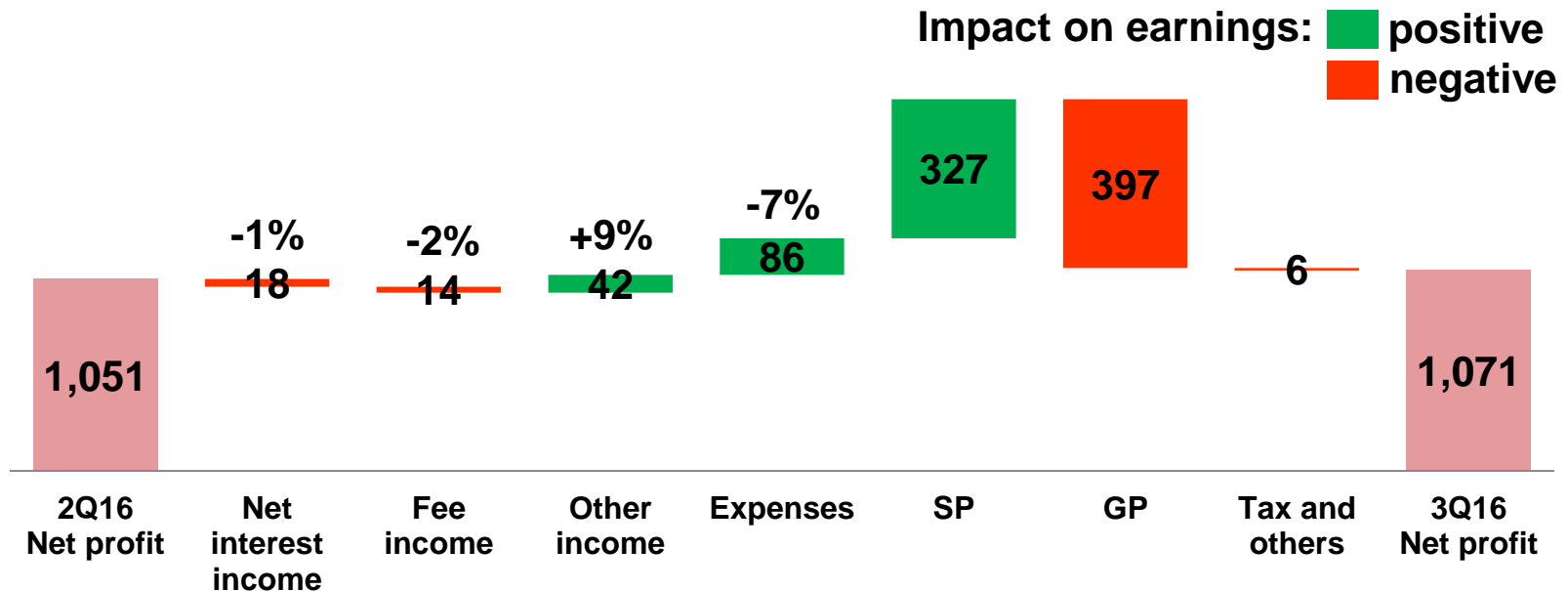
3Q profit before allowances up 19% on year

(S\$m)	3Q16	YoY %	
Total income	2,929	8	<ul style="list-style-type: none"> Profit before allowances up 19% from loan growth, higher non-interest income and lower costs
Expenses	1,199	(5)	
Profit before allowances	1,730	19	
Allowances	436	>100	<ul style="list-style-type: none"> Strong performance provided headroom for higher GP
Net profit	1,071	0	



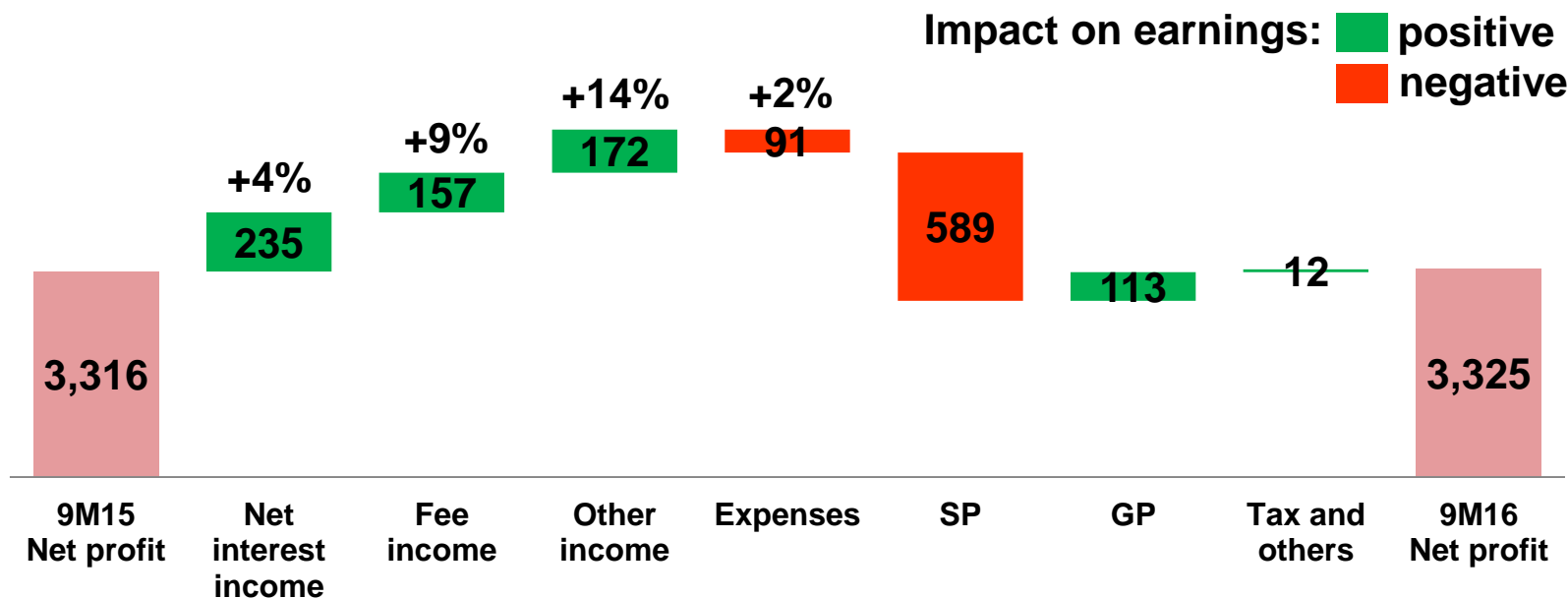
3Q earnings up 2% on quarter

(S\$m)	3Q16	QoQ %	
Total income	2,929	0	▪ Higher non-interest income offsets lower NIM
Expenses	1,199	(7)	▪ Lower costs result in 6% increase in profit before allowances
Profit before allowances	1,730	6	
Allowances	436	19	
Net profit	1,071	2	▪ GP taken as prudent measure



9M profit before allowances up 11%

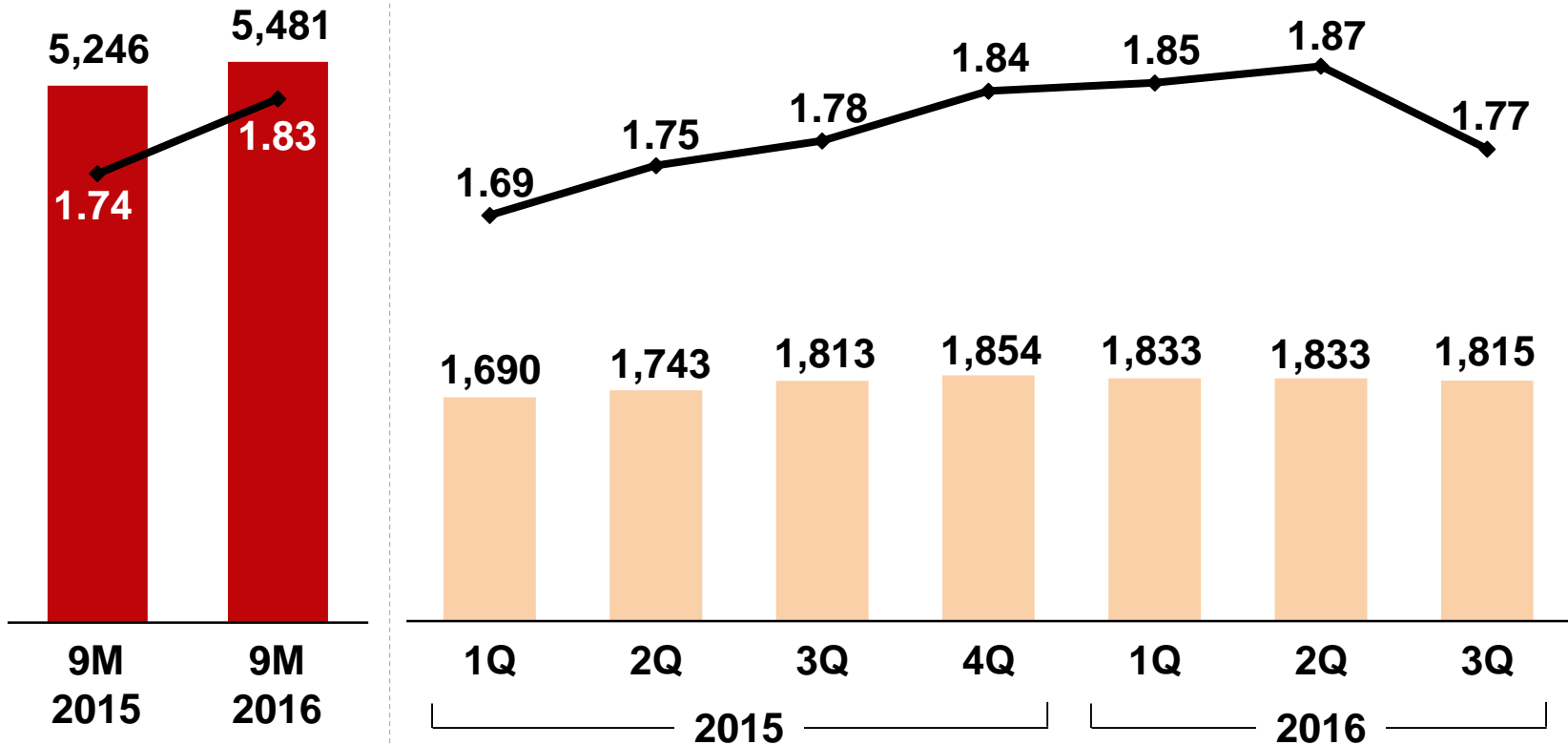
(S\$m)	9M16	YoY %	
Total income	8,713	7	<ul style="list-style-type: none"> Profit before allowances up 11% from broad-based total income growth as well as productivity gains
Expenses	3,749	2	
Profit before allowances	4,964	11	
Allowances	972	96	<ul style="list-style-type: none"> Cost-income ratio improves to 43% from 45% Higher SP due largely to single exposure
Net profit	3,325	0	



3Q NIM declines to 1.77% from lower SGD interest rates and higher liquidity buffers

(S\$m)

Net interest margin (%)



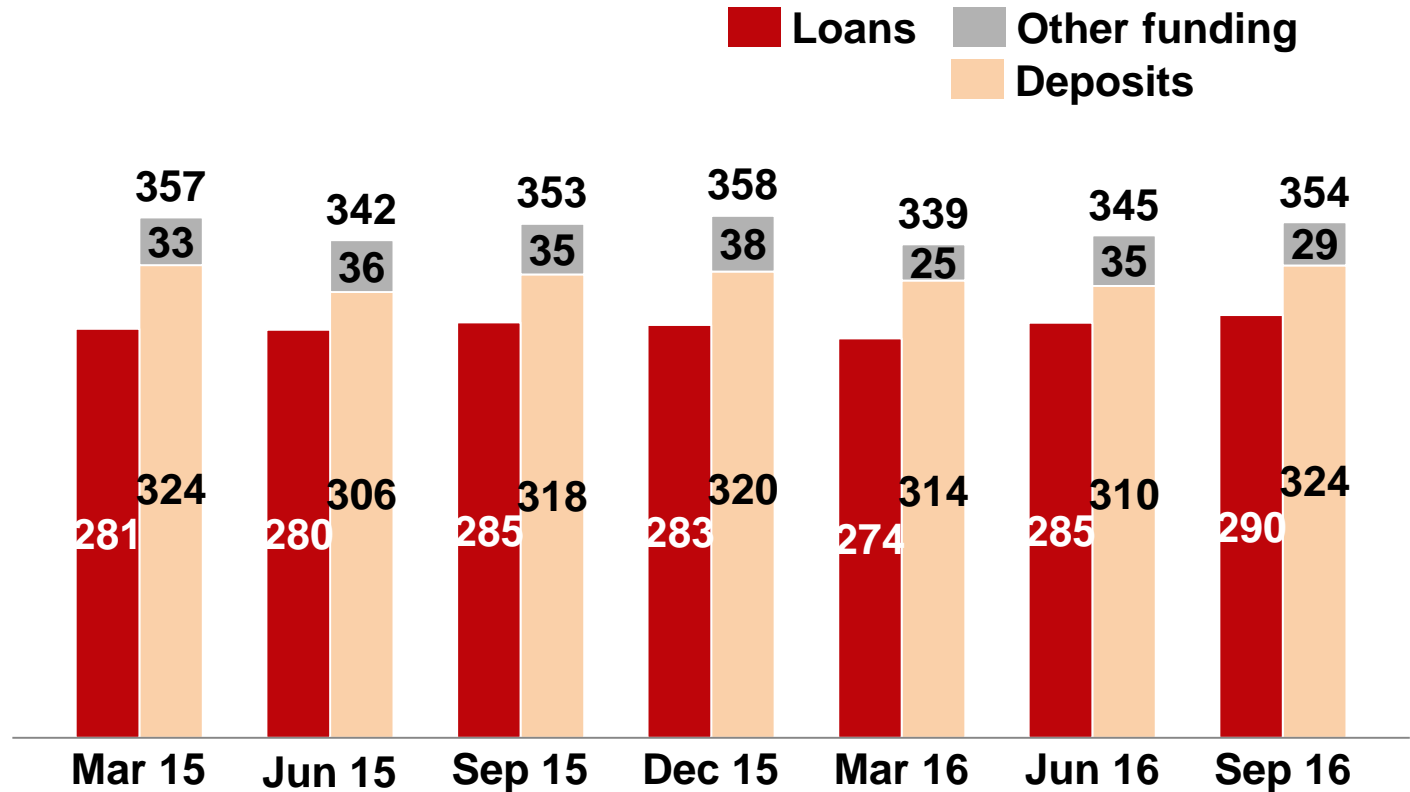
Loans up 1% on quarter in constant-currency terms

(S\$bn)		QoQ		YTD	
		<u>Reported</u>	<u>Underlying</u>	<u>Reported</u>	<u>Underlying</u>
	294	+5	+3	+7	+13
CBG	93	+2	+2	+4	+5
Other IBG	162	+4	+2	+7	+10
Trade	37	0	-1	-4	-2
	Loans				

- Underlying loan growth up 1% or \$3 billion on quarter, and 5% or \$13 billion year-to-date
- Non-trade loan growth led by corporate loans and continued market share gains in Singapore housing loans
- Trade loans little changed on quarter

Deposits increase 5% on quarter as liquidity buffers built up

(S\$bn)



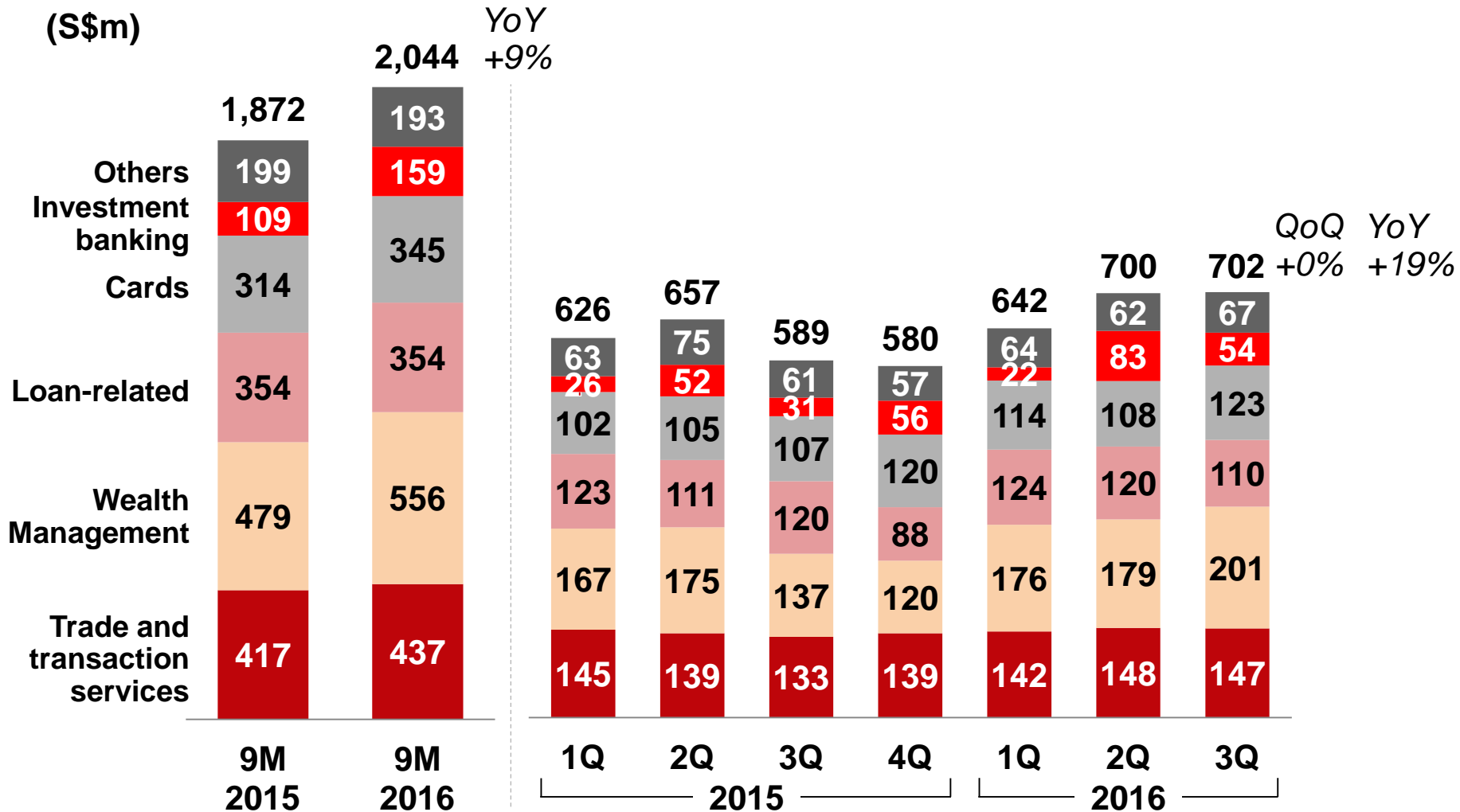
Ratios (%)

LDR	87	92	90	88	87	92	89
LCR	135	131	121	122	119	116	115

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



3Q fee income up 19% on year from broad-based growth



Gross fee income

IBG 9M income little changed

(S\$m)	9M 2016	9M 2015	YoY %
Total income	3,961	4,015	(1)
Corporate	2,797	2,851	(2)
SME	1,164	1,164	0
Loans	2,137	2,134	0
Trade	554	720	(23)
Cash / SFS	602	469	28
Treasury	597	661	(10)
Investment banking	71	31	>100
Expenses	1,277	1,262	1
Profit before allowances	2,684	2,753	(3)
Allowances	995	400	>100
Profit before tax	1,689	2,353	(28)
Assets (S\$bn)	224	228	(2)
GTS deposits (S\$bn)	125	124	1

- Total income stable as higher cash management and investment banking income offsets lower trade and treasury customer activities
- Higher SP due largely to single exposure
- Assets fall 2% or \$4 billion as decline in trade loans more than offsets growth in non-trade loans and other assets

CBG 9M income and earnings rise to new highs

(S\$m)	9M 2016	9M 2015	YoY %
Total income	3,198	2,644	21
Retail	1,939	1,562	24
Wealth Management	1,259	1,082	16
Loans and deposits	1,864	1,435	30
Investment products	865	764	13
Cards	426	401	6
Others	44	45	(2)
Expenses	1,728	1,641	5
Profit before allowances	1,470	1,003	47
Allowances	94	78	21
Profit before tax	1,376	925	49
AUM (S\$bn)	159	143	11
SGD savings (S\$bn)	105	104	1

- **Total income increases 21% from higher loan and deposit volumes, NIM, bancassurance and cards income**
- **Expenses up 5%, resulting in improved cost-income ratio**
- **Market share for SGD savings accounts maintained at 52%**

3Q treasury customer income stable on year; other treasury income up 27%

(S\$m)

Customer income / total treasury income (%)

52 52

Customer income

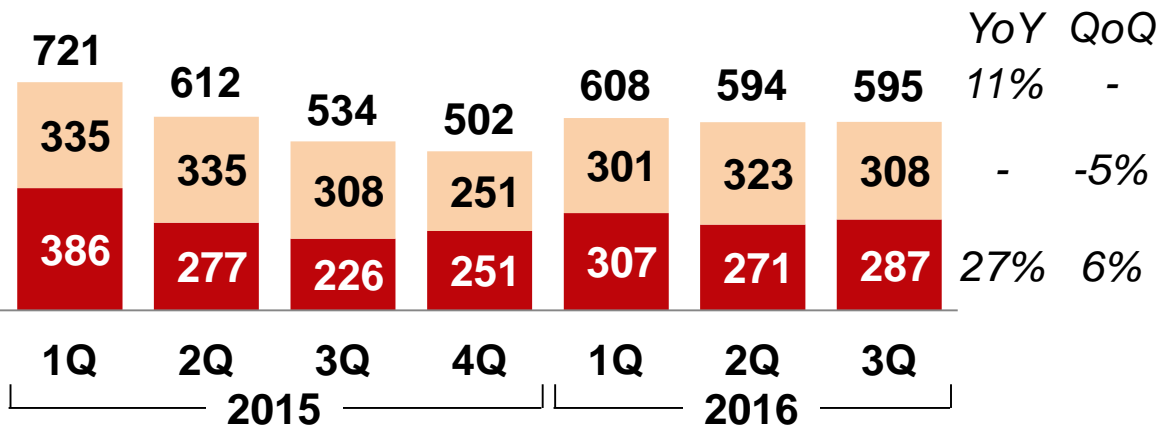
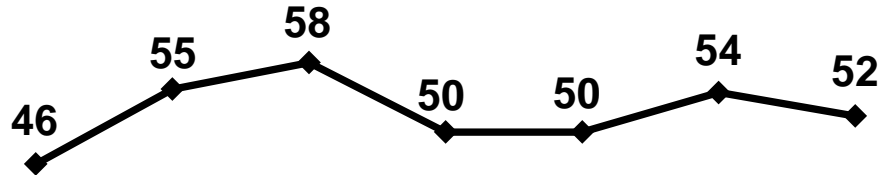
1,867 1,797 -4%

978 932 -5%

Other treasury income

889 865 -3%

9M 2015 9M 2016

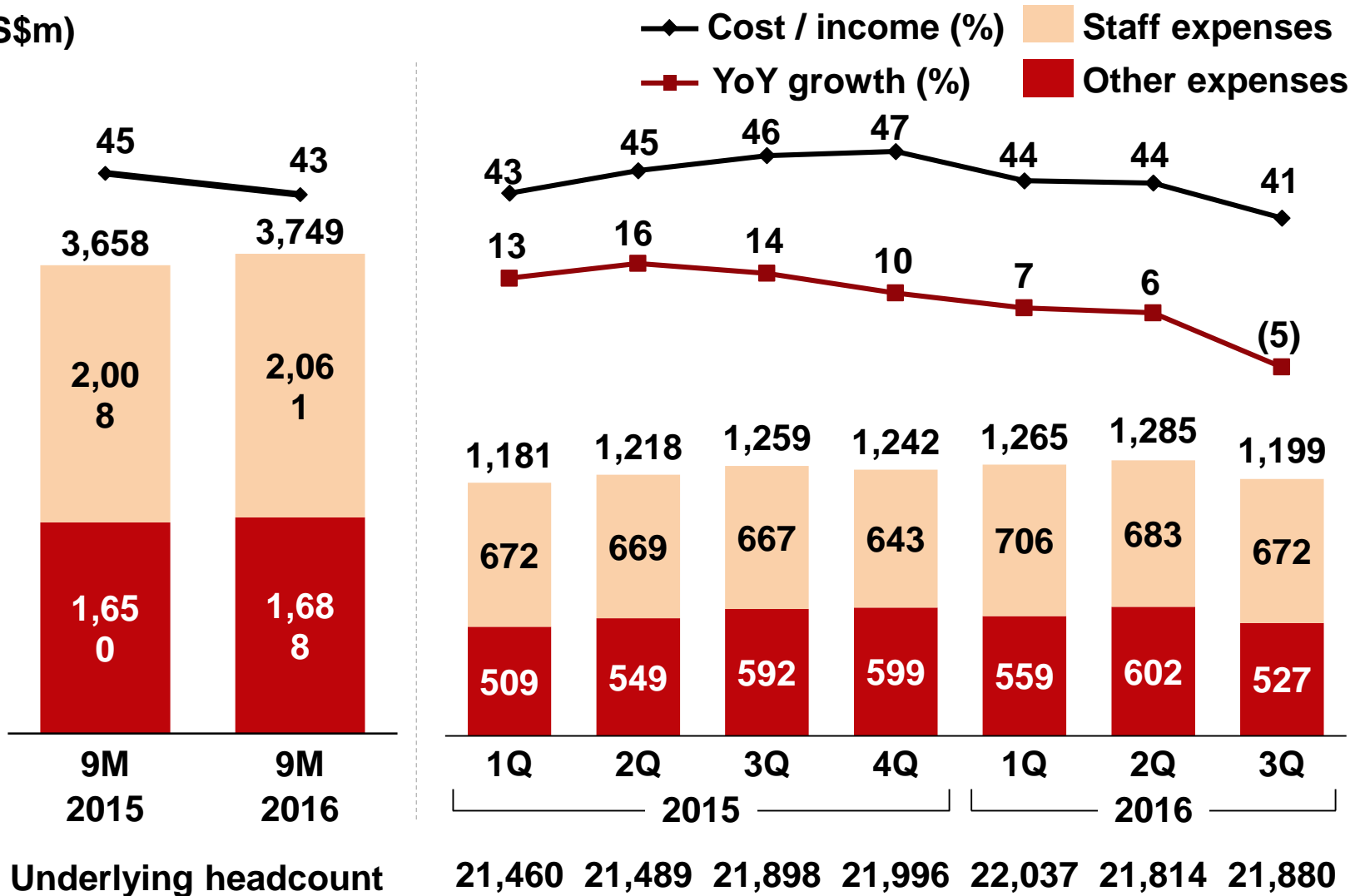


Treasury customer income is included under IBG/CBG segment income. It is included in this chart for a complete product view.



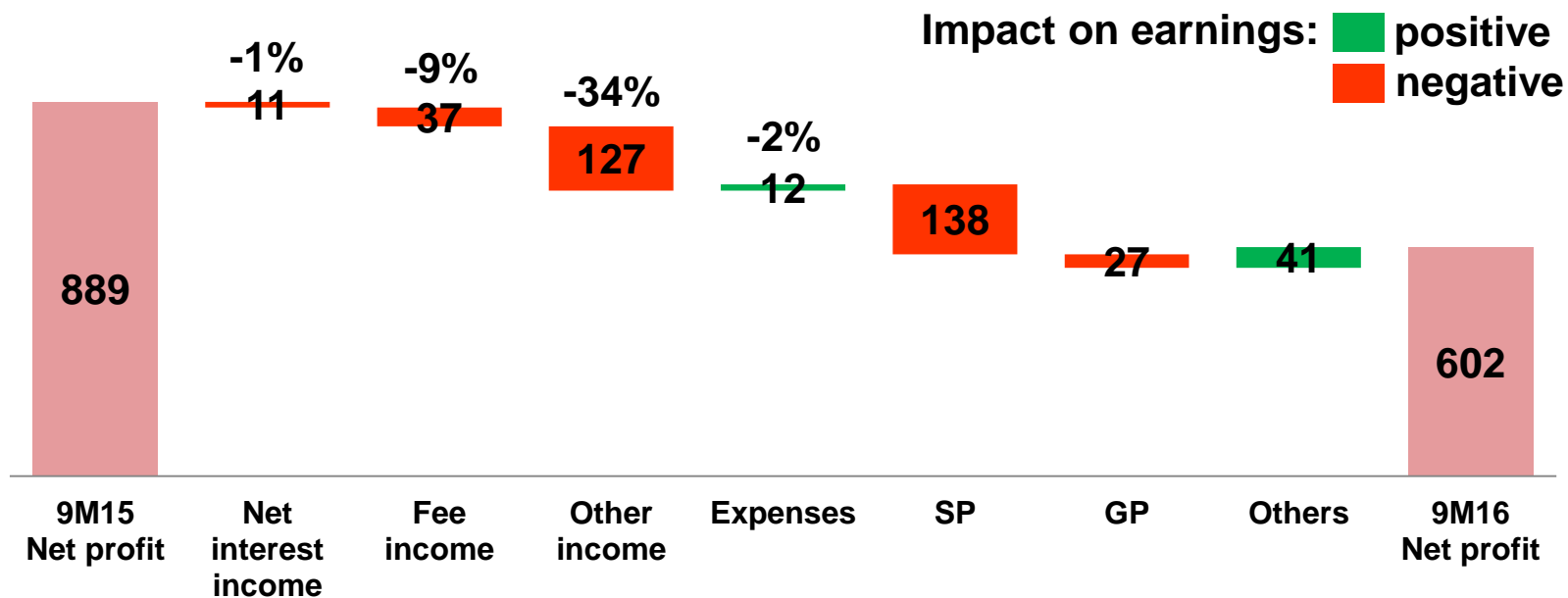
Year-on-year cost growth deceleration improves 9M cost-income ratio to 43%

(S\$m)



Hong Kong's 9M earnings decline

(S\$m)	9M16	YoY %	Underlying YoY %	
Total income	1,590	(10)	(10)	▪ NIM improves 12 bp to 1.77%
Expenses	688	(2)	(2)	▪ Non-interest income affected by weak market
Profit before allowances	902	(15)	(15)	▪ Higher SP from RMB derivative exposures
Allowances	195	>100	>100	
Net profit	602	(32)	(32)	

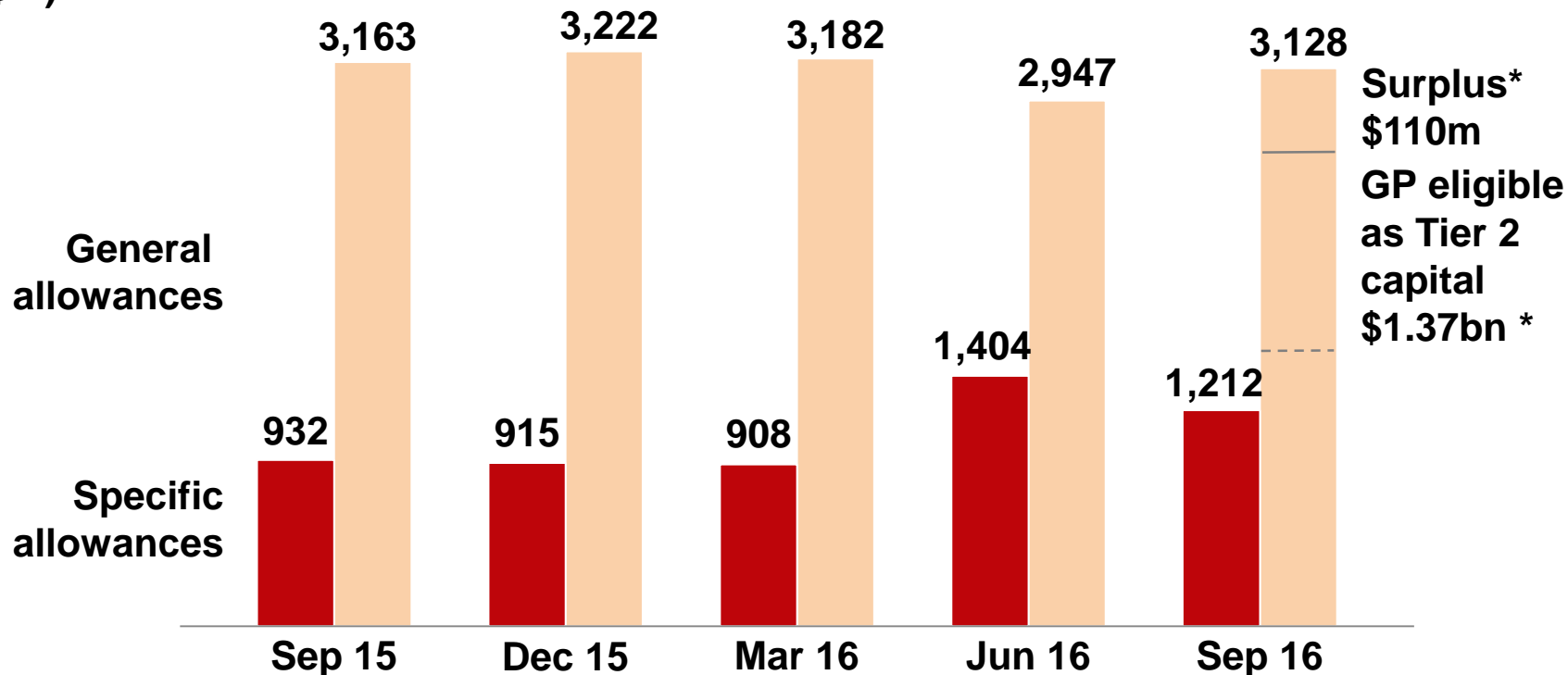


New NPAs include oil and gas support service exposure that is well-collateralised

(S\$m)	3Q 2016	2Q 2016	3Q 2015
NPAs at start of period	3,854	3,048	2,571
New NPAs	1,055	1,105	339
Upgrades, recoveries and translation	(88)	(212)	(74)
Write-offs	(491)	(87)	(287)
NPAs at end of period	4,330	3,854	2,549
NPL ratio (%)	1.3	1.1	0.9
SP / loans (bp)	30	48	20

Allowance coverage at 100% and at 204% with collateral

(S\$m)

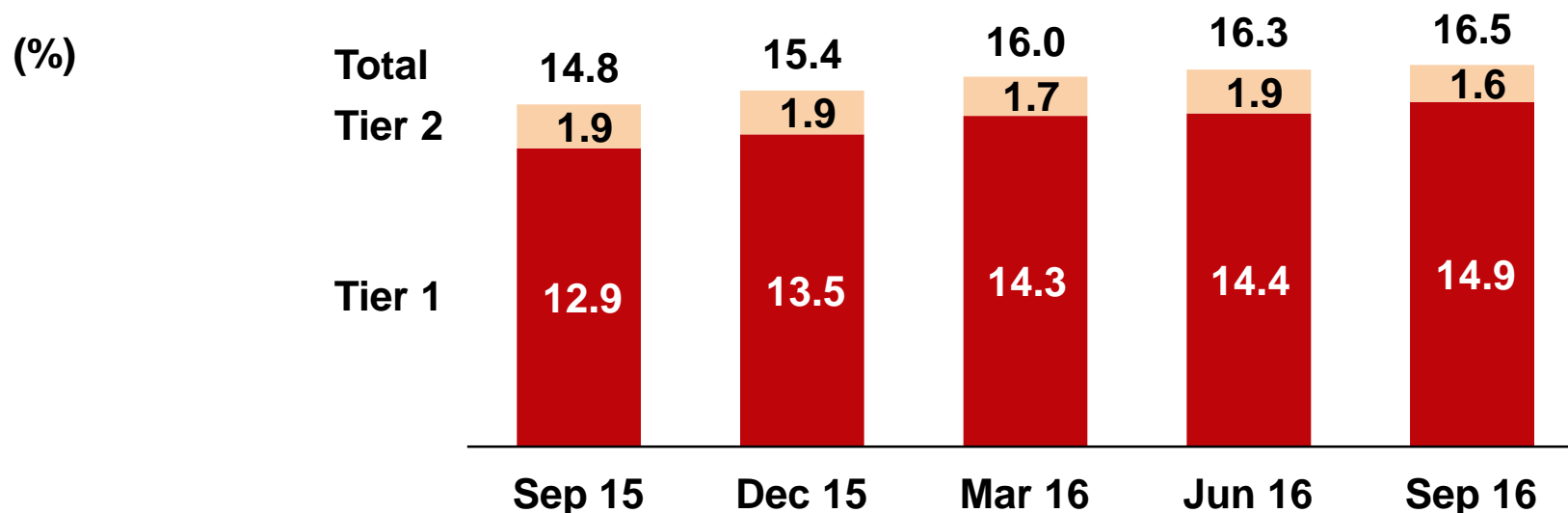


Cumulative general and specific allowances as % of:

NPA	161	148	134	113	100
Unsecured NPA	324	303	286	226	204

* per Pillar 3 disclosures

Strong CET-1 and leverage ratios



Common Equity Tier 1 (%)

Transitional	12.9	13.5	14.0	14.2	14.4
Fully phased-in	11.9	12.4	13.2	13.4	13.5
RWA (S\$bn)	279	274	269	268	271
Leverage ratio (%)	7.1	7.3	7.8	7.7	7.8

In summary – resilient third quarter operating performance

Growth in total income underpinned by multiple business engines

Past investments to digitise as well as strategic cost management efforts yielding productivity gains, boosting profit before allowances

Headroom for higher general and specific allowances while maintaining earnings resilience

Strong balance sheet to weather further NPL increases

Well positioned for challenges ahead

Supplementary slides

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9M earnings unchanged on year

(S\$m)	9M 2016	9M 2015	YoY %
Net interest income	5,481	5,246	4
Fee income	1,816	1,659	9
Trading income	960	915	5
Other income	456	329	39
Non-interest income	3,232	2,903	11
Total income	8,713	8,149	7
Staff expenses	2,061	2,008	3
Other expenses	1,688	1,650	2
Expenses	3,749	3,658	2
Profit before allowances	4,964	4,491	11
General allowances	(59)	54	NM
Specific allowances	1,031	442	>100
Allowances	972	496	96
Net profit	3,325	3,316	0
One-time items	-	136	(100)
Net profit incl. one-time items	3,325	3,452	(4)

3Q profit before allowances up 19% on year

(S\$m)	3Q 2016	3Q 2015	YoY %	2Q 2016	QoQ %
Net interest income	1,815	1,813	-	1,833	(1)
Fee income	614	517	19	628	(2)
Trading income	338	286	18	307	10
Other income	162	93	74	151	7
Non-interest income	1,114	896	24	1,086	3
Total income	2,929	2,709	8	2,919	0
Staff expenses	672	667	1	683	(2)
Other expenses	527	592	(11)	602	(12)
Expenses	1,199	1,259	(5)	1,285	(7)
Profit before allowances	1,730	1,450	19	1,634	6
General allowances	169	35	>100	(228)	NM
Specific allowances	267	143	87	594	(55)
Allowances	436	178	>100	366	19
Net profit	1,071	1,066	-	1,051	2
One-time items	-	-	-	-	-
Net profit incl. one-time items	1,071	1,066	-	1,051	2

Cost-income ratio fell on year and on quarter

(%)	3Q 2016	3Q 2015	2Q 2016	9M 2016	9M 2015
Net interest margin	1.77	1.78	1.87	1.83	1.74
Fee income/total income	21	19	22	21	20
Non-interest income/total income	38	33	37	37	36
Cost/income	41	46	44	43	45
ROE	10.0	10.9	10.1	10.7	11.6
Loan/deposit	89	90	92	89	90
SP/loans (bp)	30	20	48	32	20
NPL ratio	1.3	0.9	1.1	1.3	0.9

Hong Kong's 9M earnings at \$602m

Constant-currency terms

(S\$m)	9M 2016	9M 2015	YoY %	YoY %
Net interest income	975	986	(1)	(1)
Non-interest income	615	779	(21)	(21)
Total income	1,590	1,765	(10)	(10)
Expenses	688	700	(2)	(2)
Profit before allowances	902	1,065	(15)	(15)
General allowances	(1)	(28)	NM	NM
Specific allowances	196	58	>100	>100
Allowances	195	30	>100	>100
Net profit	602	889	(32)	(32)
Net interest margin (%)	1.77	1.65		
Loan growth (%)				(2)
Non-trade growth (%)				5
Trade growth (%)				(26)
Deposit growth (%)				(4)

Hong Kong's profit before allowances up 17% on quarter

Constant-currency terms

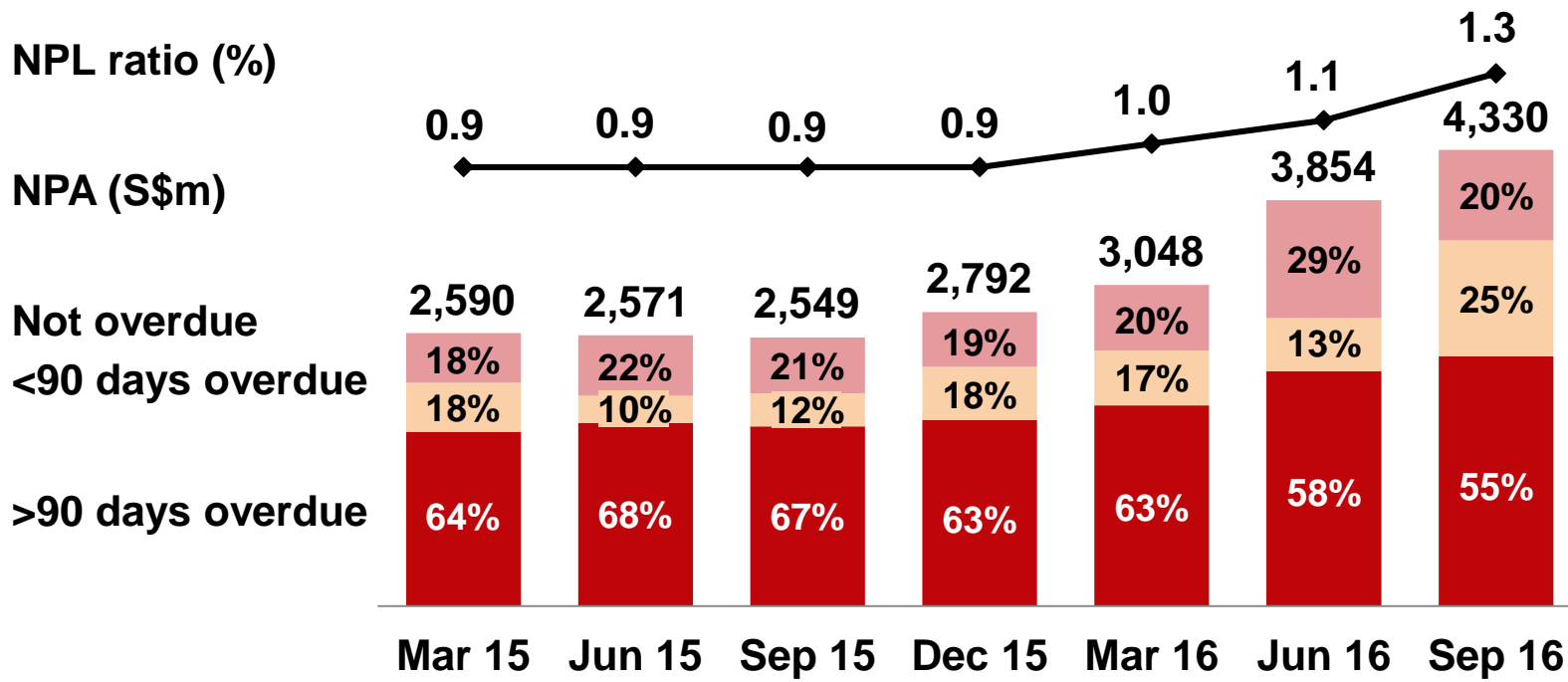
(S\$m)	3Q 2016	3Q 2015	YoY %	YoY %	2Q 2016	QoQ %	QoQ %
Net interest income	325	356	(9)	(6)	320	2	1
Non-interest income	241	248	(3)	0	200	21	21
Total income	566	604	(6)	(3)	520	9	9
Expenses	228	240	(5)	(2)	232	(2)	(2)
Profit before allowances	338	364	(7)	(4)	288	17	17
General allowances	(2)	(31)	NM	NM	24	NM	NM
Specific allowances	72	18	>100	>100	72	-	(2)
Allowances	70	(13)	NM	NM	96	(27)	(27)
Net profit	232	329	(29)	(27)	161	44	43
Net interest margin (%)	1.71	1.73			1.80		
Loan growth (%)				(2)			2
Non-trade growth (%)				5			3
Trade growth (%)				(26)			(4)
Deposit growth (%)				(4)			4

Regional 9M income 4% lower on year

(S\$m)	9M 2016	9M 2015	YoY %
Net interest income	807	840	(4)
Non-interest income	560	577	(3)
Total income	1,367	1,417	(4)
Expenses	830	847	(2)
Profit before allowances	537	570	(6)
Allowances	316	294	7
Net profit	149	224	(33)

Figures for operations outside of Singapore and Hong Kong

NPL ratio up moderately, allowance coverage sound



SP / loans (bp)	22	19	20	17	18	48	30
<u>Cumulative general and specific allowances as % of:</u>							
NPA	161	160	161	148	134	113	100
Unsecured NPA	294	304	324	303	286	226	204

Specific allowances for loans rise to 30 bp

(S\$m)	3Q 2016	2Q 2016	3Q 2015
<u>Add charges for</u>			
New NPLs	94	286	89
Existing NPLs	173	81	112
	267	367	201
<u>Subtract charges for</u>			
Upgrading	1	1	-
Settlements	30	14	41
Recoveries	16	16	18
	47	31	59
Total SP charges for loans	220	336	142
SP/loans (bp)	30	48	20

AFS duration remains short

(S\$m)	Sep 16	Jun 16
Government securities	22,763	22,593
Less than 3 years	15,128	14,864
3 to 5 years	3,473	3,046
5 to 10 years	3,177	3,653
More than 10 years	985	1,029
Supranational, bank and corporate bonds	13,681	14,330
Equities	1,620	1,681
Total	38,064	38,603
AFS reserves	603	512

Time-banding is based on maturity date from reporting date

European AFS exposure mostly in AAA and AA entities

(S\$m)	Government / Govt-owned	Bank / Corporates	Total
Supranational	469 *	0	469
France	0	14	14
Germany	158 *	0	158
Netherlands	0	3	3
United Kingdom	683 *	140	823
Total	1,310	157	1,467

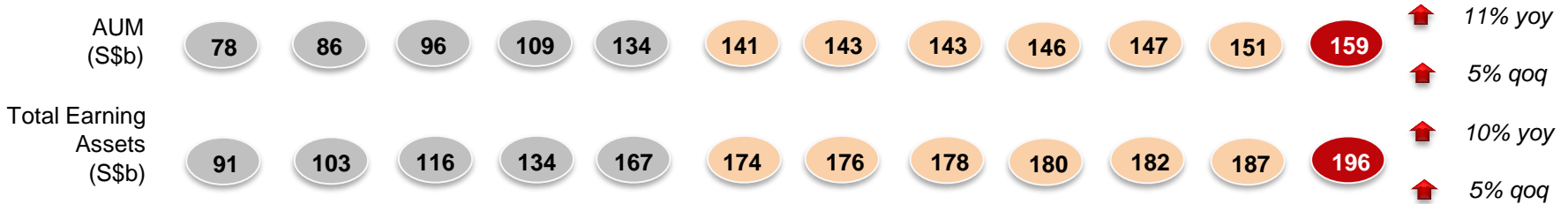
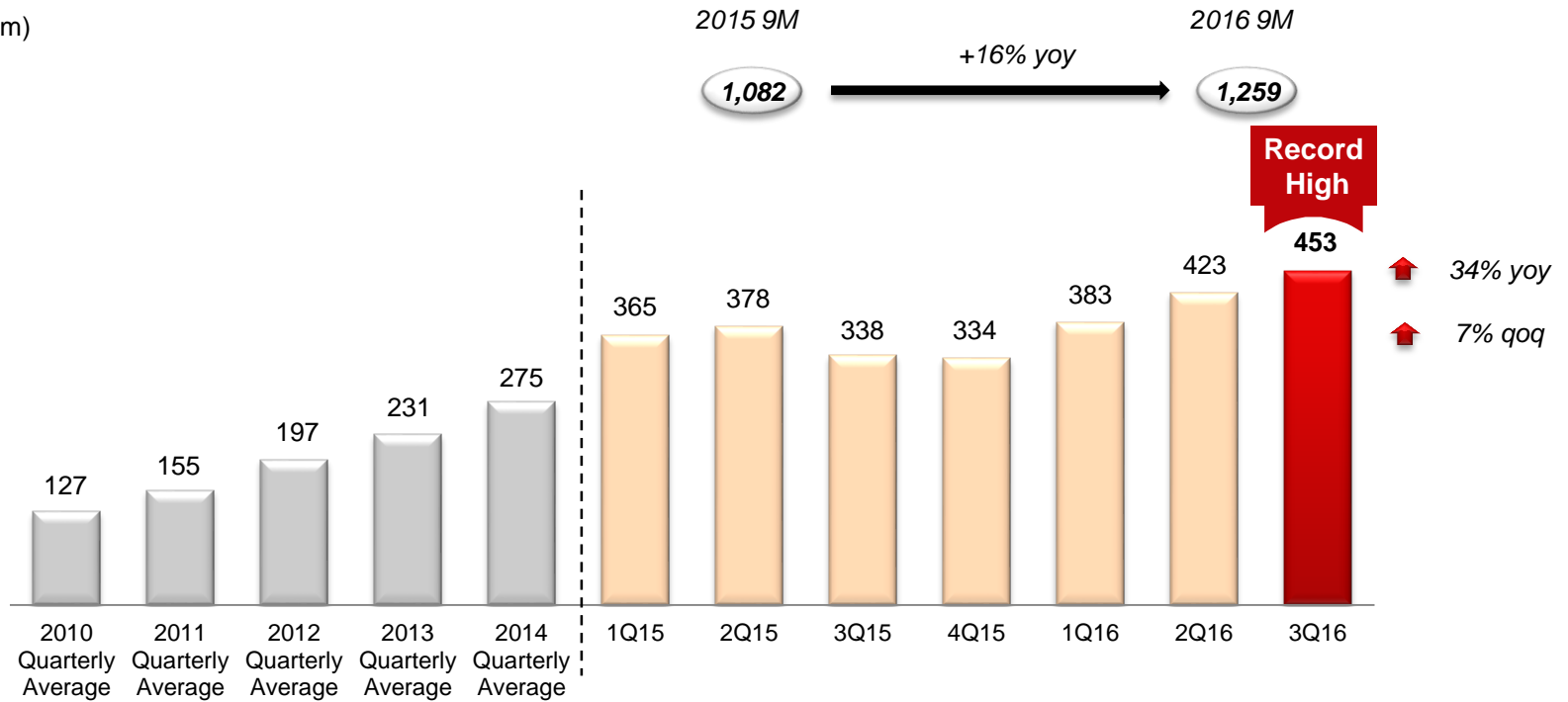
* Supranational and German entities rated AAA/Aaa by S&P, Moody's and Fitch. UK entities rated AA by S&P, AA1 by Moody's and AA by Fitch

Deposits growth built liquidity buffer

(S\$bn)	QoQ		YoY		
	Sep 16	Reported	Underlying	Reported	Underlying
Deposits	324	14	12	6	14
By product					
CASA	201	4	3	10	12
Fixed deposits	120	9	8	(3)	1
Others	3	1	1	0	0
By currency					
Singapore dollar	150	7	7	9	9
US dollar	99	5	4	7	11
HK dollar	33	2	2	(3)	(1)
Chinese yuan	10	1	1	(6)	(5)
Others	32	(1)	(2)	(1)	0
LDR (%)	Sep 16	Jun 16		Sep 15	
Overall	89	92		90	
Singapore dollar	81	85		81	
US dollar	96	99		100	

Wealth Management segment

Income (S\$m)

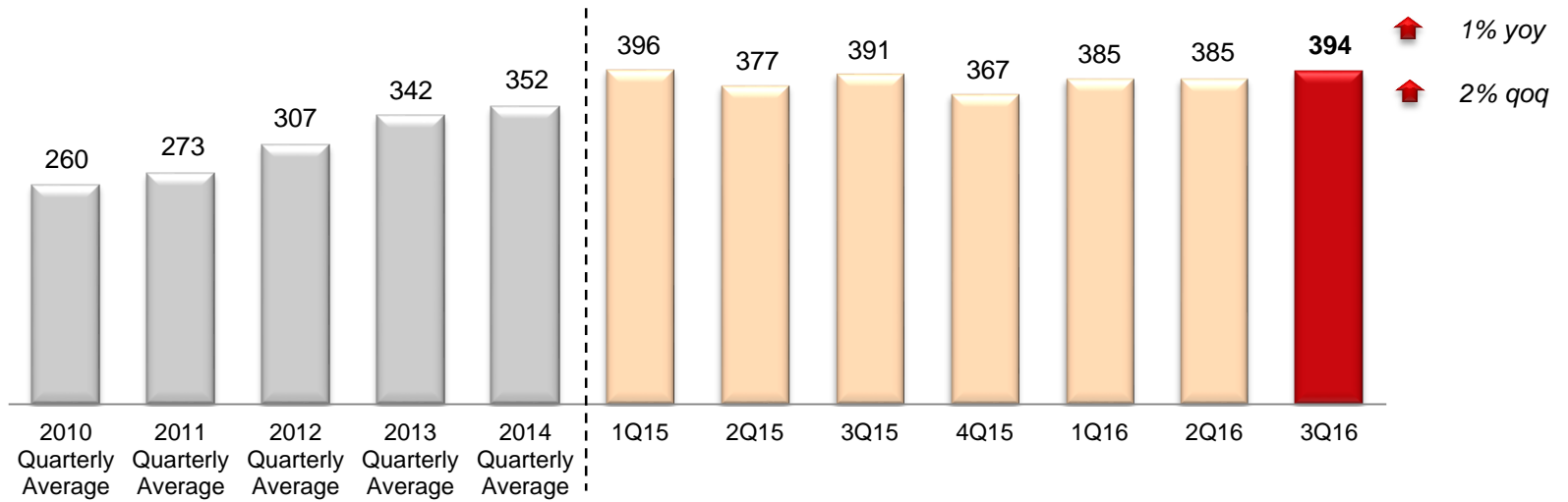
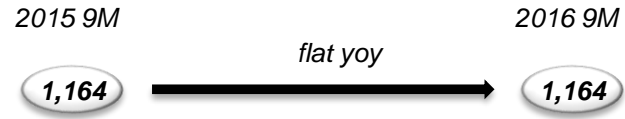


Comprising Treasures, Treasures Private Client and Private Bank
Total earning assets and AUMs at end of period



SME segment

Income (S\$m)



Global transaction services

Income (S\$m)

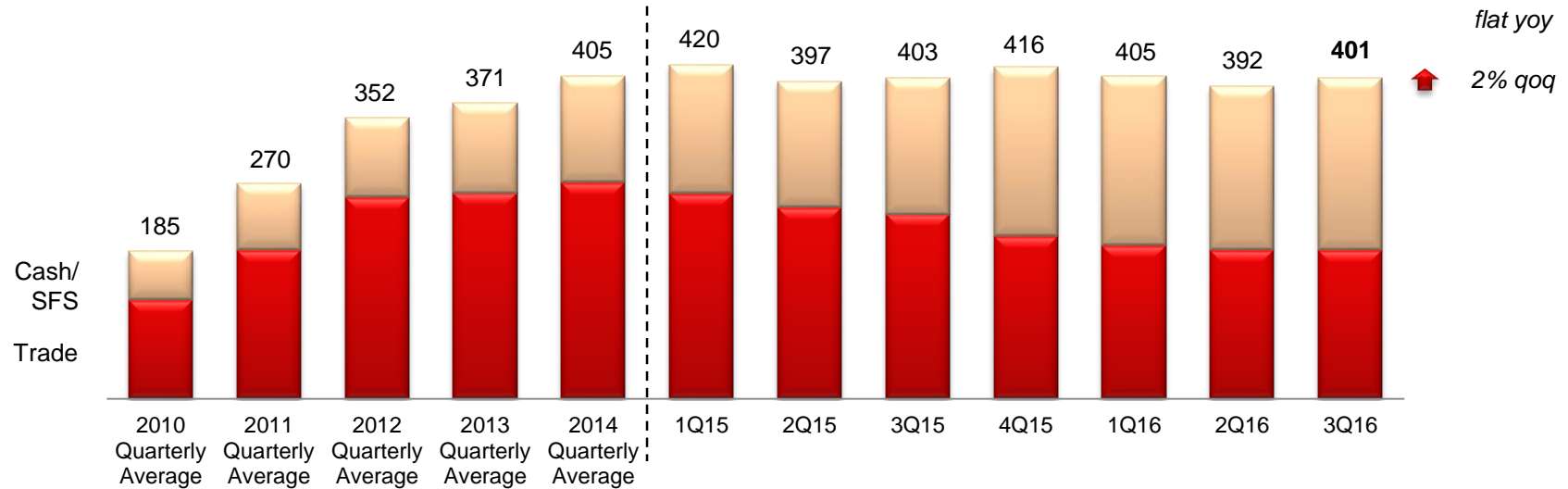
2015 9M

2016 9M

1,220

-2% yoy

1,198



Assets (S\$b) ^(a)	20	45	52	63	62	55	56	53	47	39	42	43	↓ 18% yoy ↑ 2% qoq
Deposits (S\$b)	65	81	95	119	135	131	114	124	127	121	122	125	↑ 1% yoy ↑ 3% qoq

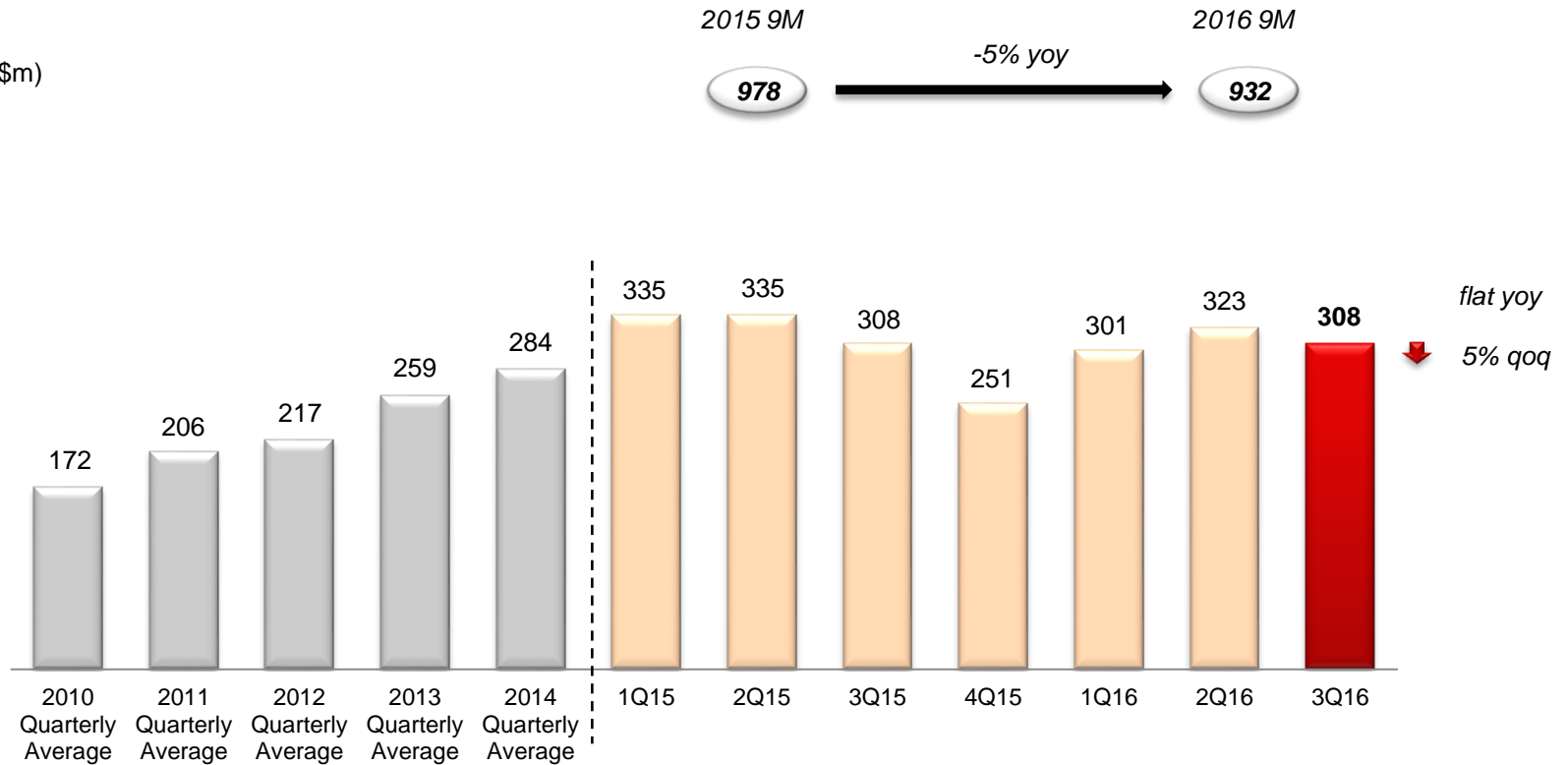
Assets and deposits at end of period

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



Treasury customer flows

Income (S\$m)



3Q16 customer income: 52% of total Treasury income

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