

Record quarterly earnings

DBS Group Holdings
1Q 2017 financial results
May 2, 2017

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Highlights

Earnings at record \$1.21 billion

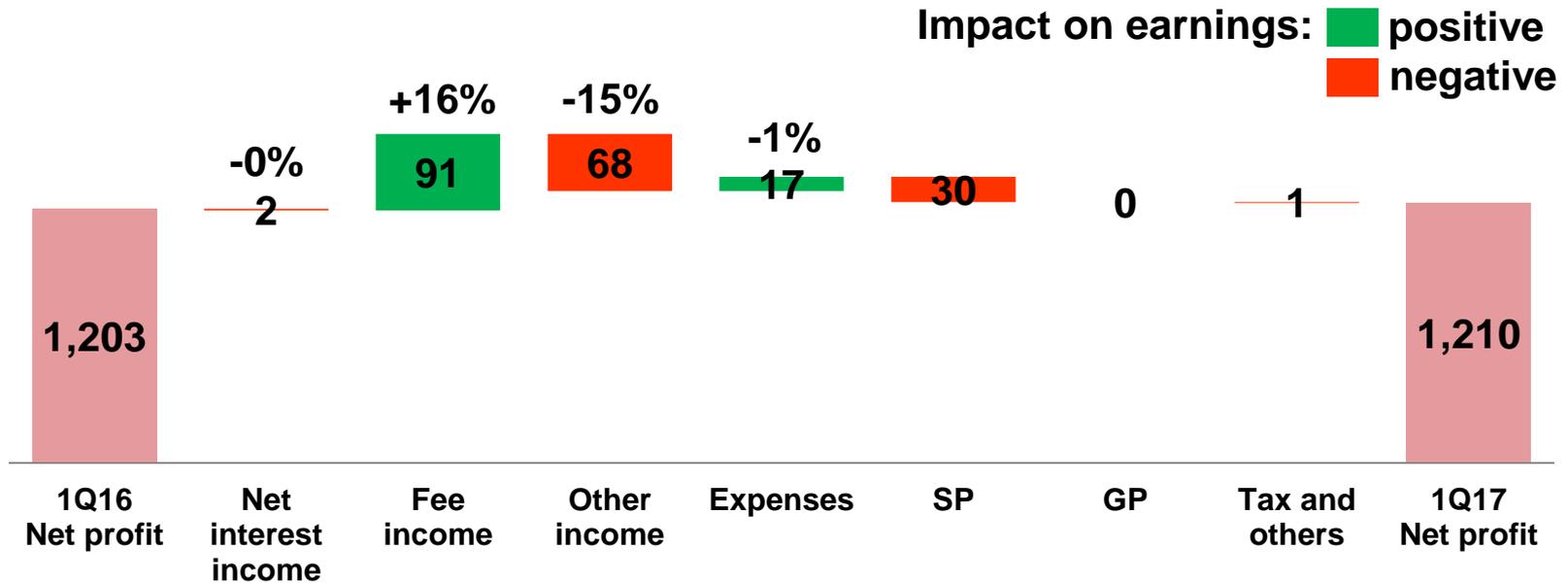
- Total income rises 1% on year and 4% on quarter to \$2.89 billion
- Net interest income up day-adjusted 3% on quarter from three basis point improvement in net interest margin and 1% constant-currency loan growth
- Fee income at record \$665 million, up 16% on year, as wealth management and transaction service fees reach new highs
- Cost-income ratio improves one percentage point on year to 43% from productivity gains
- Net profit including one-time items at \$1.25 billion

Balance sheet remains sound

- NPAs decline marginally to \$4.83 billion and NPL stable at 1.4% as new NPA formation moderates
- Specific allowances ease to 26 basis points of loans, allowance coverage at 103% and at 217% with collateral
- LCR at 138%, NSFR above 100%, final CET 1 at 14.2%

Earnings up 1% on year to quarterly high

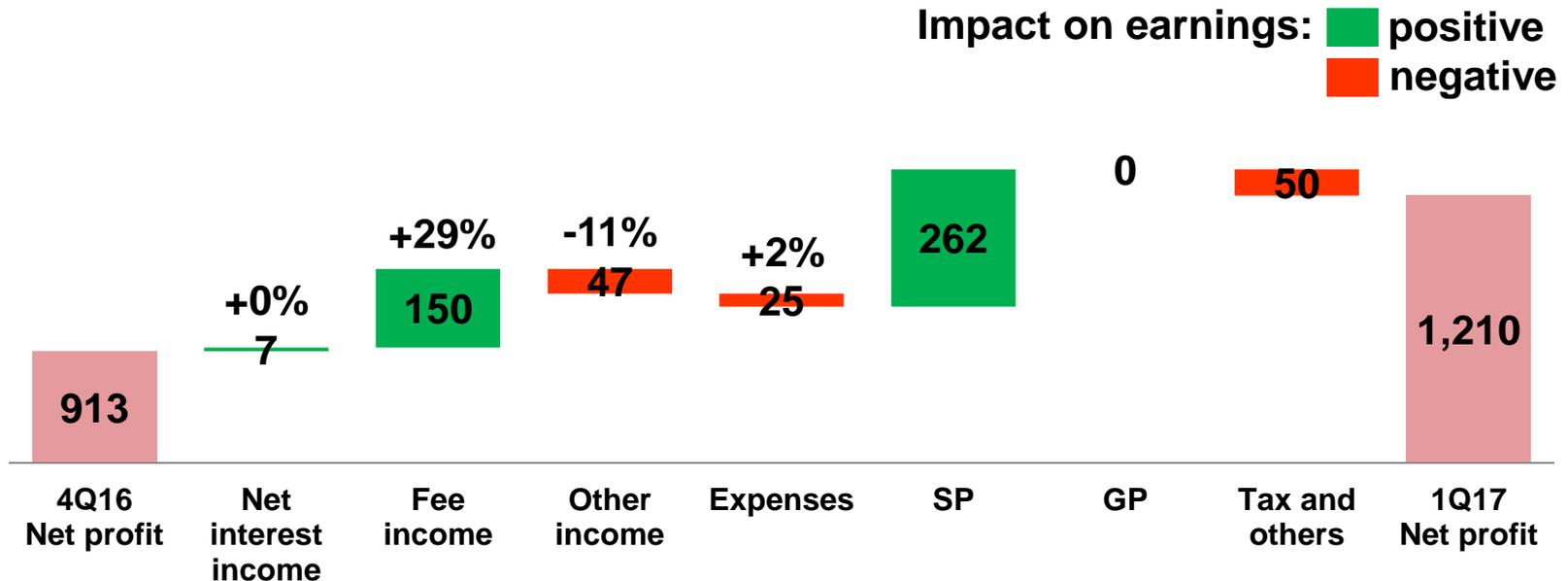
(S\$m)	1Q17	YoY %	
Total income	2,886	1	<ul style="list-style-type: none"> Fee income rises to record, offsetting impact of lower NIM and trading income
Expenses	1,248	(1)	
Profit before allowances	1,638	2	<ul style="list-style-type: none"> Expenses decline on sustained productivity gains
Allowances	200	18	
Net profit	1,210	1	<ul style="list-style-type: none"> SP at 26 basis points



Earnings up 33% on quarter

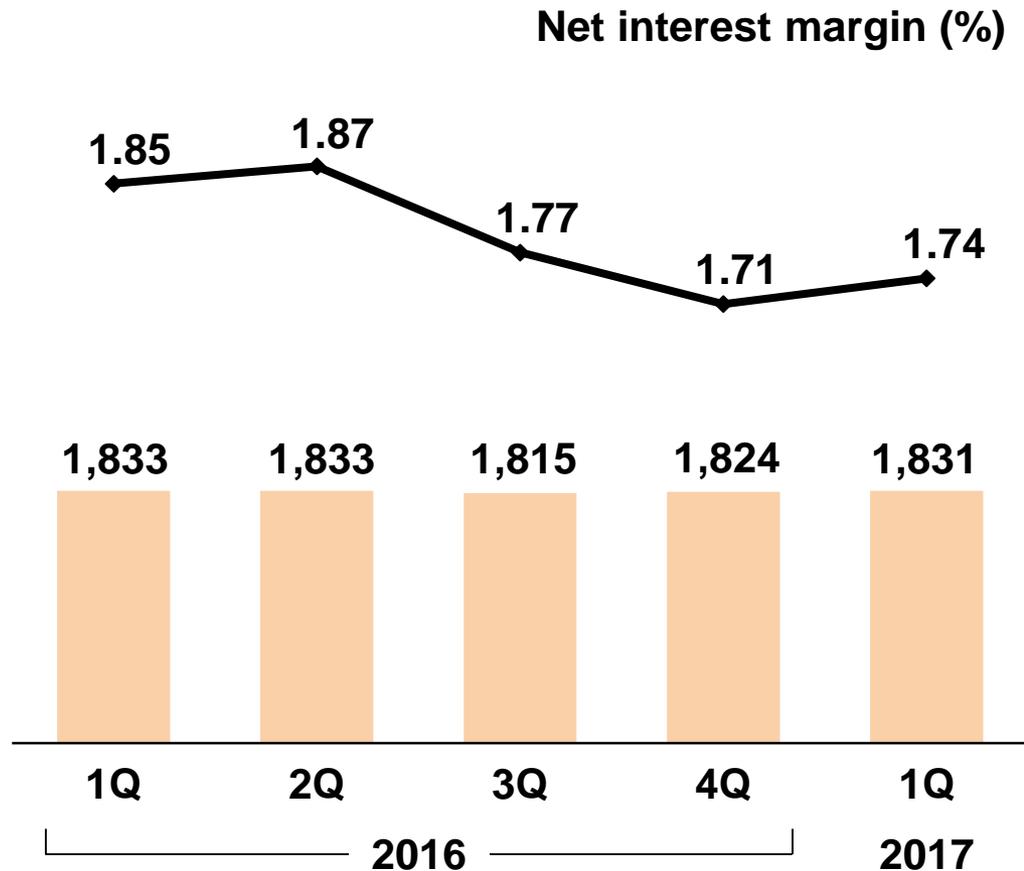
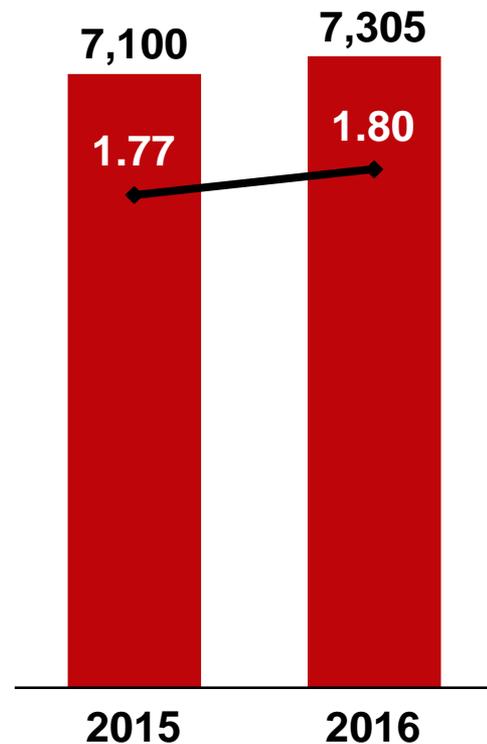
(S\$m)	<u>1Q17</u>	<u>QoQ %</u>
Total income	2,886	4
Expenses	1,248	2
Profit before allowances	1,638	5
Allowances	200	(57)
Net profit	1,210	33

- Total income up 4% on fee income growth
- Positive jaw contributes to 5% rise in profit before allowances
- SP moderates from recent quarters



Net interest income up day-adjusted 3% on quarter as NIM improves 3bp

(S\$m)



Loans up 1% on quarter and 7% on year in constant-currency terms

(S\$bn)

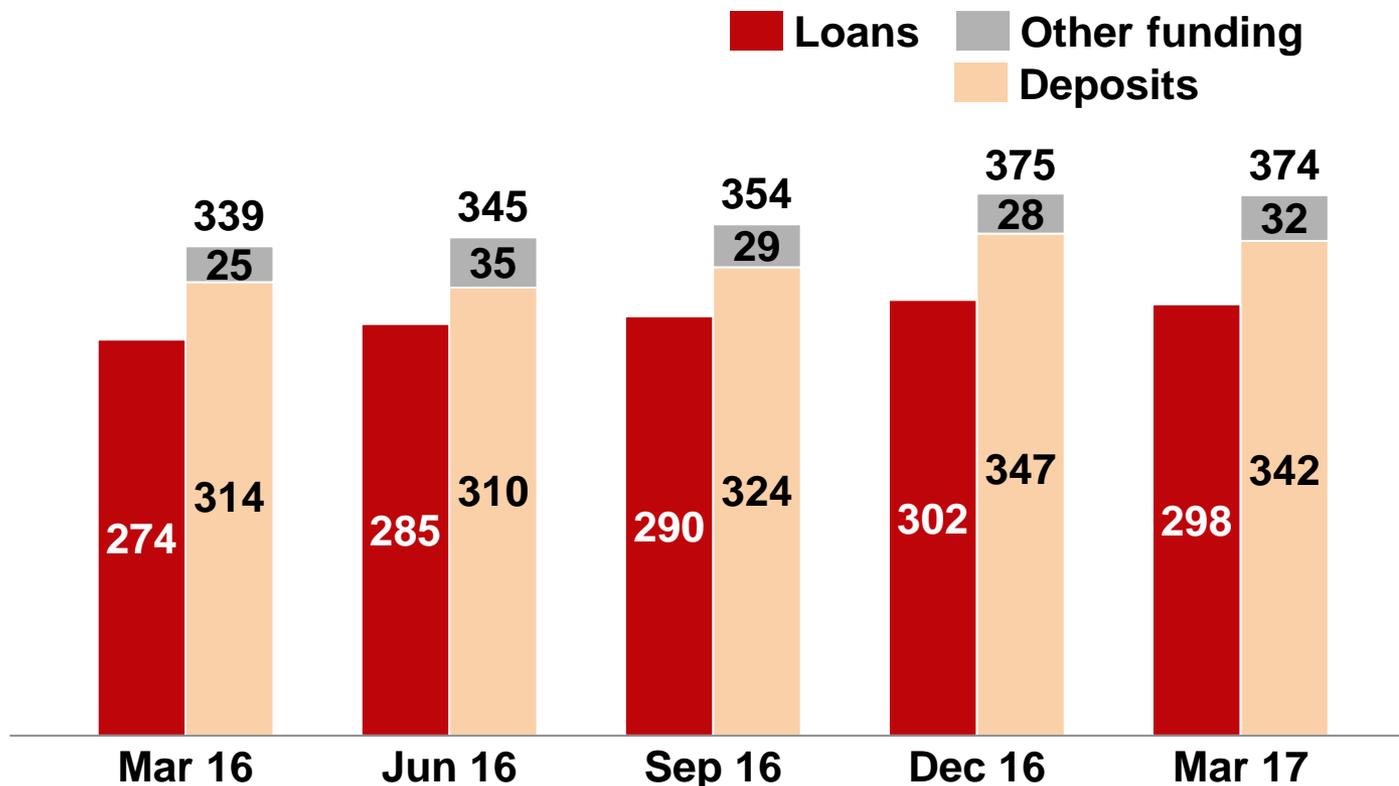
		QoQ		YoY	
		<u>Reported</u>	<u>Underlying</u>	<u>Reported</u>	<u>Underlying</u>
	303	-2	+2	+25	+21
		-1%	+1%	+9%	+7%
CBG	95	+0	+0	+6	+5
Other IBG	164	-5	-1	+11	+8
Trade	41	+2	+3	+6	+5

Loans

- Underlying loans up 1% or \$2 billion on quarter, and 7% or \$21 billion on year
- Non-trade corporate and consumer loans stable on quarter, up 6% on year
- Trade loans up 8% on quarter, 15% on year

Ample liquidity with LCR at 138%

(S\$bn)



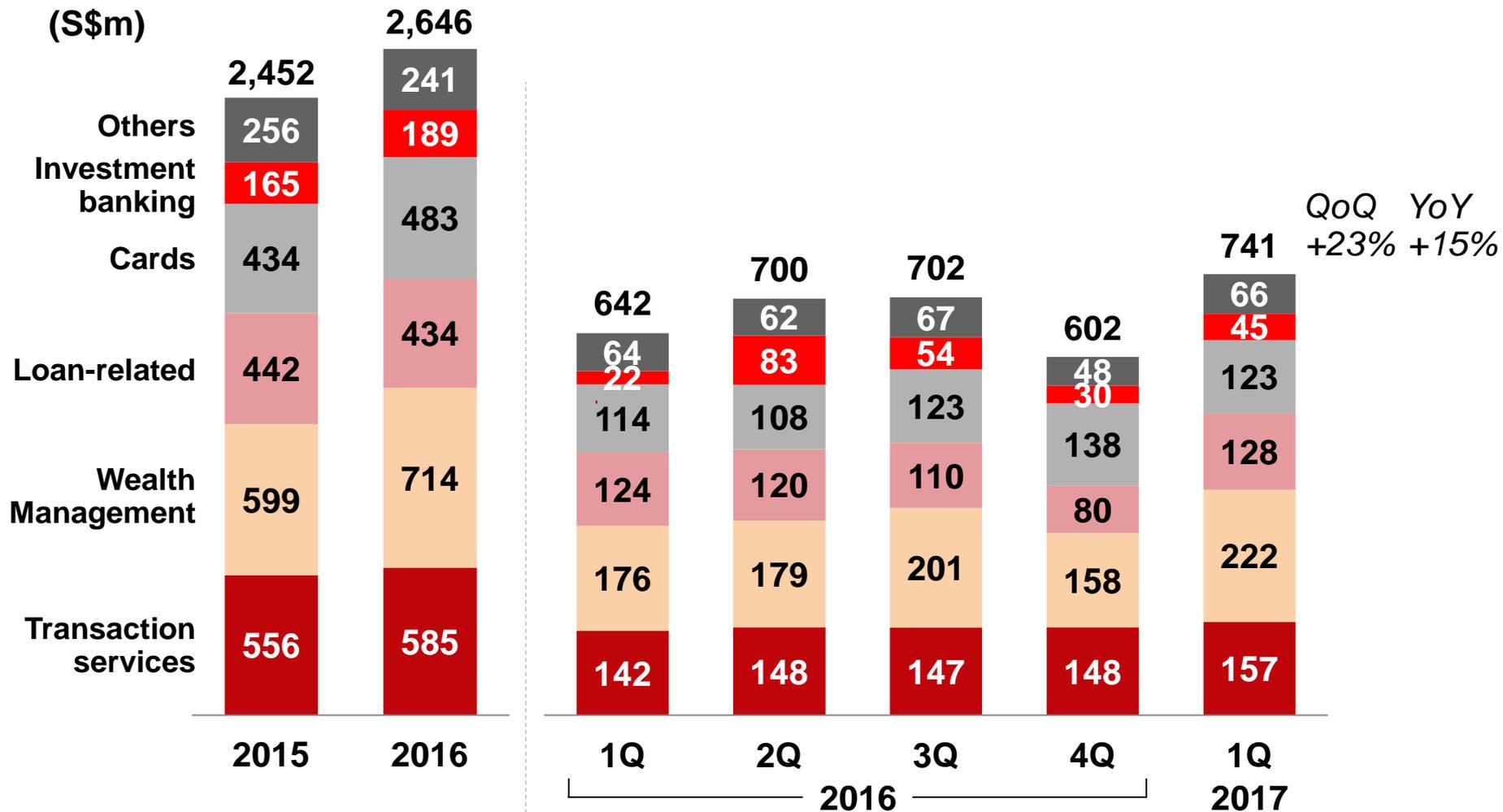
Ratios (%)

LDR	87	92	89	87	87
LCR	119	116	115	133	138

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



Fee income rises to quarterly record, led by wealth management and transaction services



Gross fee income

IBG performance stable

(S\$m)	1Q 2017	1Q 2016	YoY %
Total income	1,319	1,311	1
Corporate	901	926	(3)
SME	418	385	9
Loans	694	715	(3)
Trade	188	187	1
Cash / SFS	245	202	21
Treasury	176	200	(12)
Investment banking	16	7	>100
Expenses	423	420	1
Profit before allowances	896	891	1
Allowances	140	134	4
Profit before tax	756	757	-
Assets (S\$bn)	228	214	7
GTS deposits (S\$bn)	134	121	10

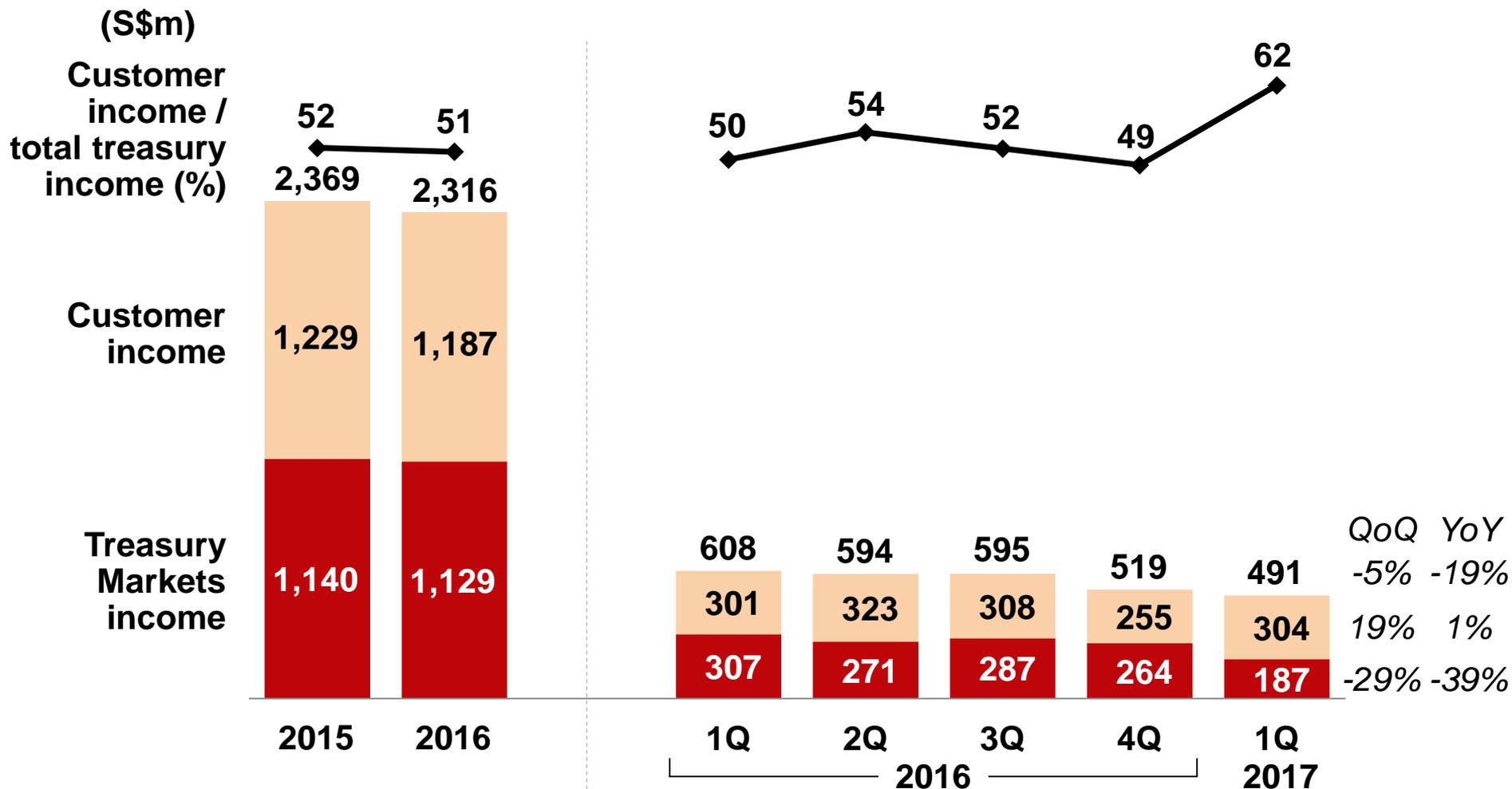
- Total income up 1% as growth in cash management offsets decline in treasury customer
- Expenses and allowances marginally higher
- Assets rise 7% or \$14 billion from loan growth
- Cash management deposits up 10% or \$13 billion

CBG / Wealth income and earnings rise to new highs

(\$m)	1Q 2017	1Q 2016	YoY %
Total income	1,159	1,022	13
Retail	643	639	1
Wealth Management	516	383	35
Loans and deposits	643	598	8
Investment products	348	266	31
Cards	150	139	8
Others	18	18	-
Expenses	597	558	7
Profit before allowances	562	464	21
Allowances	28	27	4
Profit before tax	534	437	22
AUM (\$bn)	170	147	16
SGD savings (\$bn)	112	104	8

- **Total income up 13% from broad-based growth in investment products, loans and deposits**
- **Expenses up 7%; positive jaw contributes to 22% increase in profit before tax**
- **Market share gains for Singapore housing loans; SGD savings market share stable**

Treasury customer income stable on year

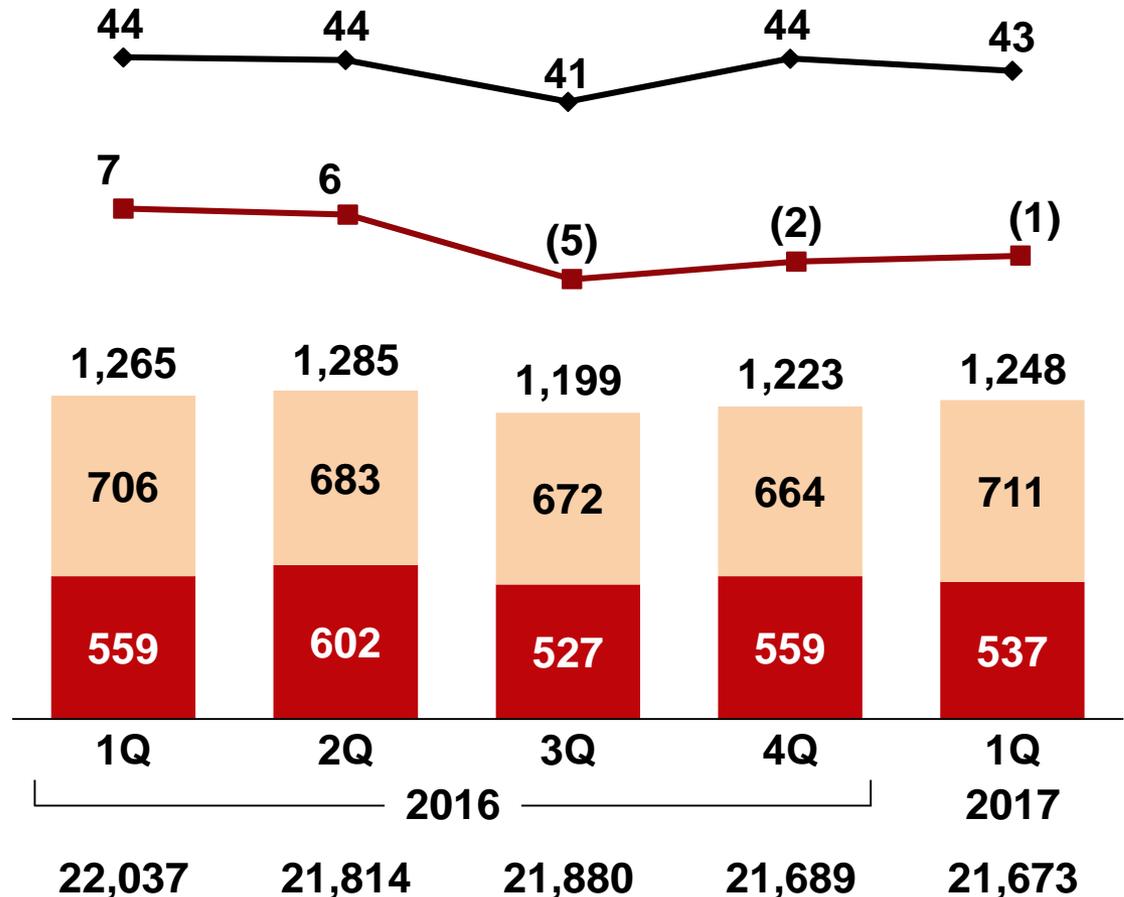
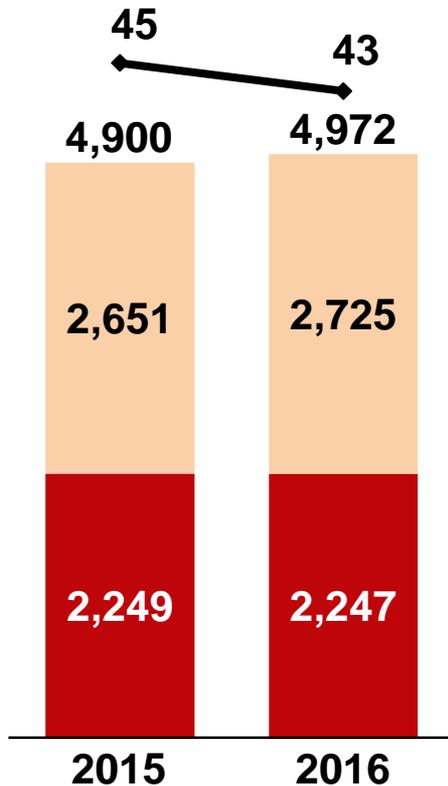


Treasury customer income is included under IBG/CBG segment income. It is included in this chart for a complete product view

Cost-income ratio improves 1% point on year from productivity gains

(S\$m)

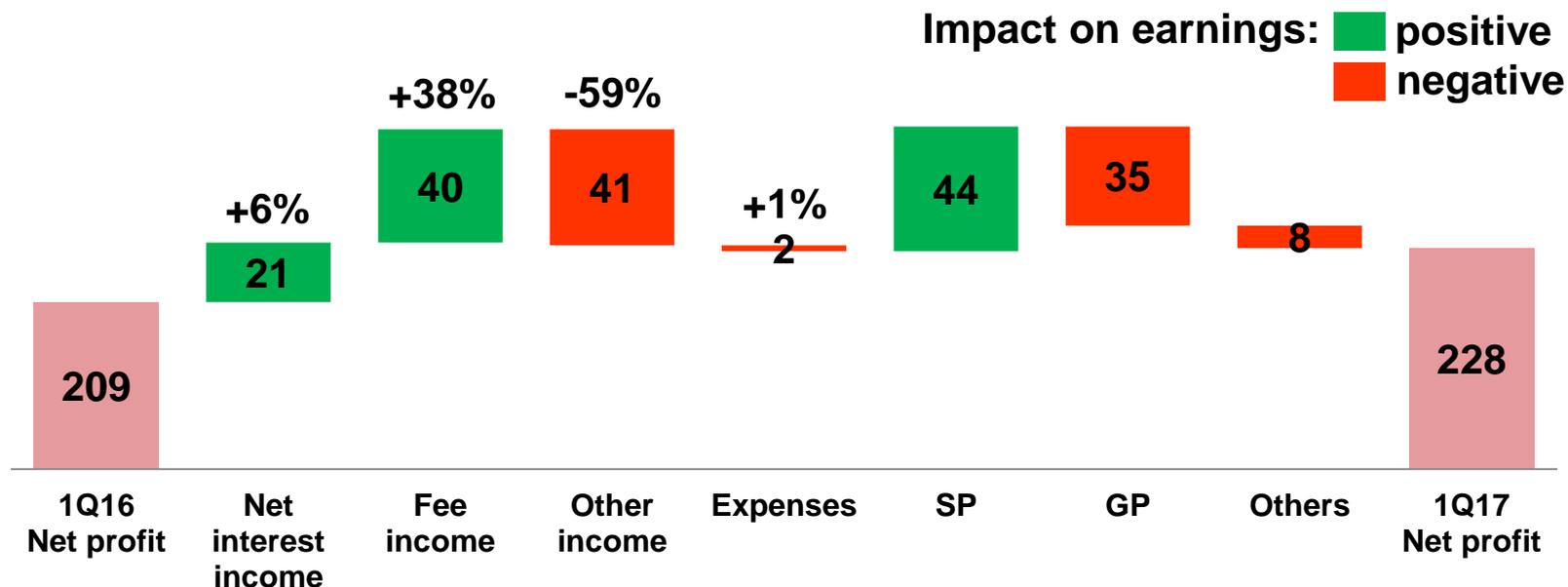
◆ Cost / income (%) ■ Staff expenses
 ■ YoY growth (%) ■ Other expenses



Underlying headcount

Hong Kong's earnings up 9% on year

(S\$m)	1Q17	YoY %	
Total income	524	4	<ul style="list-style-type: none"> Income growth of 4% from asset growth, wealth management, cards and capital markets
Expenses	230	1	
Profit before allowances	294	7	
Allowances	20	(31)	<ul style="list-style-type: none"> Positive jaw as expenses rise 1%
Net profit	228	9	<ul style="list-style-type: none"> Lower SP offsets higher GP



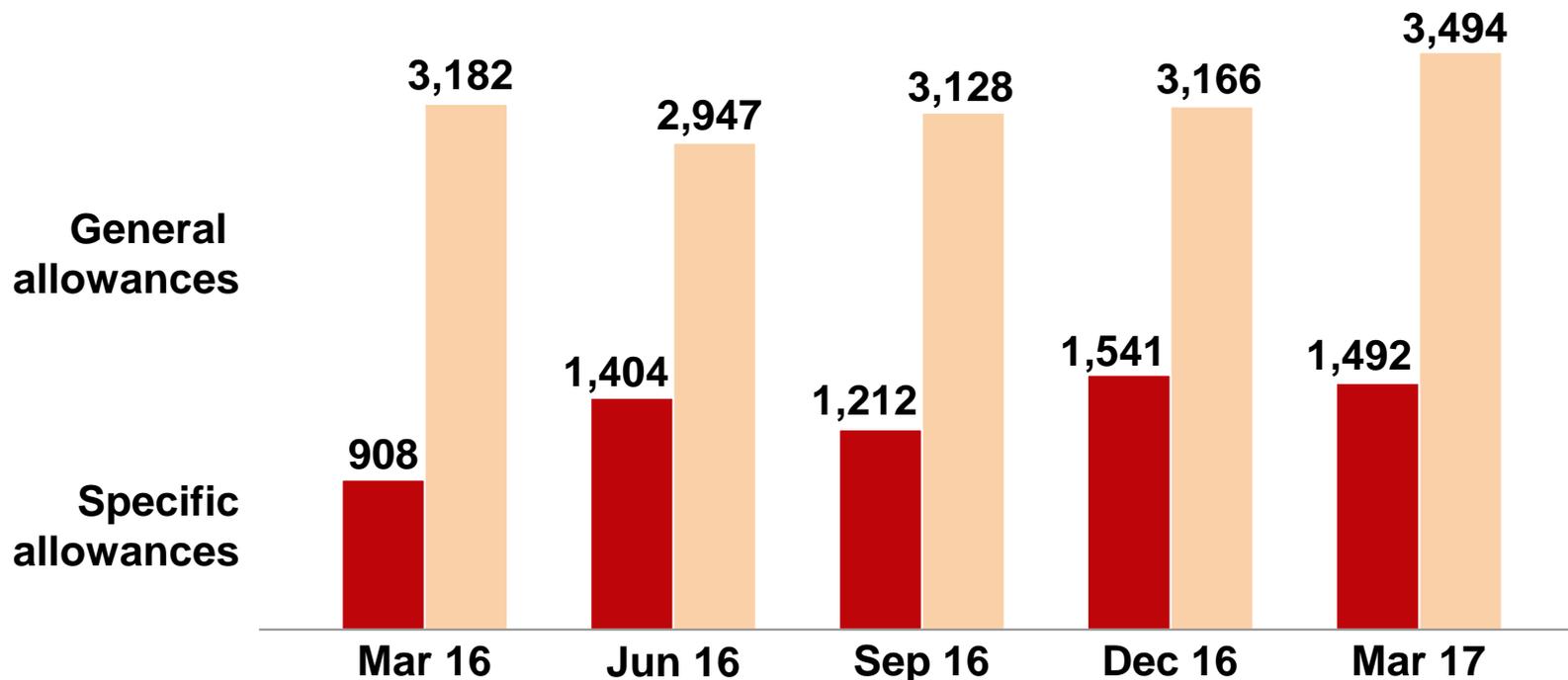
Minimal currency translation effects for 1Q17 results

New NPAs moderate, NPL ratio stable on quarter at 1.4%

(S\$m)	1Q 2017	4Q 2016	1Q 2016
NPAs at start of period	4,856	4,330	2,792
New NPAs	523	779	607
Upgrades, recoveries and translation	(307)	(66)	(205)
Write-offs	(239)	(187)	(146)
NPAs at end of period	4,833	4,856	3,048
NPL ratio (%)	1.4	1.4	1.0
Specific allowance charges	200	462	170

Allowance coverage at 103%

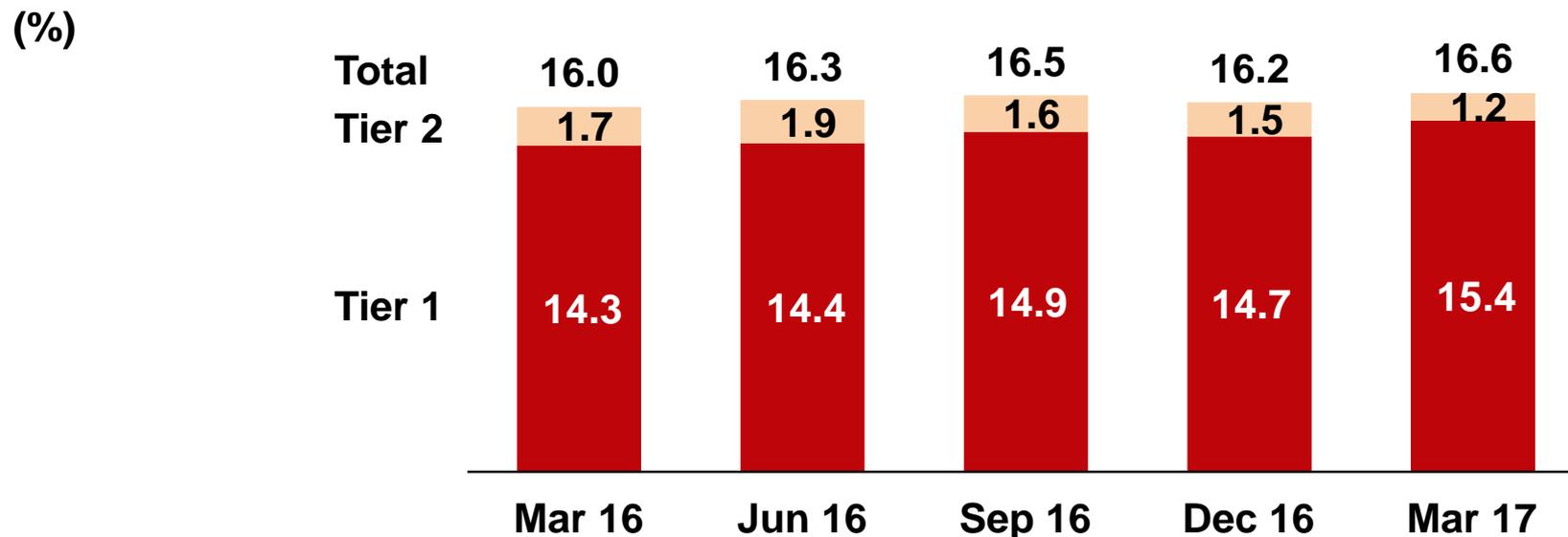
(S\$m)



Cumulative general and specific allowances as % of:

NPA	134	113	100	97	103
Unsecured NPA	286	226	204	210	217

Strong CET-1 and leverage ratios



Common Equity Tier 1 (%)

Transitional	14.0	14.2	14.4	14.1	14.6
Fully phased-in	13.2	13.4	13.5	13.3	14.2
RWA (S\$bn)	269	268	271	279	272
Leverage ratio (%)	7.8	7.7	7.8	7.7	7.9

In summary – Record quarterly earnings

Sustained business momentum and productivity gains enable earnings to be maintained at year-ago quarterly high, offsetting impact of lower net interest margin and a weak trading quarter

Healthy business pipeline

Asset quality pressures moderate, remaining vigilant

Positioned for growth in coming year with strong capital and liquidity, as well as nimble execution across multiple business lines

Supplementary slides

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Earnings at quarterly high

(S\$m)	1Q 2017	1Q 2016	YoY %	4Q 2016	QoQ %
Net interest income	1,831	1,833	-	1,824	-
Fee income	665	574	16	515	29
Trading income	270	315	(14)	397	(32)
Other income	120	143	(16)	40	>100
Non-interest income	1,055	1,032	2	952	11
Total income	2,886	2,865	1	2,776	4
Staff expenses	711	706	1	664	7
Other expenses	537	559	(4)	559	(4)
Expenses	1,248	1,265	(1)	1,223	2
Profit before allowances	1,638	1,600	2	1,553	5
General allowances	-	-	-	-	-
Specific allowances	200	170	18	462	(57)
Allowances	200	170	18	462	(57)
Net profit	1,210	1,203	1	913	33
One-time items	35	-	NM	-	NM
Net profit incl. one-time items	1,245	1,203	3	913	36

ROE at 11.1%

(%)	1Q 2017	1Q 2016	4Q 2016
Net interest margin	1.74	1.85	1.71
Fee income/total income	23	20	19
Non-interest income/total income	37	36	34
Cost/income	43	44	44
ROE	11.1	11.9	8.4
Loan/deposit	87	87	87
SP/loans (bp)	26	18	57
NPL ratio	1.4	1.0	1.4

Hong Kong's earnings up 9% on year and double on quarter

Constant-currency terms

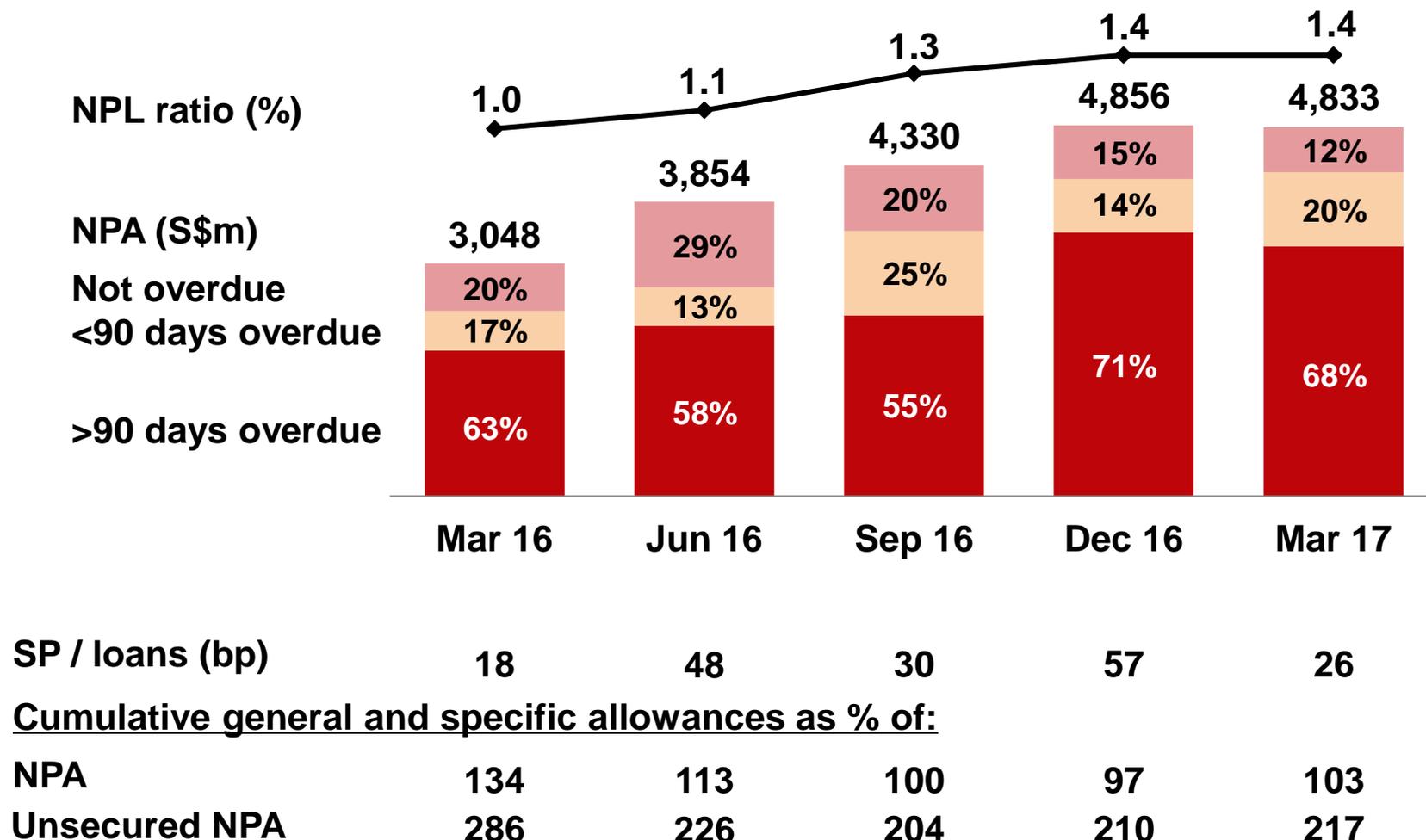
(S\$m)	1Q 2017	1Q 2016	YoY %	YoY %	4Q 2016	QoQ %	QoQ %
Net interest income	351	330	6	5	342	3	4
Non-interest income	173	174	(1)	(2)	170	2	3
Total income	524	504	4	3	512	2	4
Expenses	230	228	1	-	273	(16)	(15)
Profit before allowances	294	276	7	5	239	23	24
General allowances	12	(23)	NM	NM	-	NM	NM
Specific allowances	8	52	(85)	(83)	107	(93)	(92)
Allowances	20	29	(31)	(31)	107	(81)	(81)
Net profit	228	209	9	8	111	>100	>100
Net interest margin (%)	1.79	1.80			1.64		
Loan growth (%)				3			0
Non-trade growth (%)				1			(2)
Trade growth (%)				12			9
Deposit growth (%)				3			(1)

Regional earnings double on year

(S\$m)	1Q 2017	1Q 2016	YoY %	4Q 2016	QoQ %
Net interest income	296	260	14	293	1
Non-interest income	196	190	3	187	5
Total income	492	450	9	480	3
Expenses	284	270	5	310	(8)
Profit before allowances	208	180	16	170	22
Allowances	40	88	(55)	158	(75)
Net profit	132	58	>100	(20)	NM

Figures for operations outside of Singapore and Hong Kong

NPL ratio stable on quarter, allowance coverage at 103%



Specific allowances for loans moderate to 26 bp

(S\$m)	1Q 2017	4Q 2016	1Q 2016
<u>Add charges for</u>			
New NPLs	53	180	77
Existing NPLs	190	305	76
	243	485	153
<u>Subtract charges for</u>			
Upgrading	-	1	1
Settlements	27	34	13
Recoveries	23	18	16
	50	53	30
Total SP charges for loans	193	432	123
SP/loans (bp)	26	57	18

AFS duration remains short

(S\$m)	Mar 17	Dec 16
Government securities	24,893	22,441
Less than 3 years	16,452	14,652
3 to 5 years	3,449	3,432
5 to 10 years	4,723	3,369
More than 10 years	269	988
Supranational, bank and corporate bonds	14,879	14,897
Equities	1,530	1,568
Total	41,302	38,906
AFS reserves	228	26

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	606 *	0	606
France	0	14	14
Germany	438 *	0	438
Netherlands	0	3	3
United Kingdom	300 *	131	431
Total	1,344	148	1,492

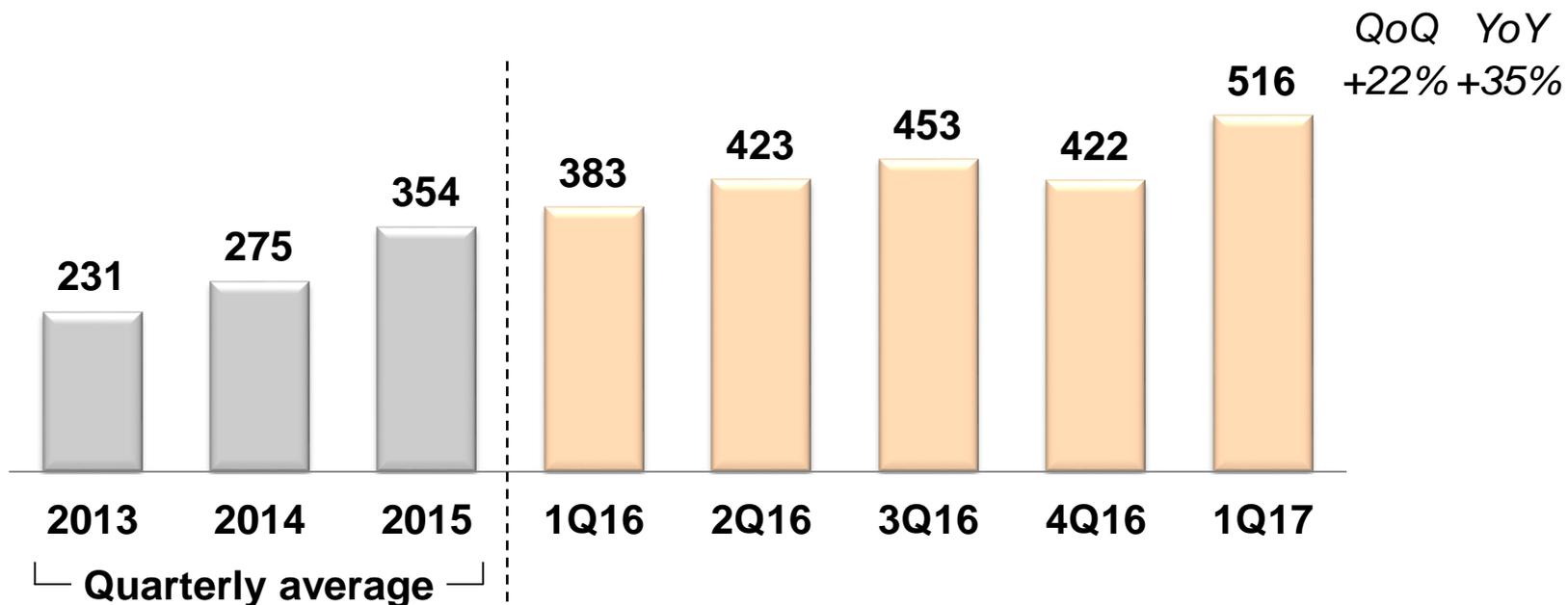
* Supranational and German entities rated AAA/Aaa by S&P, Moody's and Fitch. UK entities rated AA by S&P, AA1 by Moody's and AA by Fitch

Deposits little changed on quarter and up 7% on year in constant-currency terms

(S\$bn)	QoQ		YoY		
	Mar 17	Reported	Underlying	Reported	Underlying
Deposits	342	(5)	0	29	24
By product					
CASA	214	(1)	2	20	18
Fixed deposits	125	(5)	(2)	8	4
Others	3	0	1	0	1
By currency					
Singapore dollar	154	2	2	12	12
US dollar	109	(3)	1	14	10
HK dollar	33	(3)	(2)	0	(1)
Chinese yuan	10	0	0	(2)	(1)
Others	36	(1)	(1)	4	3
LDR (%)	Mar 17	Dec 16		Mar 16	
Overall	87	87		87	
Singapore dollar	81	81		83	
US dollar	92	91		88	

Wealth Management segment

Income
(S\$m)

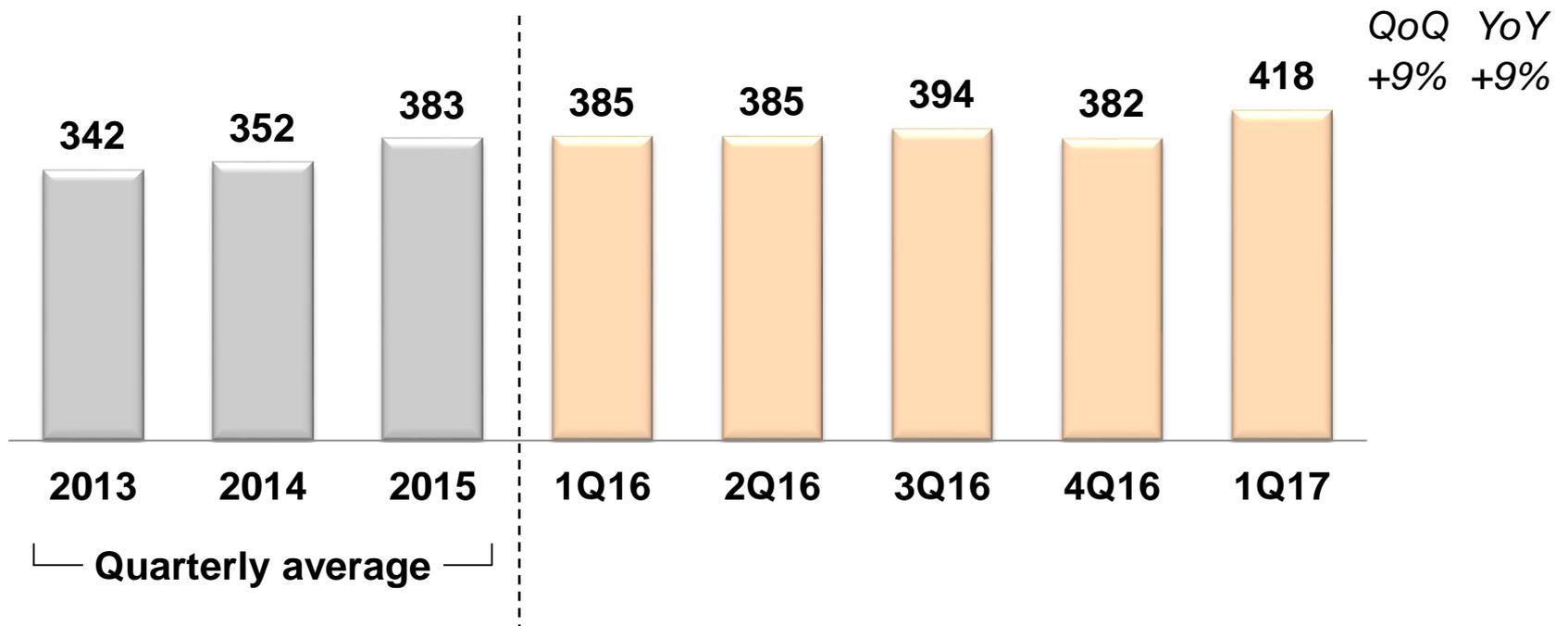


	2013	2014	2015	1Q16	2Q16	3Q16	4Q16	1Q17	QoQ	YoY
AUM (S\$b)	109	134	146	147	151	159	166	170	+2%	+16%
Total Earning Assets (S\$b)	134	167	180	182	187	196	204	208	+2%	+14%

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

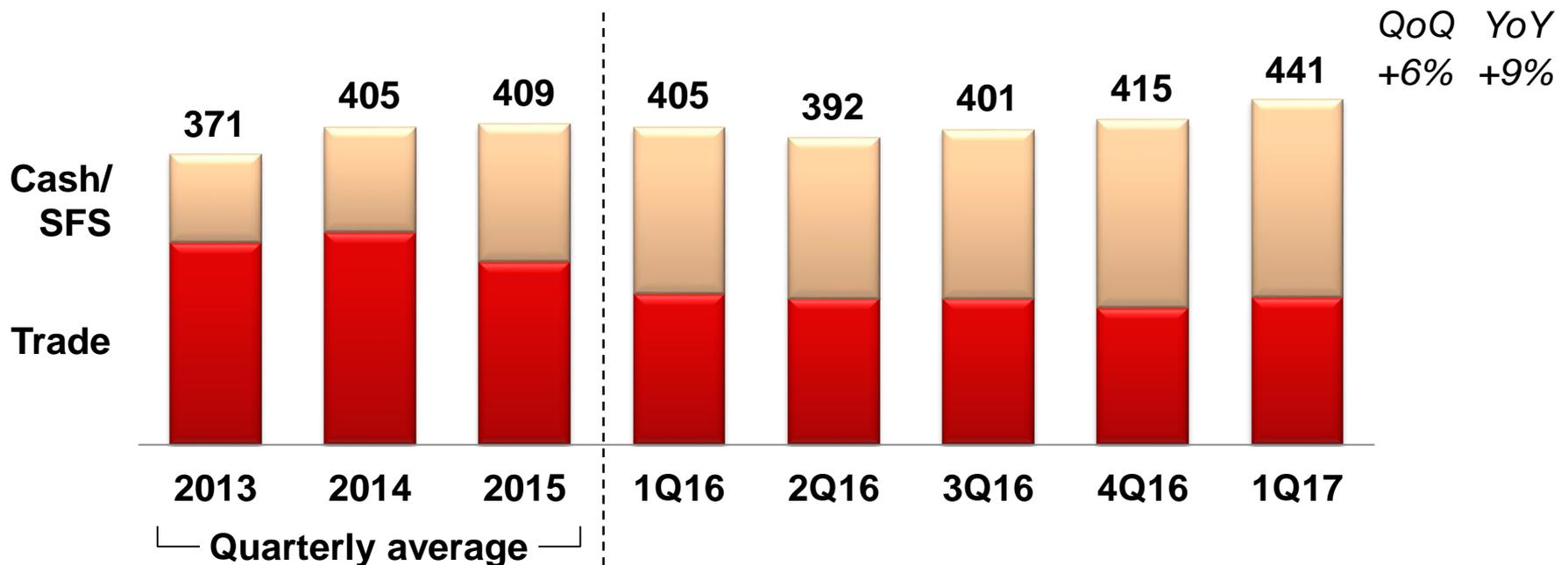
SME segment

Income
(S\$m)



Global transaction services

Income
(S\$m)



Assets
(S\$b)^(a)

2013	63	62	47	39	42	43	44	45	+2%	+15%
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Deposits
(S\$b)

2013	119	135	127	121	122	125	137	134	-2%	+10%
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Assets and deposits at end of period

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



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