



Live more,
Bank less

Business momentum propels third-quarter income to record

**DBS Group Holdings
3Q 2018 financial results
November 5, 2018**

Highlights

Third-quarter total income up 10% on year and 5% on quarter to record \$3.38 billion

- Loan growth, fee income trends and net interest margin progression sustained during quarter
- Healthy business momentum results in continued acceleration of CBG / WM and IBG income
- Underlying cost-income ratio at 43%
- Net profit at \$1.41 billion, up 72% on year due to higher allowances for oil and gas support service exposures a year ago; up 3% on quarter

Nine-month net profit increases 36% to record \$4.31 billion

- ROE improves three percentage points to 12.4% due to higher net interest margin, normalisation of allowances and more efficient capital base
- Total income up 12% to new high of \$9.94 billion as net interest income rises 16% and fee income increases 8%
- Cost-income ratio stable at 43%, profit before allowances 11% higher

Balance sheet remains strong

- Asset quality healthy as NPA formation moderates, nine-month SP at 18bp of loans
- CET-1 at 13.3%, LCR at 132%, NSFR at 109%

3Q income up 10% on year to record

(S\$m)		3Q18	YoY %
Total income	record	3,375	10
Expenses		1,481	18
Profit before allowances		1,894	5
Allowances		236	(71)
Net profit		1,413	72

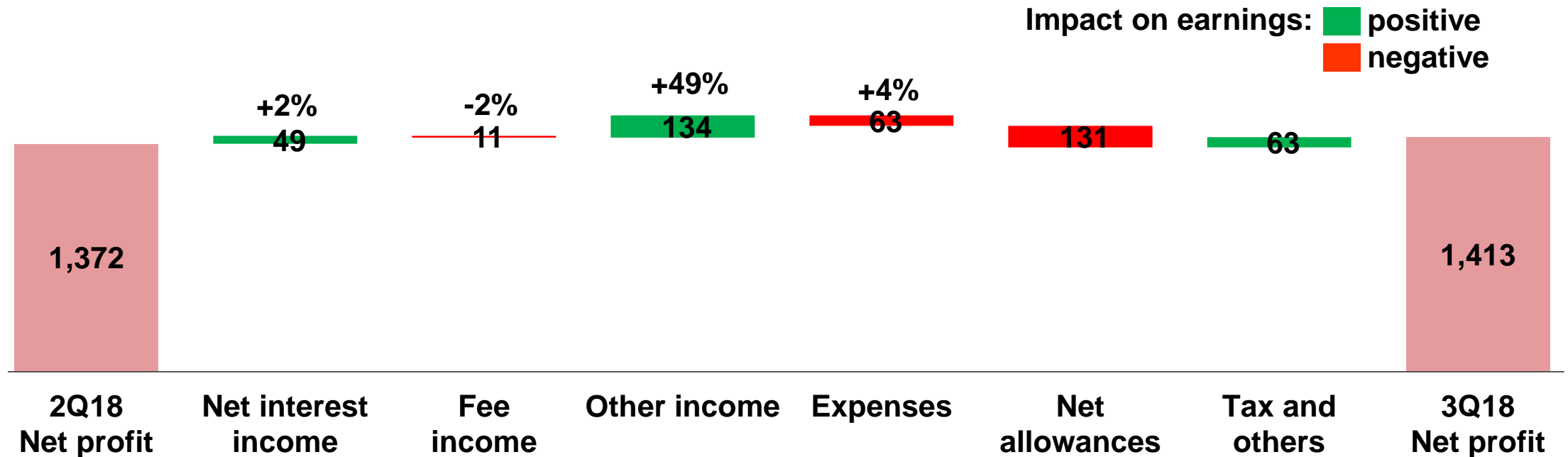
- Increases in NIM, loan volumes and wide range of fee income streams moderated by lower investment banking fees
- Underlying expenses up 15%, with ANZ accounting for six percentage points of increase
- Allowances decline 71% due to accelerated oil and gas support service allowances a year ago



3Q net profit up 3% on quarter

(S\$m)		3Q18	QoQ %
Total income	record	3,375	5
Expenses		1,481	4
Profit before allowances		1,894	6
Allowances		236	>100
Net profit		1,413	3

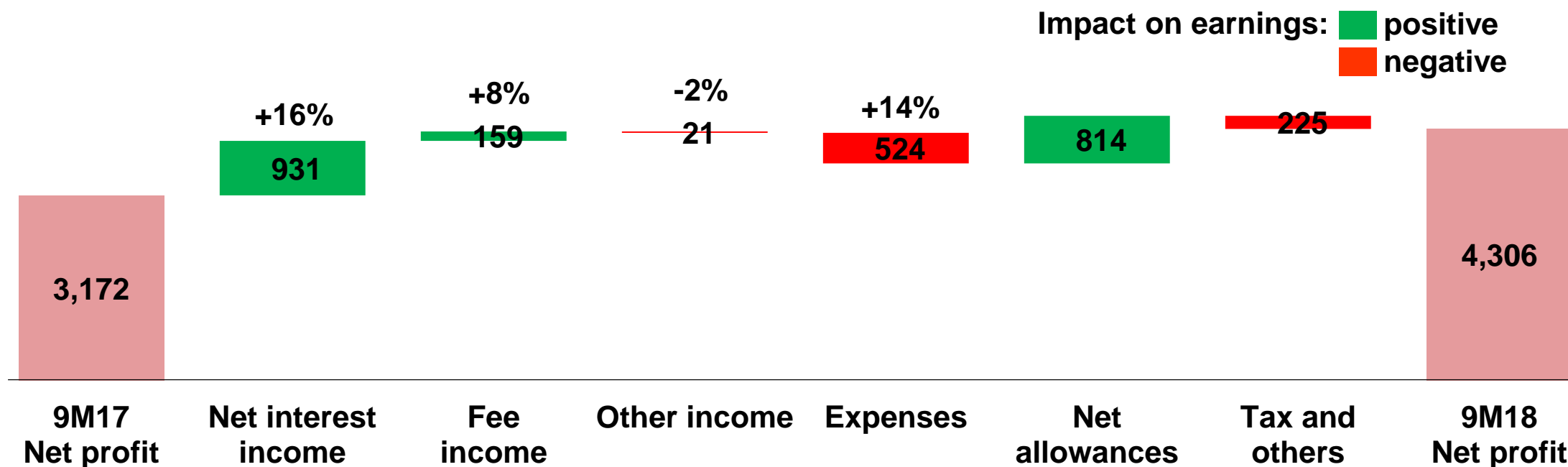
- Total income up 5% from non-trade loan growth, NIM progression and improved TM income
- Underlying expenses increase less quickly than total income at 3%
- Total allowances increase due to SP write-back in previous quarter



9M net profit increases 36% on year

(S\$m)		9M18	YoY %
Total income	record	9,938	12
Expenses		4,297	14
Profit before allowances	record	5,641	11
Allowances		505	(62)
Net profit	record	4,306	36

- Total income increase led by gains in net interest income and fee income; by business unit the growth was led by CBG / WM and IBG
- Cost-income ratio stable at 43%
- SP at one-fifth a year ago as new non-performing asset formation declines

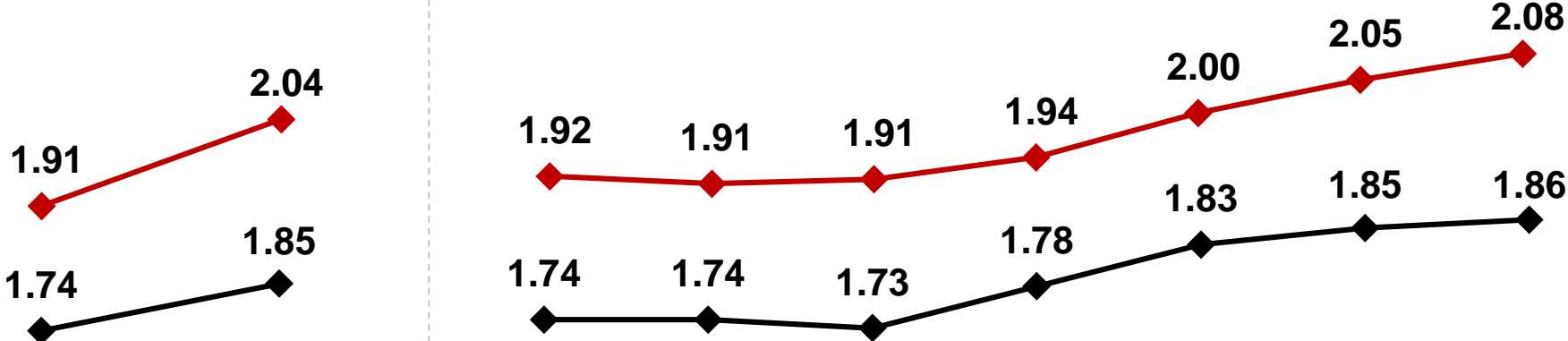


Underlying net interest margin up 3bp on quarter from higher interest rates in Singapore and Hong Kong

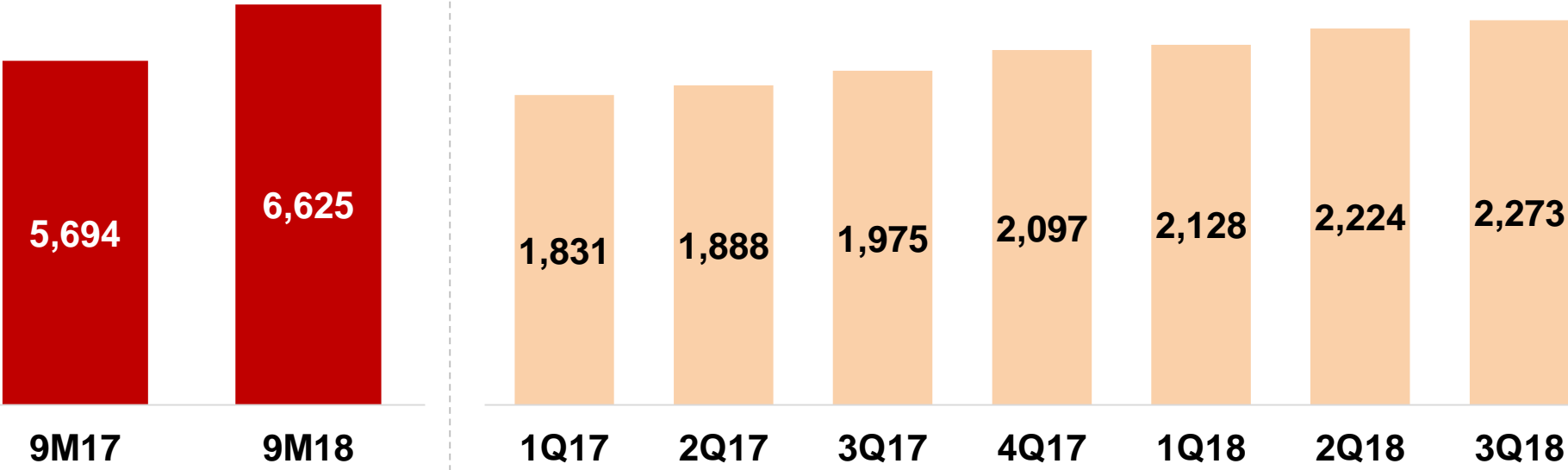
Net interest margin (%)

Excluding TM

Group

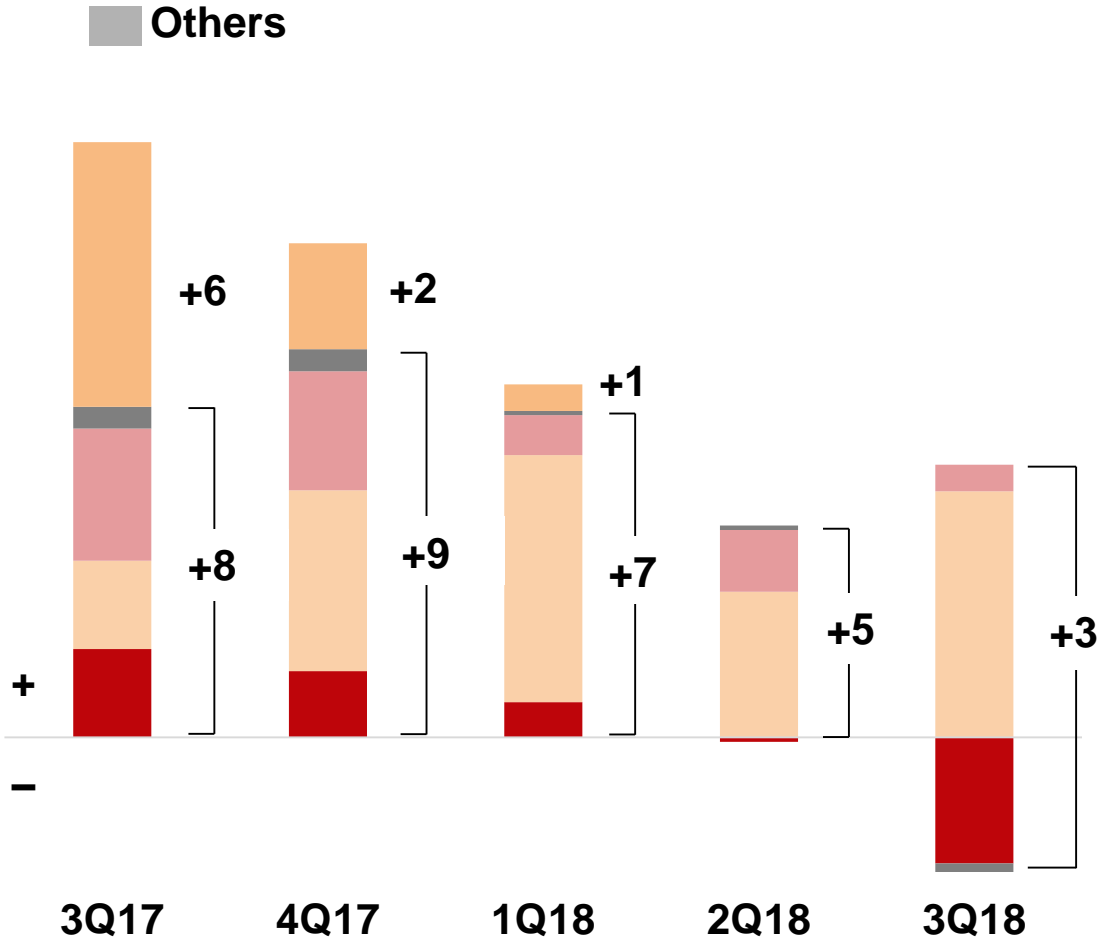
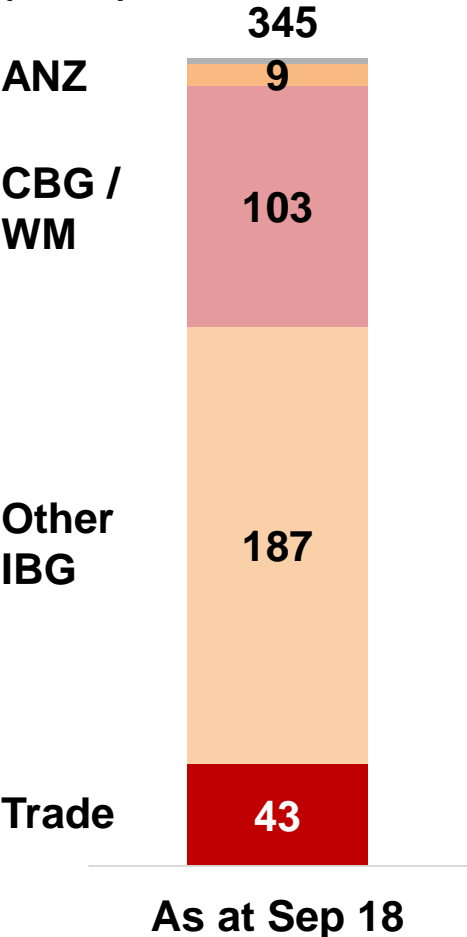


Net interest income (S\$m)



Non-trade corporate and consumer loans up 2% on quarter

(S\$bn)



In constant-currency terms

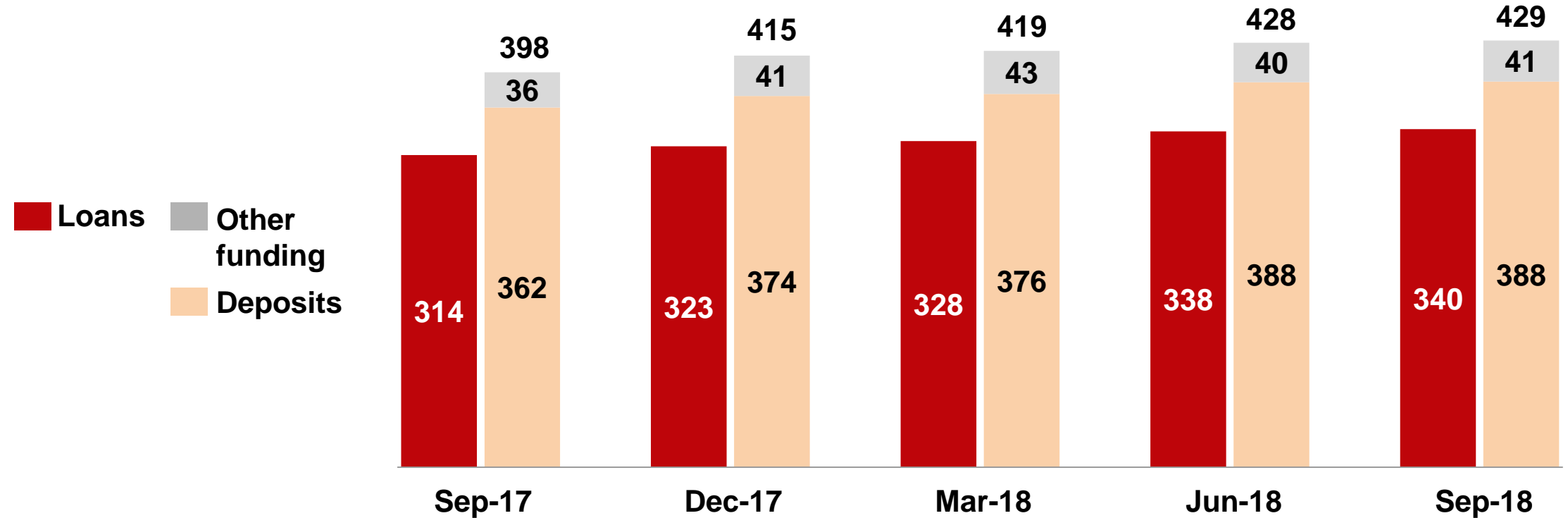
- Overall loans up \$3bn or 1% on quarter
- Non-trade corporate and consumer loans up \$6bn or 2% on quarter as momentum sustained
- Trade loans decline \$3bn or 6% on quarter due to unattractive pricing
- Overall loans up \$15bn or 5% year to date from non-trade corporate and consumer loan growth



Gross loans

Ample liquidity with LCR at 132%

(S\$bn)



Ratios (%)

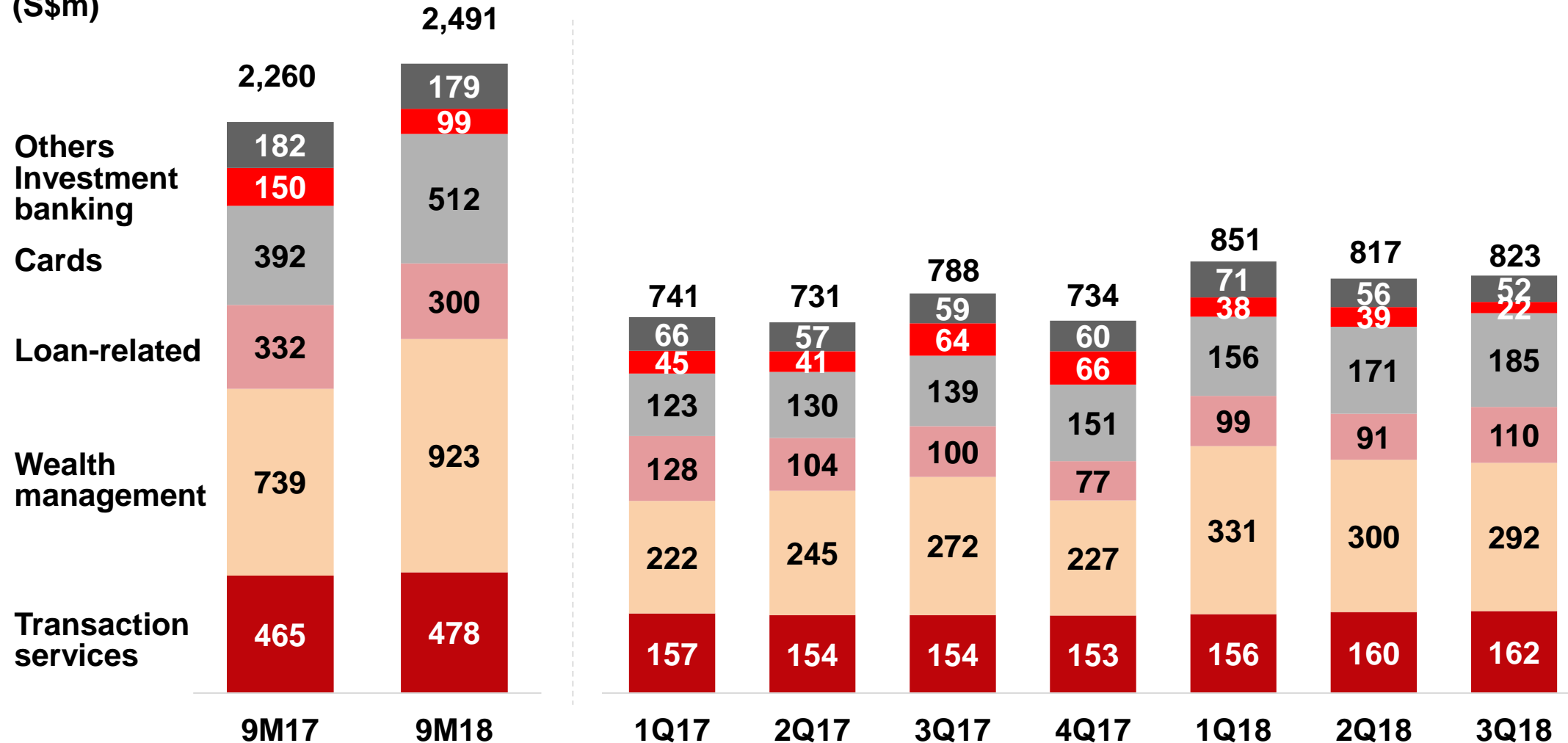
LDR	87	86	87	87	88
LCR	141	131	125	135	132
NSFR	—	—	110	110	109



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

3Q gross fee income up 4% on year as growth in wide range of activities offset by two-thirds decline in investment banking fees

(S\$m)



9M CBG / Wealth income and earnings rise to new highs

(S\$m)	9M18	9M17	YoY %
Total income	4,204	3,473	21
Retail	2,176	1,900	15
Wealth Management	2,028	1,573	29
Loans and deposits	2,386	1,938	23
Investment products	1,214	1,041	17
Cards	568	446	27
Others	36	48	(25)
Expenses	2,225	1,859	20
Profit before allowances	1,979	1,614	23
AUM (S\$bn)	220	195	13
SGD savings (S\$bn)	117	113	3

- Total income increases 21% to record \$4.20bn from growth across all key products
- YoY growth of 23% in third and second quarters, faster than 17% in first quarter
- Wealth Management segment income up 29% to \$2.03bn as AUM rises 13% to S\$220bn
- Singapore housing loan market share at 31%, SGD savings account market share at 53%

9M IBG income rises 8%, led by cash management

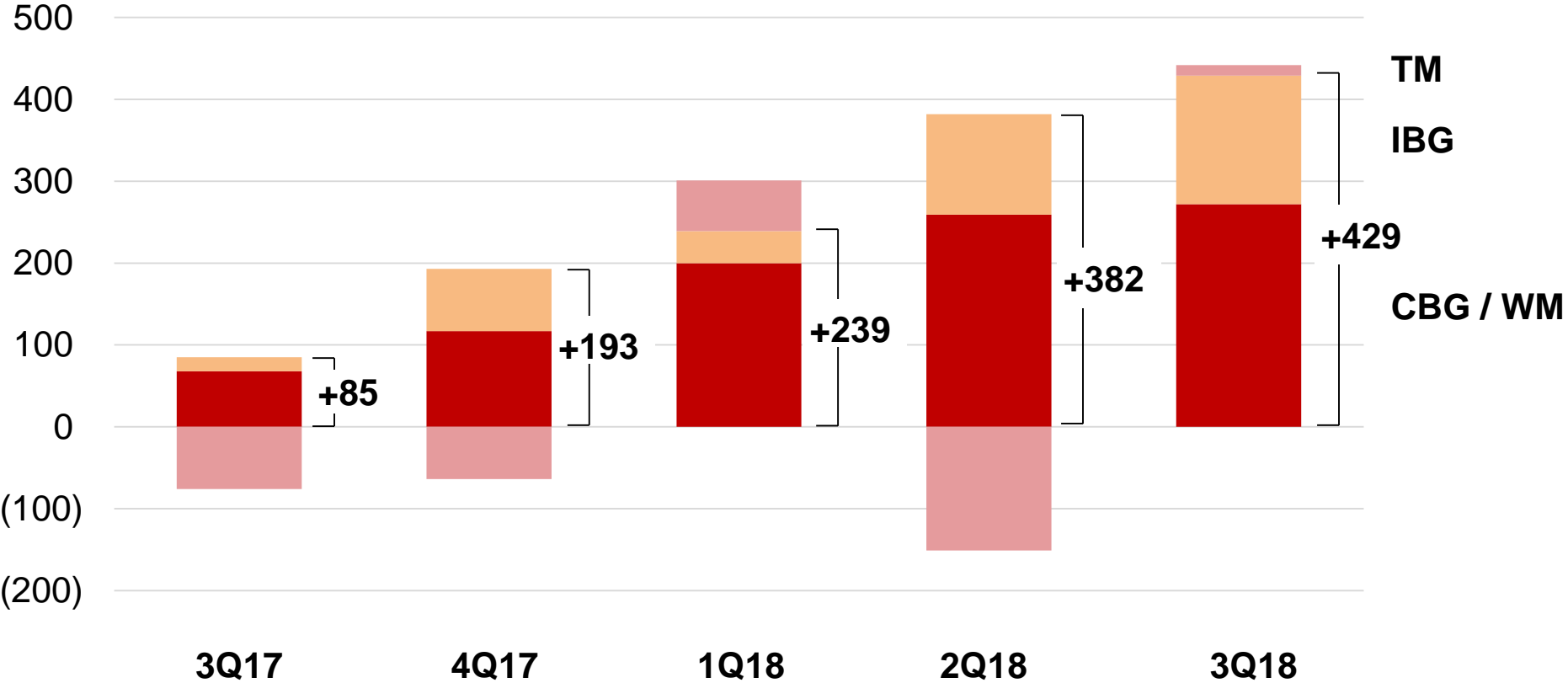
(S\$m)	9M18	9M17	YoY %
Total income	4,263	3,944	8
Corporate	2,796	2,674	5
SME	1,467	1,270	16
Loans	1,958	2,055	(5)
Trade	543	550	(1)
Cash / SFS	1,207	784	54
Treasury	460	436	6
Investment banking	95	119	(20)
Expenses	1,358	1,296	5
Profit before allowances	2,905	2,648	10
Assets (S\$bn)	260	241	8
GTS deposits (S\$bn)	141	134	5

- Total income increases 8% as higher income from cash management and treasury customer flows more than offset lower income from investment banking and loans
- YoY growth accelerates to 12% in third quarter, from 9% in second quarter and 3% in first quarter
- Expenses up 5%, profit before allowances increases 10%
- Assets rise 8% from loan growth

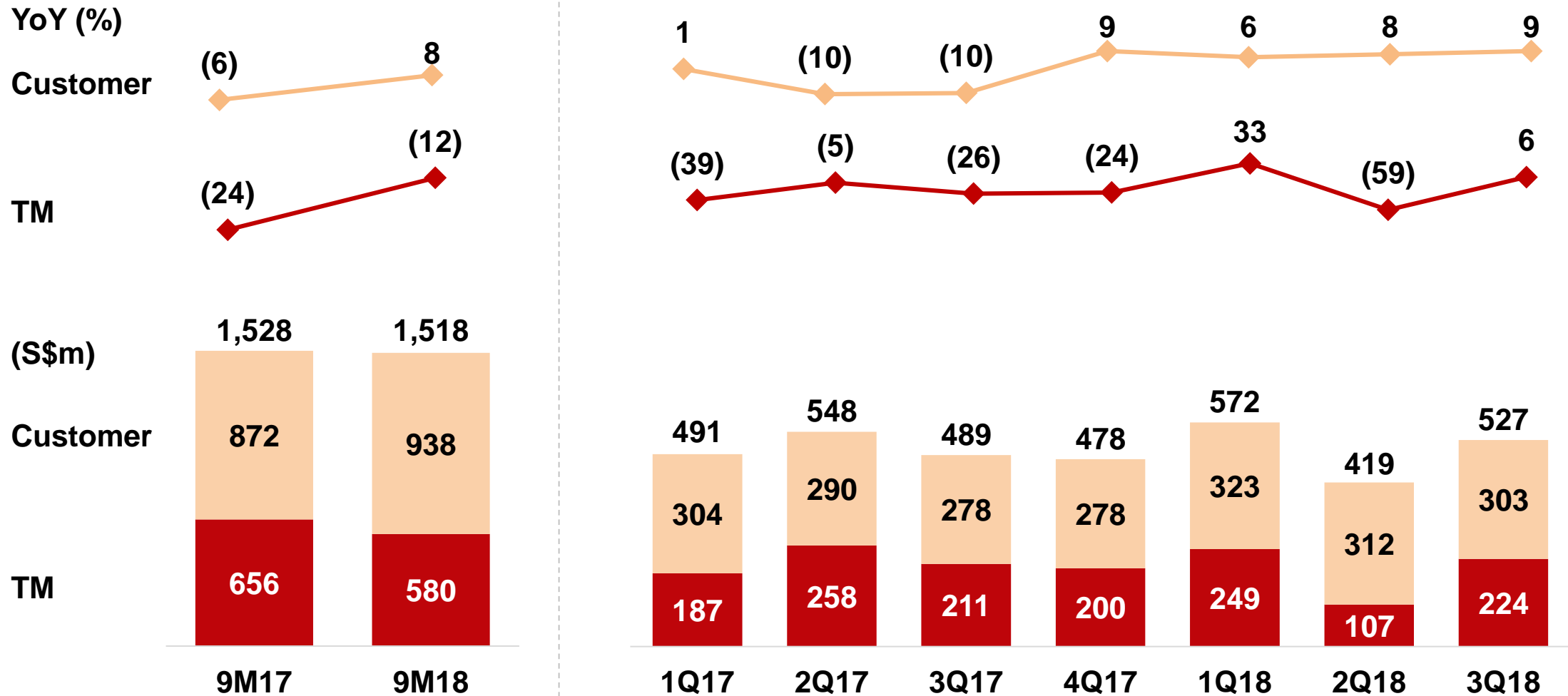
CBG / WM and IBG income accelerates

Change over year-ago period

(S\$m)

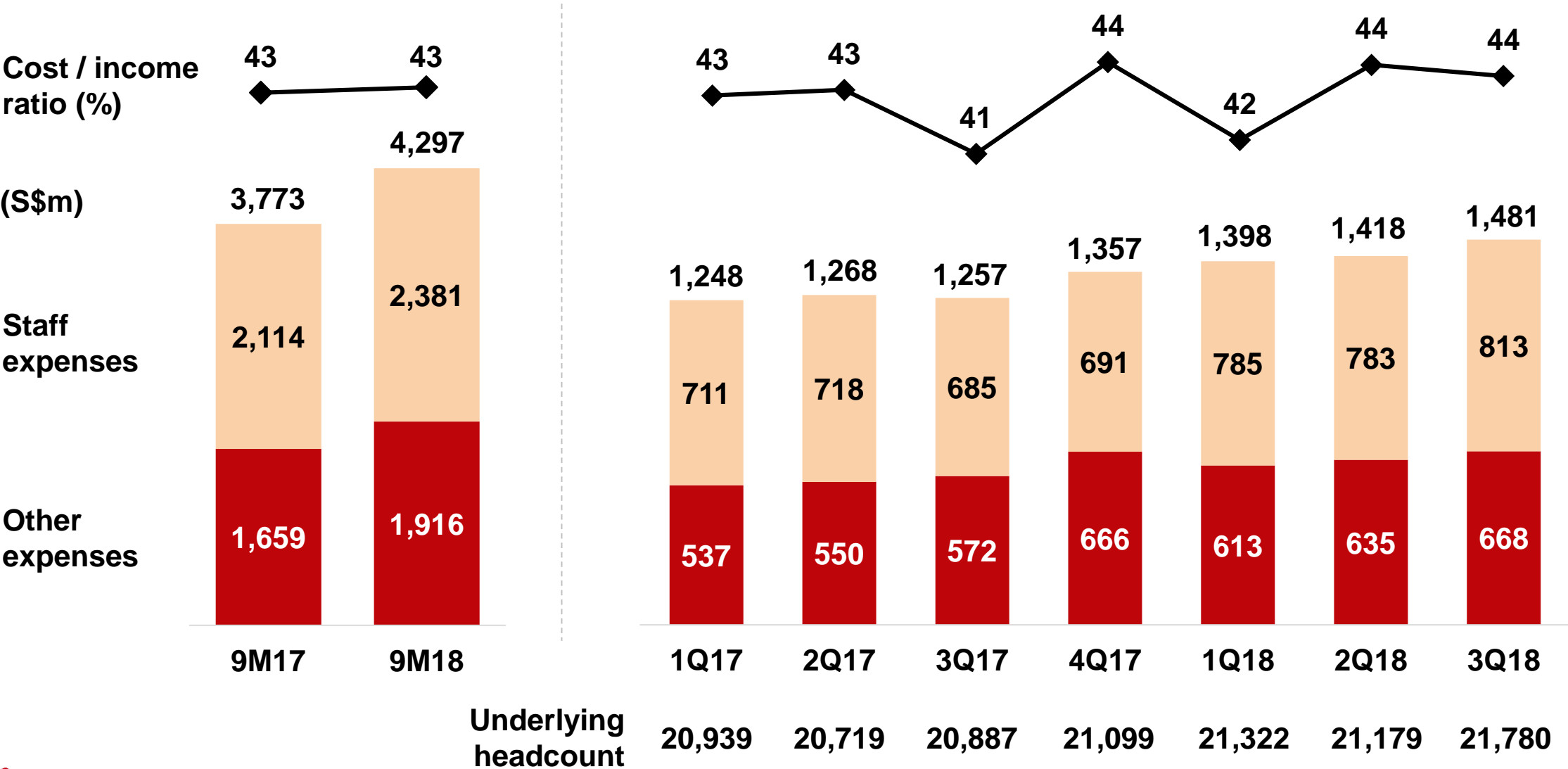


3Q TM income improves from low base in previous quarter, customer income up on year



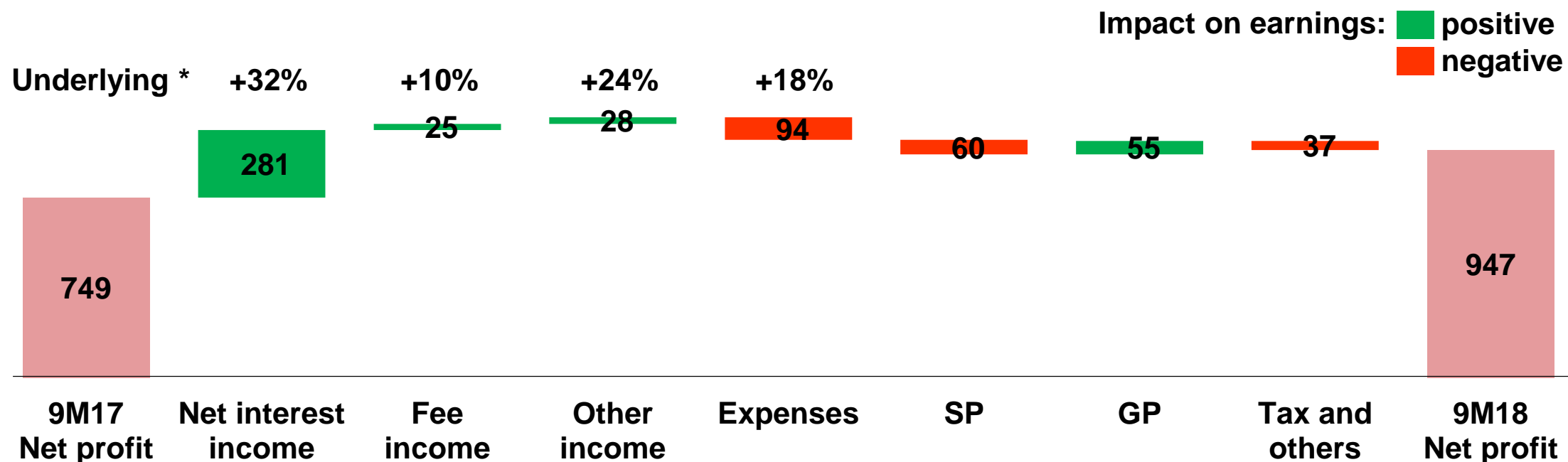
Treasury customer income is included under IBG/CBG segment income. It is included in this chart for a complete product view

Underlying 3Q cost-income ratio at 43%



9M Hong Kong earnings up underlying 31% to record

(S\$m)		9M18	Excluding property gain	Underlying YoY % *	In constant-currency terms and excluding property gain of \$86m in 1Q
Total income	record	2,043	1,957	25	<ul style="list-style-type: none"> 9M total income up 25% to record \$1.96bn due to broad-based growth, with 3Q total income at quarterly high Positive jaw results in 31% increase in 9M net profit to new high of \$947m
Expenses		783	783	18	
Profit before allowances	record	1,260	1,174	30	
Allowances		41	41	19	
Net profit	record	1,033	947	31	



* Underlying percentage growth excluding property gain and in constant-currency terms

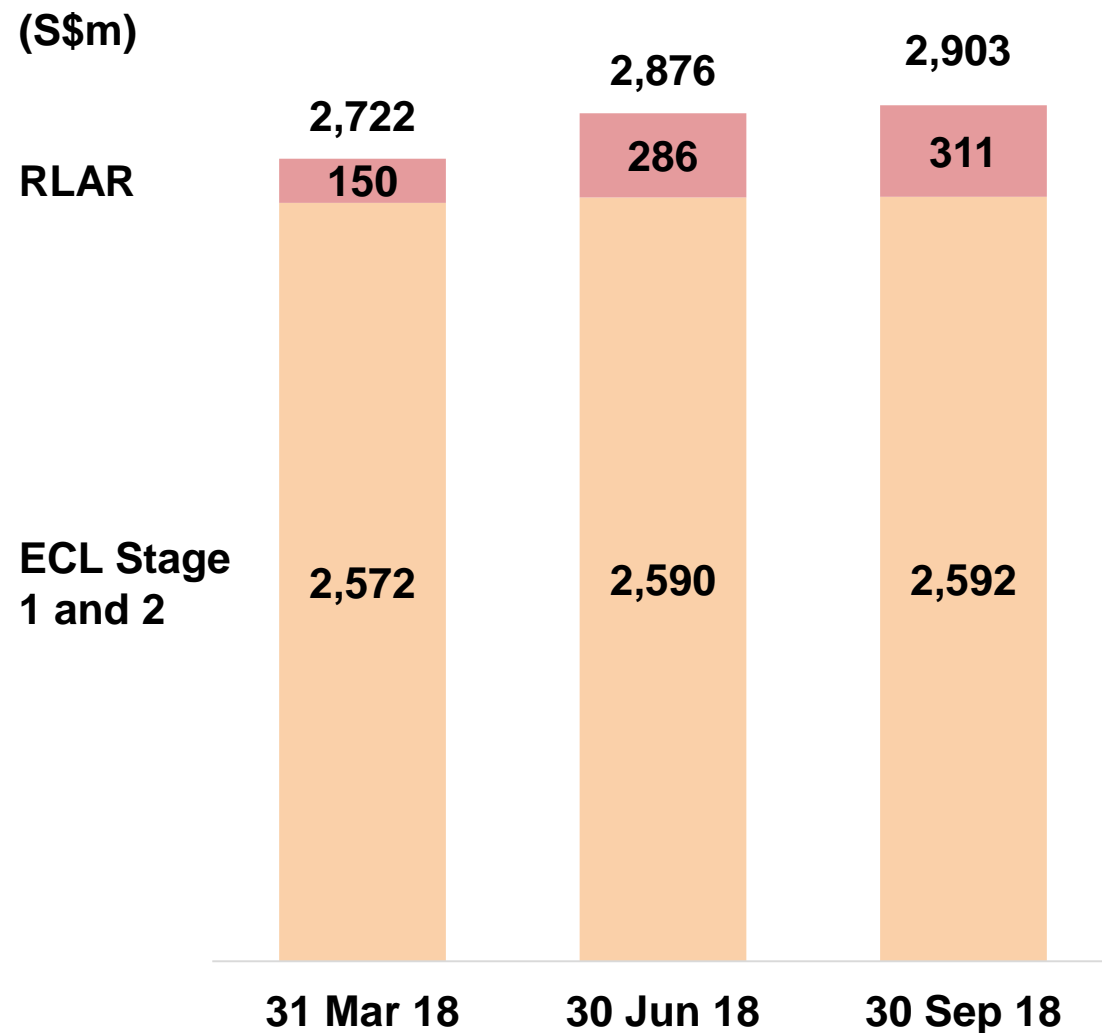
New NPA formation remains moderate

(S\$m)	3Q17	4Q17	1Q18	2Q18	3Q18
NPAs at start of period	4,846	6,127	6,070	5,817	5,870
IBG and others	1,208	(95)	(188)	(79)	69
New NPAs	2,004	250	93	272	233
Upgrades, settlements and recoveries	(262)	(211)	(172)	(207)	(104)
Write-offs	(534)	(134)	(109)	(144)	(60)
CBG / WM	6	33	2	(6)	(17)
Translation	(56)	(61)	(98)	138	(20)
ANZ consolidation	123	66	31	–	–
NPAs at end of period	6,127	6,070	5,817	5,870	5,902
NPL ratio (%)	1.7	1.7	1.6	1.6	1.6

SP (ECL Stage 3) remains around normalised levels

(S\$m)	3Q17	4Q17	1Q18	2Q18	3Q18
IBG and others	1,488	167	113	33	124
Add charges for	1,554	223	179	141	136
New NPLs	923	65	17	68	82
Existing NPLs	631	158	162	73	54
Subtract charges for	66	56	66	108	12
Upgrades	0	0	0	0	0
Settlements	57	27	51	89	8
Recoveries	9	29	15	19	4
CBG / WM	50	39	49	65	55
SP charges for loans	1,538	206	162	98	179
Other credit exposures	117	22	(5)	0	46
Total SP charges	1,655	228	157	98	225
SP / loans (bp)	195	25	20	12	21

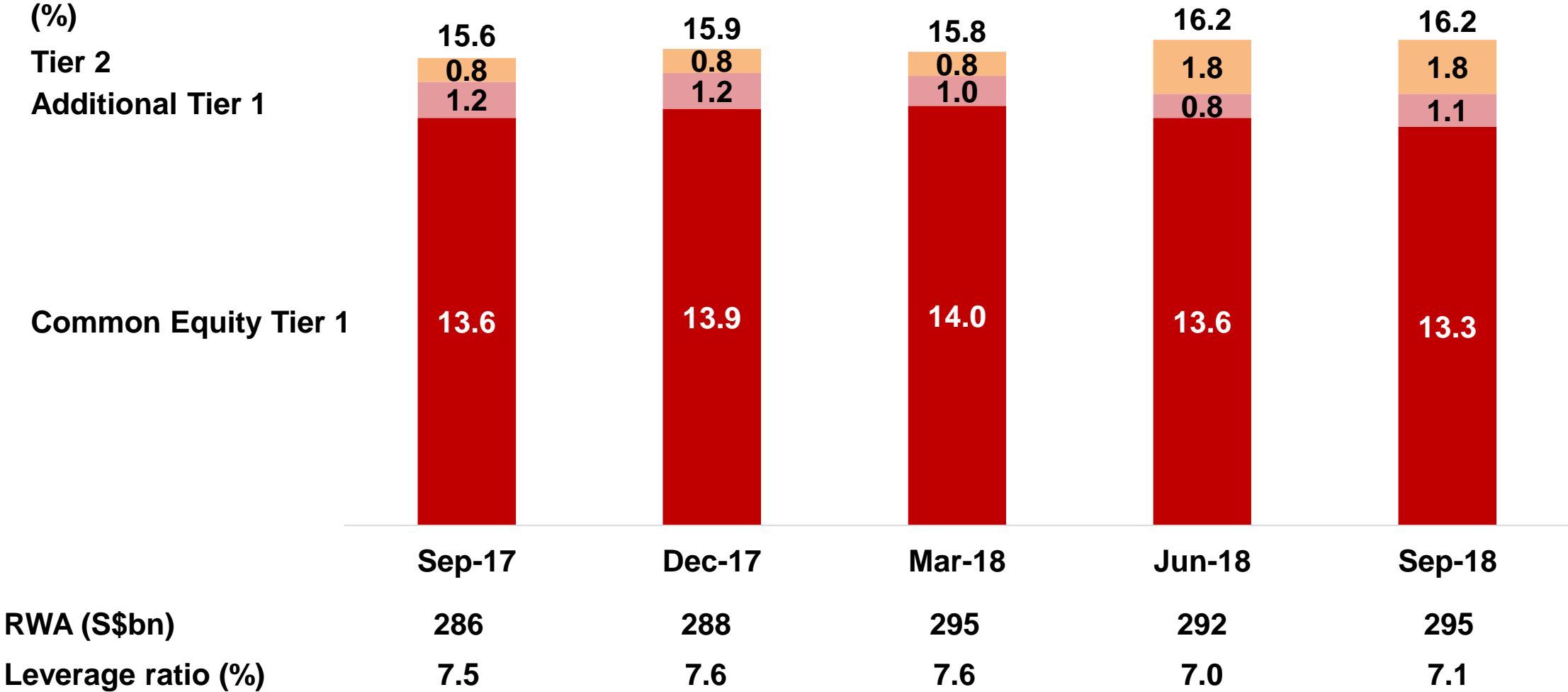
GP (ECL Stage 1 and 2) little changed on quarter



Movement during 3Q

- **ECL**
 - \$9m taken through profit and loss for loan growth and migration between Stage 1 and Stage 2, net of transfers to SP
 - Partially offset by negative \$7m for translation effects taken through balance sheet
- **RLAR**
 - Additional \$25 million transferred from retained earnings to RLAR

Strong CET-1 and leverage ratios



In summary – sustained business momentum

Third-quarter total income at record as loan growth, fee income trends and net interest margin progression sustained

Business momentum demonstrated by acceleration in CBG / WM's and IBG's income growth, which underpinned the record nine-month earnings per share

Nine-month ROE increases three percentage points to decade-high of 12.4%, demonstrating improved structural profitability of franchise as interest rates and allowances normalise

Well placed to continue capitalising on region's long-term prospects while navigating short-term uncertainty



Live more,
Bank less

Supplementary slides

**DBS Group Holdings
3Q 2018 financial results
November 5, 2018**

Record 9M earnings

(S\$m)

Net interest income

Fee income

Trading income

Other income

Non-interest income

Total income

Staff expenses

Other expenses

Expenses

Profit before allowances

Allowances for non-impaired exposures (GP)

Allowances for impaired exposures (SP)

Allowances

Net profit

One-time items

Net profit incl. one-time items

	9M18	9M17	YoY %
Net interest income	6,625	5,694	16
Fee income	2,145	1,986	8
Trading income	949	830	14
Other income	219	359	(39)
Non-interest income	3,313	3,175	4
Total income	9,938	8,869	12
Staff expenses	2,381	2,114	13
Other expenses	1,916	1,659	15
Expenses	4,297	3,773	14
Profit before allowances	5,641	5,096	11
Allowances for non-impaired exposures (GP)	23	(850)	–
Allowances for impaired exposures (SP)	482	2,169	(78)
Allowances	505	1,319	(62)
Net profit	4,306	3,172	36
One-time items	(48)	5	–
Net profit incl. one-time items	4,258	3,177	34

3Q profit before allowances up 5% on year and 6% on quarter

(S\$m)	3Q18	3Q17	YoY %	2Q18	QoQ %
Net interest income	2,273	1,975	15	2,224	2
Fee income	695	685	1	706	(2)
Trading income	354	265	34	227	56
Other income	53	134	(60)	46	15
Non-interest income	1,102	1,084	2	979	13
Total income	3,375	3,059	10	3,203	5
Staff expenses	813	685	19	783	4
Other expenses	668	572	17	635	5
Expenses	1,481	1,257	18	1,418	4
Profit before allowances	1,894	1,802	5	1,785	6
Allowances for non-impaired exposures (GP)	9	(850)	–	7	29
Allowances for impaired exposures (SP)	227	1,665	(86)	98	>100
Allowances	236	815	(71)	105	>100
Net profit	1,413	822	72	1,372	3
One-time items	0	(20)	–	(38)	–
Net profit incl. one-time items	1,413	802	76	1,334	6

9M ROE at 12.4% and NIM at 1.85%

(%)	3Q18	3Q17	2Q18	9M18	9M17
Net interest margin	1.86	1.73	1.85	1.85	1.74
Fee income / total income	21	22	22	22	22
Non-interest income / total income	33	35	31	33	36
Cost / income	44	41	44	43	43
ROE	12.2	7.1	11.8	12.4	9.4
Loan / deposit	88	87	87	88	87
SP / loans (bp)	21	195	12	18	89
NPL ratio	1.6	1.7	1.6	1.6	1.7

9M Hong Kong earnings up 43% on year

Constant-currency terms

(S\$m)

Net interest income

Fee income

Other non-interest income

Non-interest income

Total income

Expenses

Profit before allowances

GP

SP

Allowances

Net profit

Net interest margin (%)

Loan growth (%)

Non-trade growth (%)

Trade growth (%)

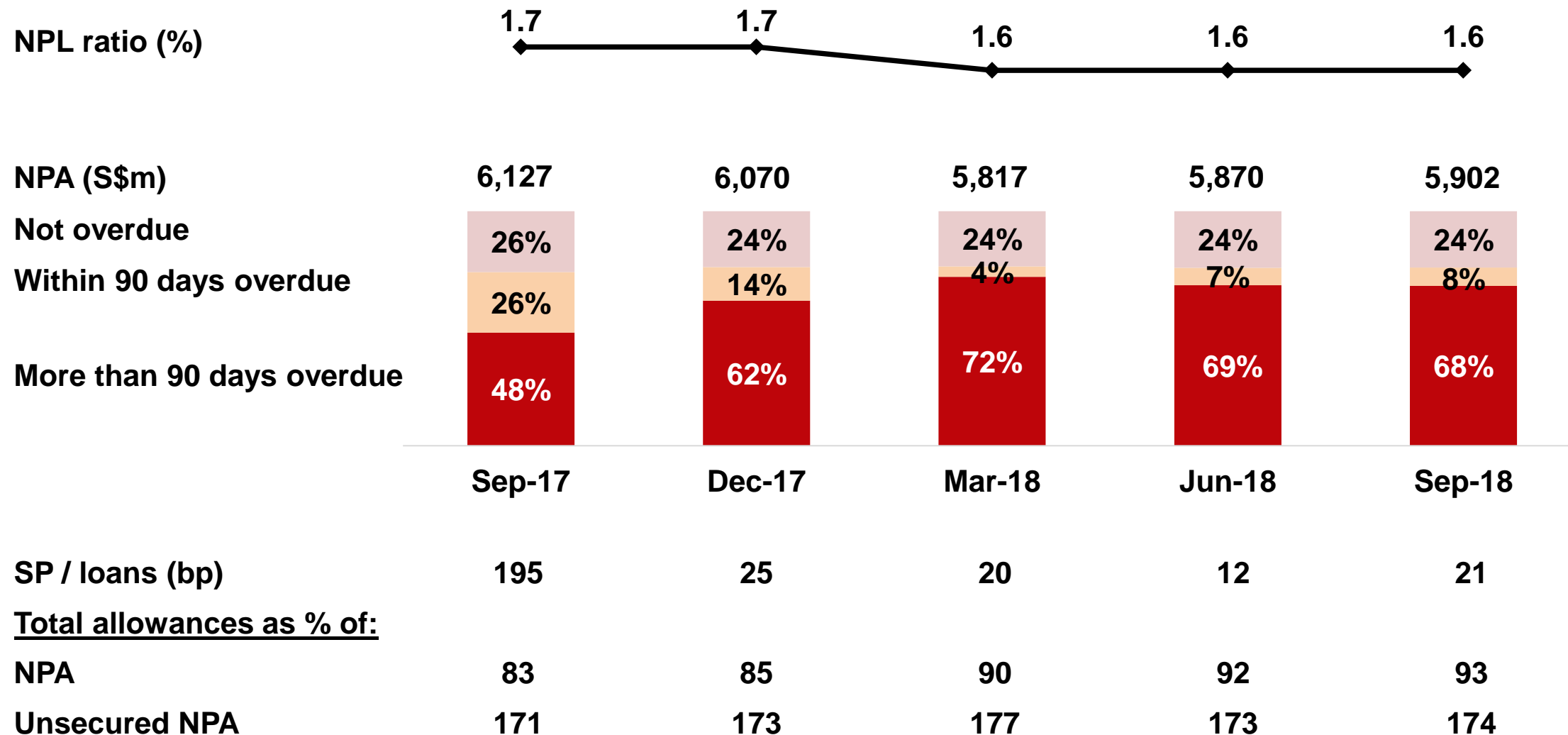
Deposit growth (%)

	9M18	9M17	YoY %	YoY %
Net interest income	1,329	1,048	27	32
Fee income	469	444	6	10
Other non-interest income	245	131	87	94
Non-interest income	714	575	24	29
Total income	2,043	1,623	26	31
Expenses	783	689	14	18
Profit before allowances	1,260	934	35	40
GP	13	68	(81)	(81)
SP	28	(32)	–	–
Allowances	41	36	14	19
Net profit	1,033	749	38	43
Net interest margin (%)	1.97	1.73		
Loan growth (%)				16
Non-trade growth (%)				17
Trade growth (%)				11
Deposit growth (%)				13

9M regional operating performance improves

(S\$m)	9M18	9M17	YoY %
Net interest income	1,101	914	20
Non-interest income	631	514	23
Total income	1,732	1,428	21
Expenses	1,031	858	20
Profit before allowances	701	570	23
Allowances	165	189	(13)
Net profit	414	306	35

Allowance coverage at 93% and at 174% with collateral



Duration of FVOCI instruments remains short

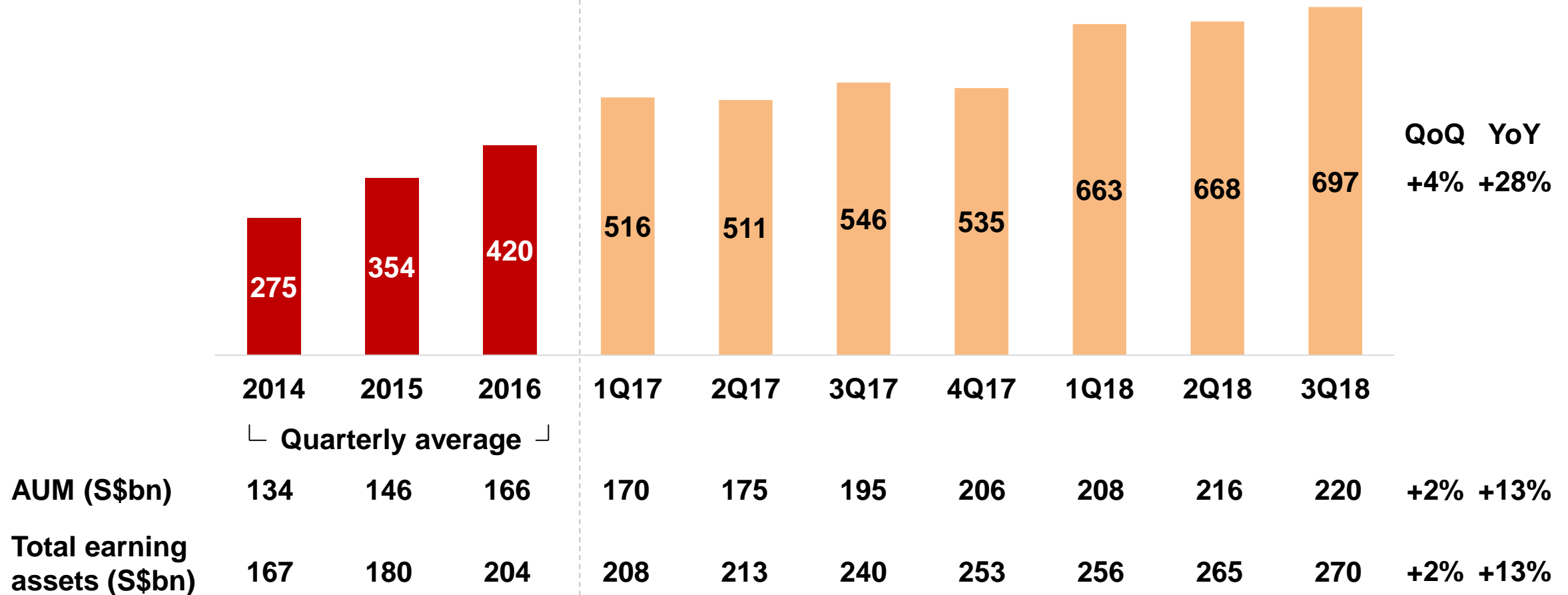
(\$m)	Sep-18	Jun-18
Government securities	20,730	21,271
Less than 3 years	15,539	15,525
3 to 5 years	2,523	2,998
5 to 10 years	2,524	2,555
More than 10 years	144	193
Supranational, bank and corporate bonds	8,033	7,816
Equities	1,841	1,972
Total	30,604	31,059
FVOCI reserves	(375)	(364)

Deposits flat on quarter and up 7% on year

	(S\$bn)	QoQ (%)		YoY (%)	
	Sep-18	Reported	Underlying	Reported	Underlying
Deposits	388	0	0	7	7
By product					
Casa	230	(1)	(1)	2	2
Fixed deposits	155	1	1	17	17
Other	4	11	13	15	15
By currency					
Singapore dollar	157	1	1	0	0
US dollar	133	(1)	(2)	11	10
HK dollar	38	(1)	(2)	9	8
Chinese yuan	12	(2)	2	(2)	1
Others	48	3	5	27	32
LDR (%)	Sep-18	Jun-18		Sep-17	
Overall	88	87		87	
Singapore dollar	89	89		84	
US dollar	82	80		84	

Wealth Management segment

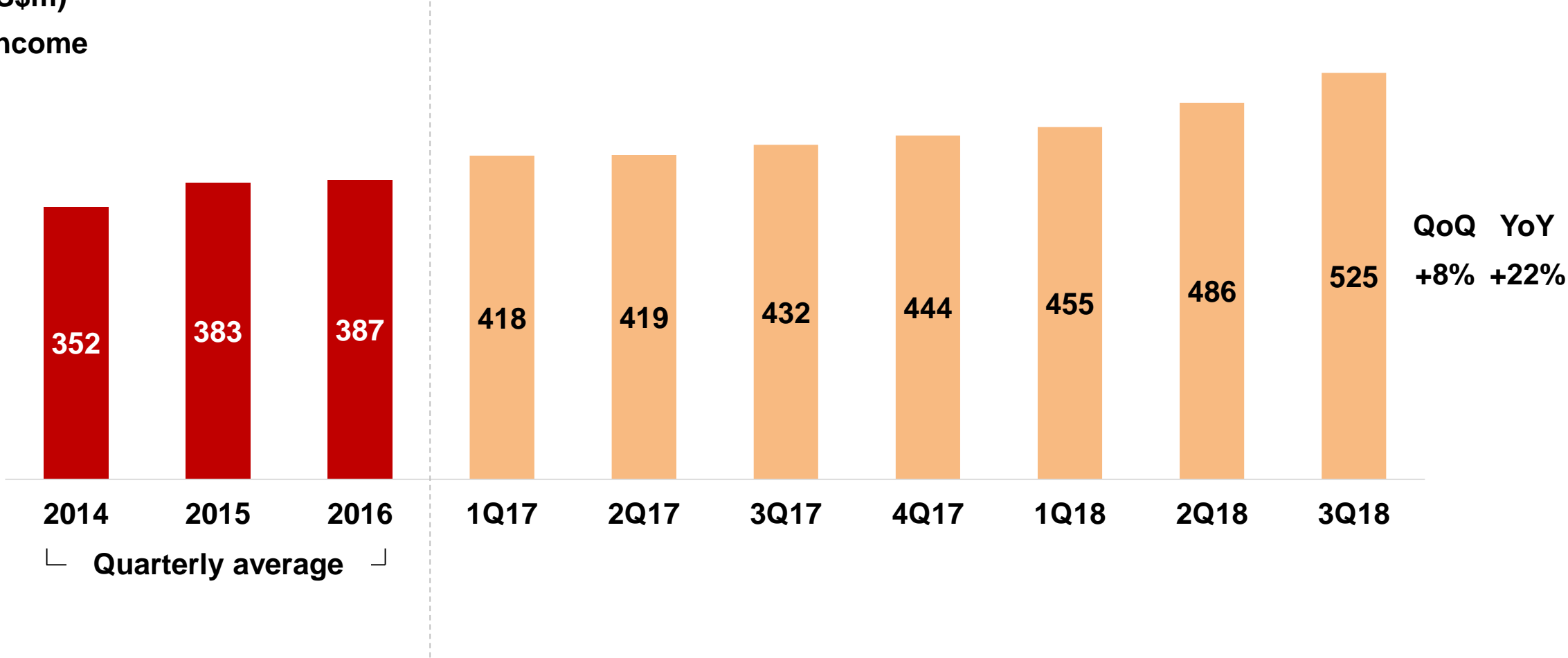
Income
(S\$m)



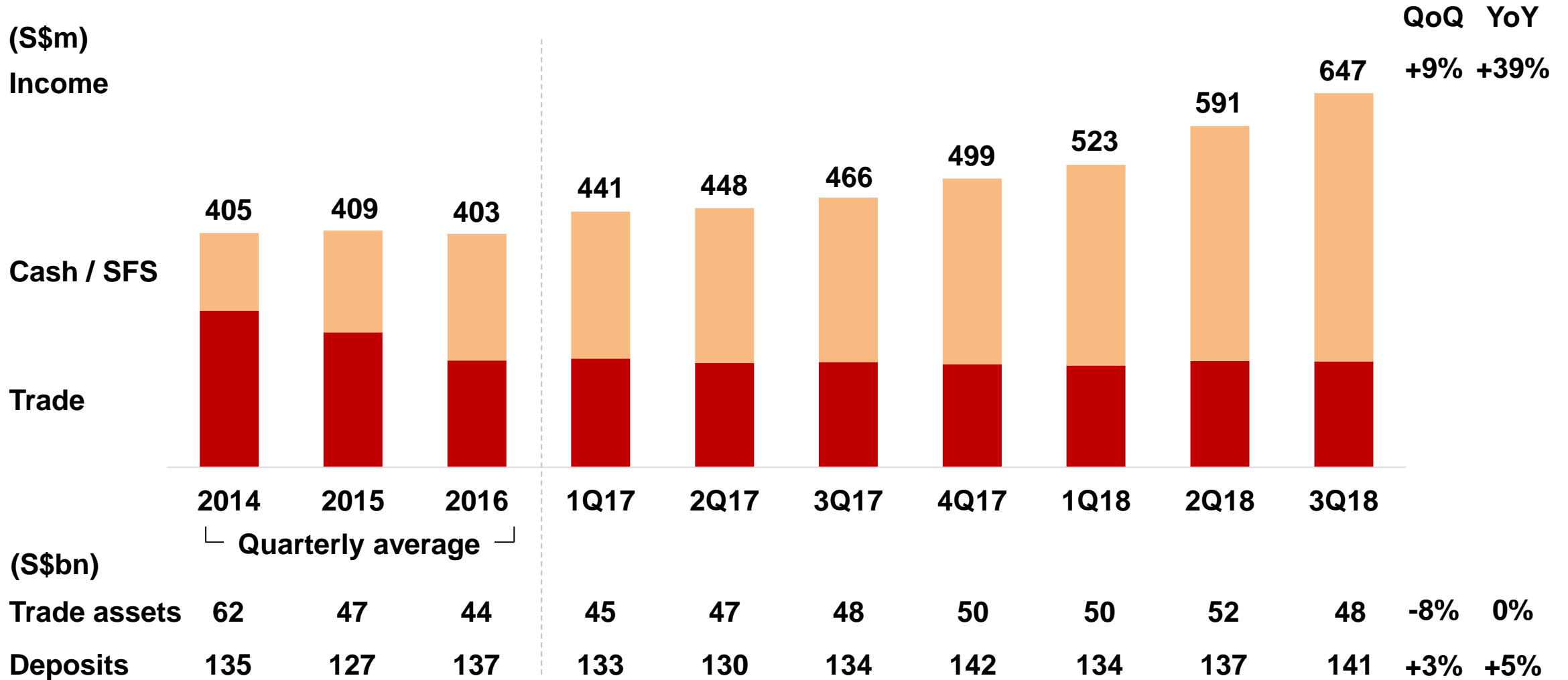
Comprising Treasures, Treasures Private Client and Private Bank
Total earning assets and AUMs at end of period

SME segment

(S\$m)
Income



Global transaction services





Live more,
Bank less

Business momentum propels third-quarter income to record

**DBS Group Holdings
3Q 2018 financial results
November 5, 2018**