



Live more,
Bank less

Record performance with ROE at decade highs

**DBS Group Holdings
4Q 2018 financial results
February 18, 2019**

Highlights

Full-year earnings increase 28% to record \$5.63 billion

- Total income up 11% to \$13.2 billion from loan and fee income growth as well as higher NIM, partially offset by weaker TM income
- Underlying cost-income ratio stable
- Total allowances halve with SP at 19 basis points of loans
- ROE rises 2.4 percentage points to 12.1%, highest in more than a decade

Fourth-quarter earnings up 8% from year ago to \$1.32 billion

- Total income up 6% to \$3.25 billion
- Business momentum and net interest margin progression sustained over the quarter
- Combined CBG/WM and IBG income up 16% to \$2.95 billion, TM income halves to \$92 million

Balance sheet remains strong

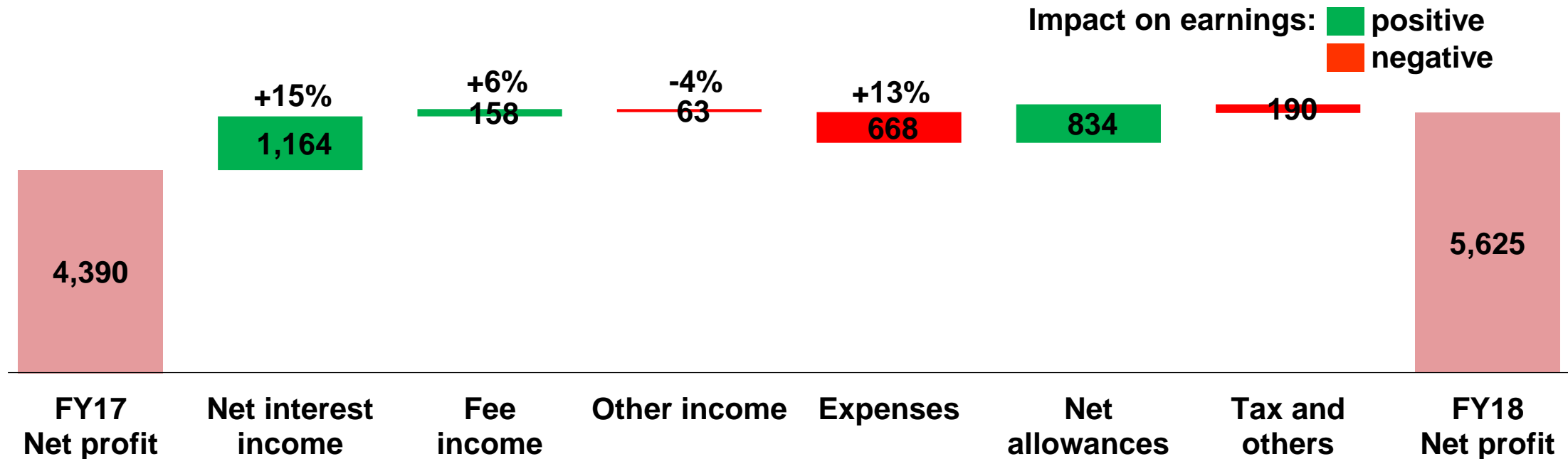
- Non-performing assets fall 4% from previous quarter, NPL rate improves to 1.5%
- CET-1 at 13.9%, LCR at 138%, NSFR at 109%

Proposed final dividend of 60 cents per share brings full-year payout to \$1.20 per share

Full-year net profit rises 28% to record

(S\$m)		FY18	YoY %
Total income	record	13,183	11
Expenses		5,798	13
Profit before allowances	record	7,385	9
Allowances		710	(54)
Net profit	record	5,625	28

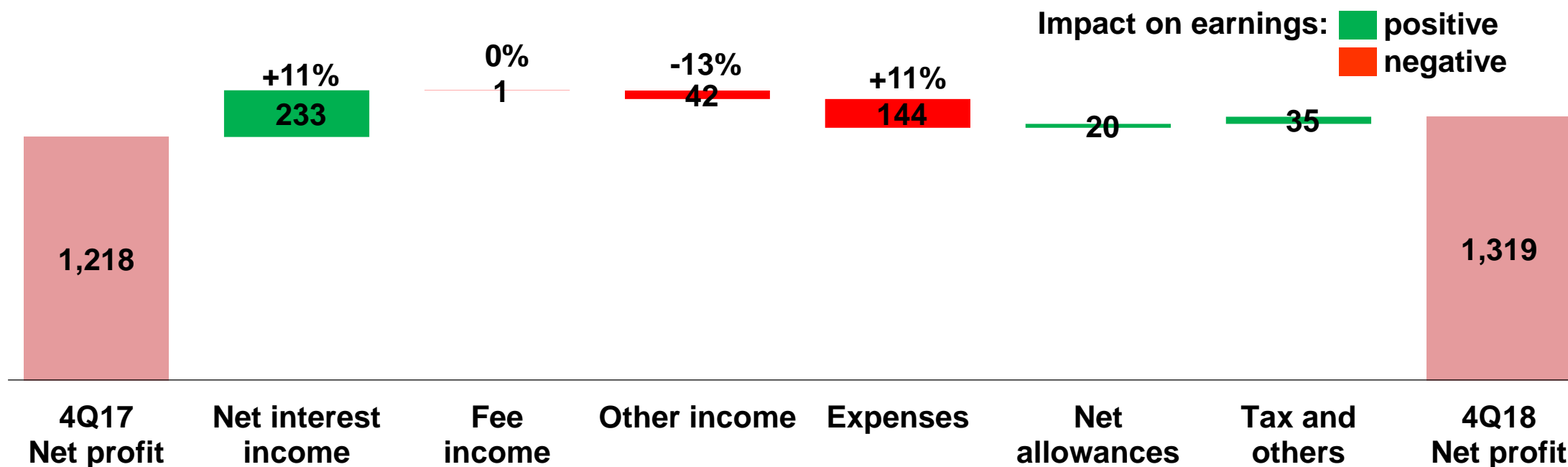
- Total income up 11% from loan and fee income growth as well as higher NIM, partially offset by weaker TM income
- Expenses up 7% excluding ANZ consolidation and non-recurring items
- Underlying cost-income ratio stable



4Q net profit rises 8% on year

(S\$m)	4Q18	YoY %
Total income	3,245	6
Expenses	1,501	11
Profit before allowances	1,744	3
Allowances	205	(9)
Net profit	1,319	8

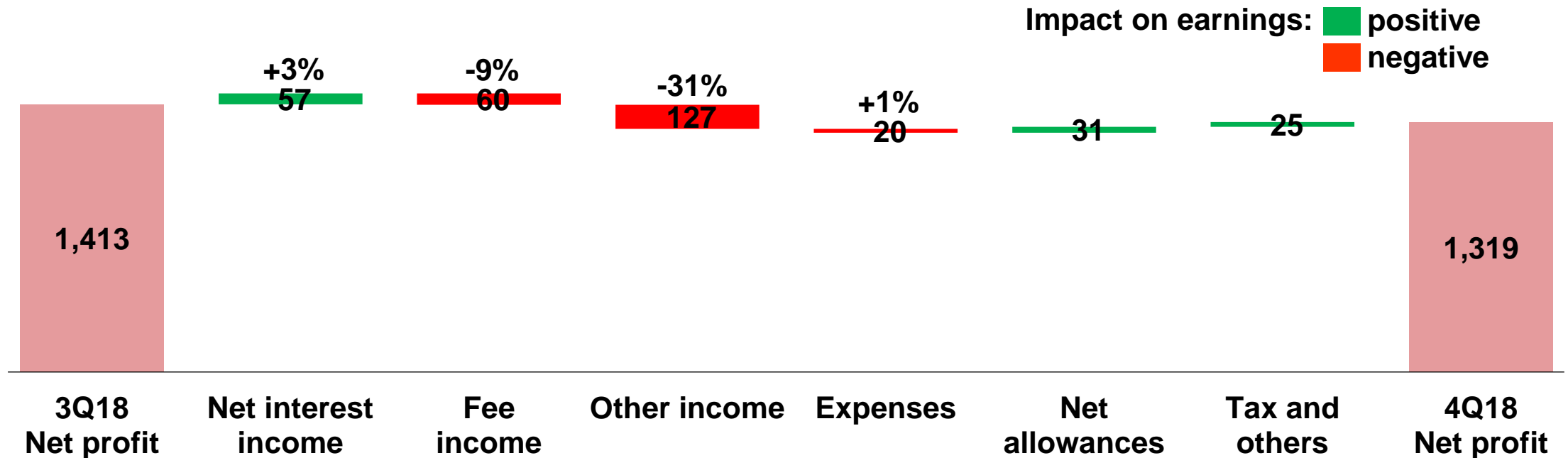
- Net interest income up 11% from loan growth and higher NIM
- Fee income affected by weak financial markets as declines in wealth management, investment banking and brokerage offset growth in other activities
- Underlying cost-income ratio stable



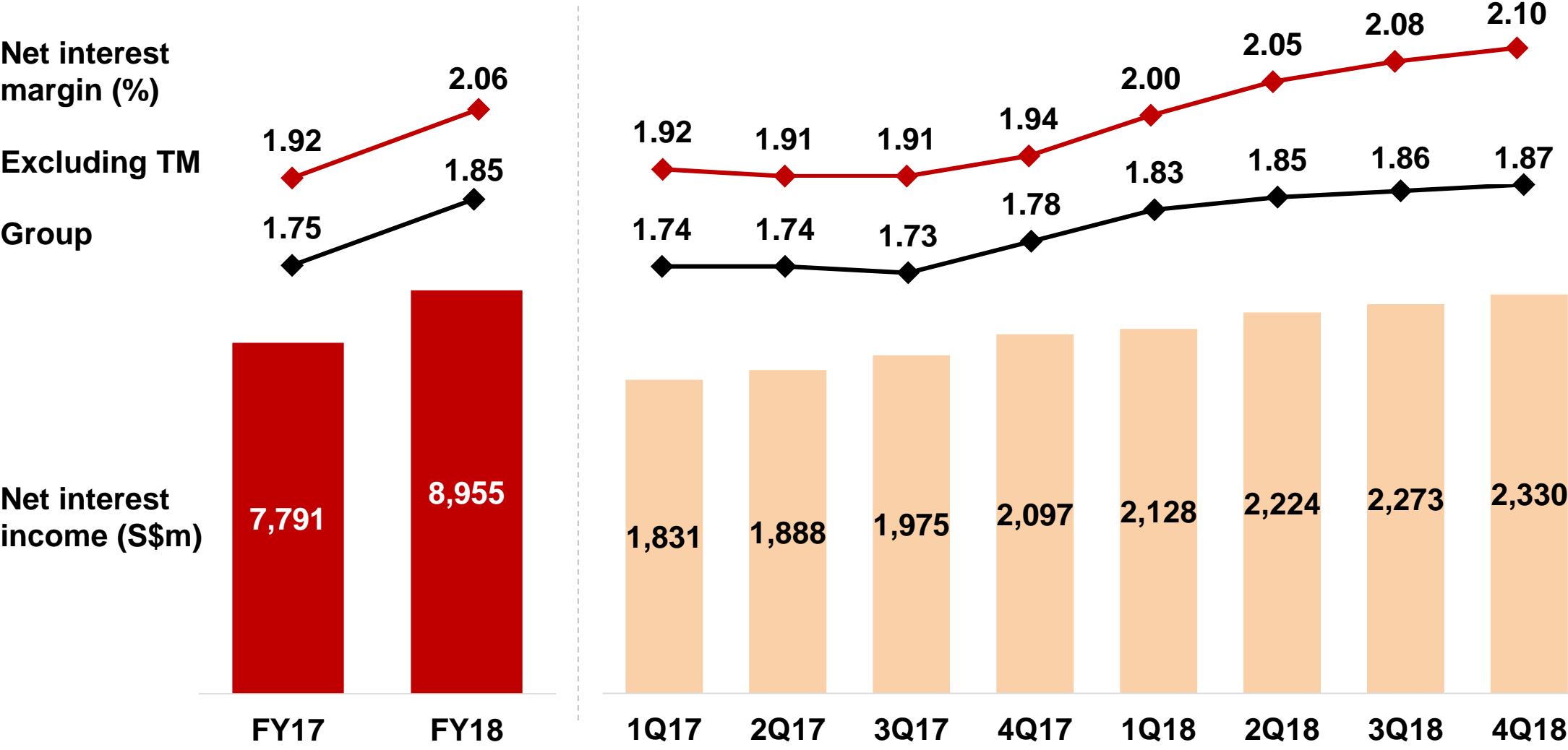
4Q net profit 7% lower on quarter

(S\$m)	4Q18	QoQ %
Total income	3,245	(4)
Expenses	1,501	1
Profit before allowances	1,744	(8)
Allowances	205	(13)
Net profit	1,319	(7)

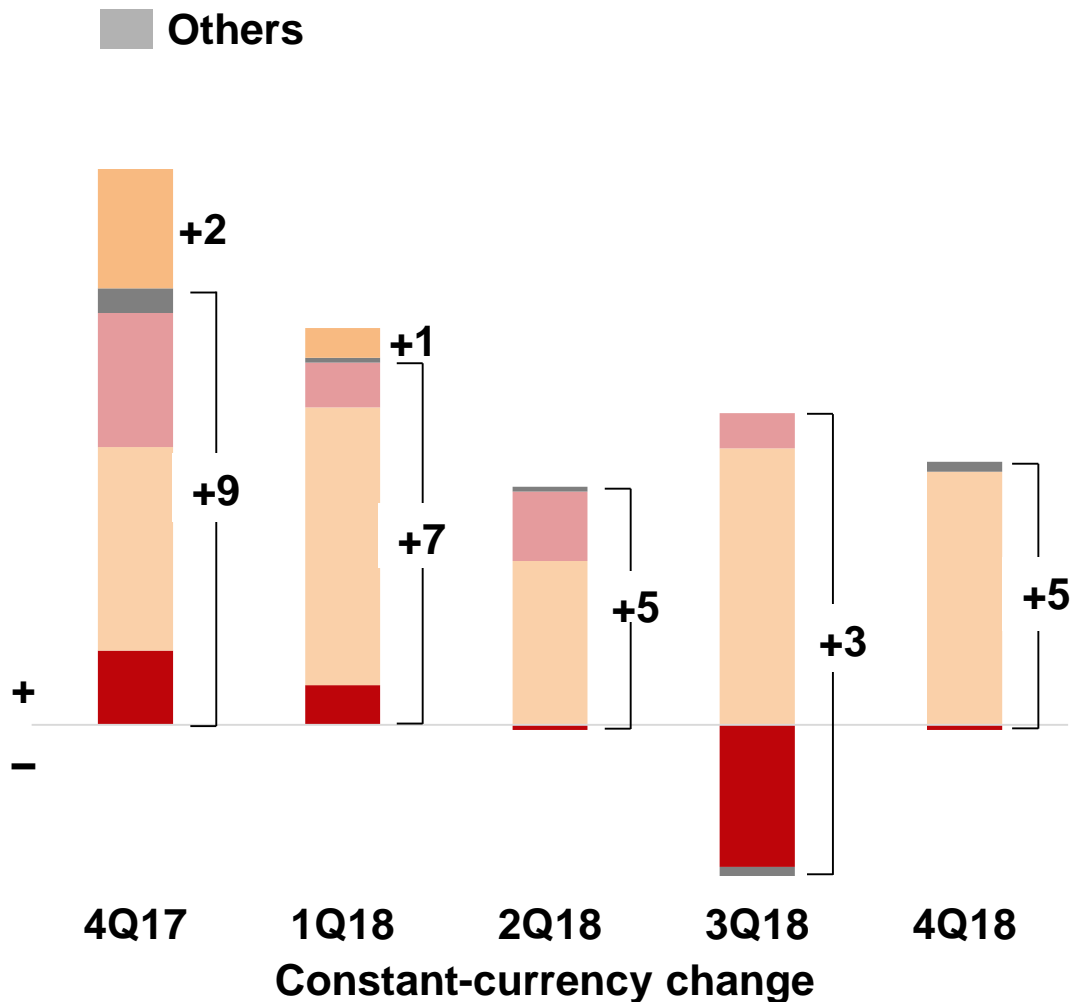
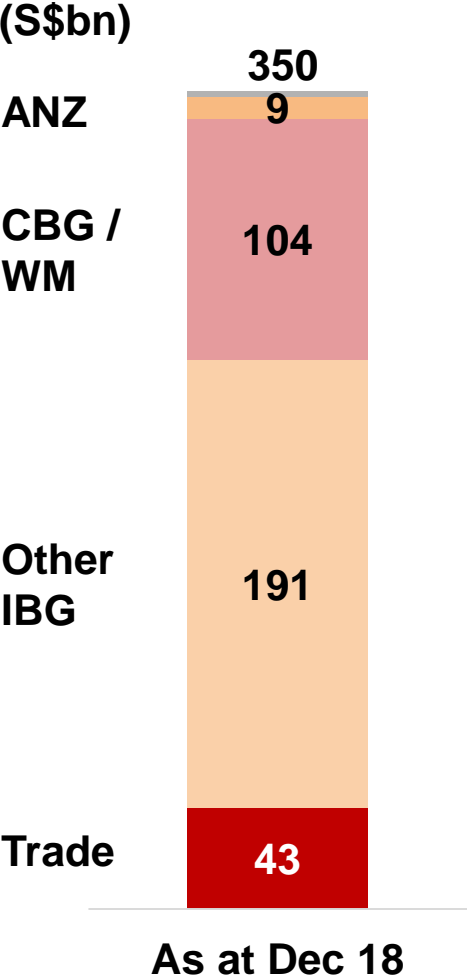
- Business momentum healthy as net interest income up 3% from loan growth and net interest margin progression
- Total income 4% lower as net interest income growth more than offset by declines in fee and other non-interest income due to weak financial markets



Underlying net interest margin up 2bp on quarter from higher Singapore interest rates



Loans grow 2% on quarter from non-trade corporate loans



In constant-currency terms

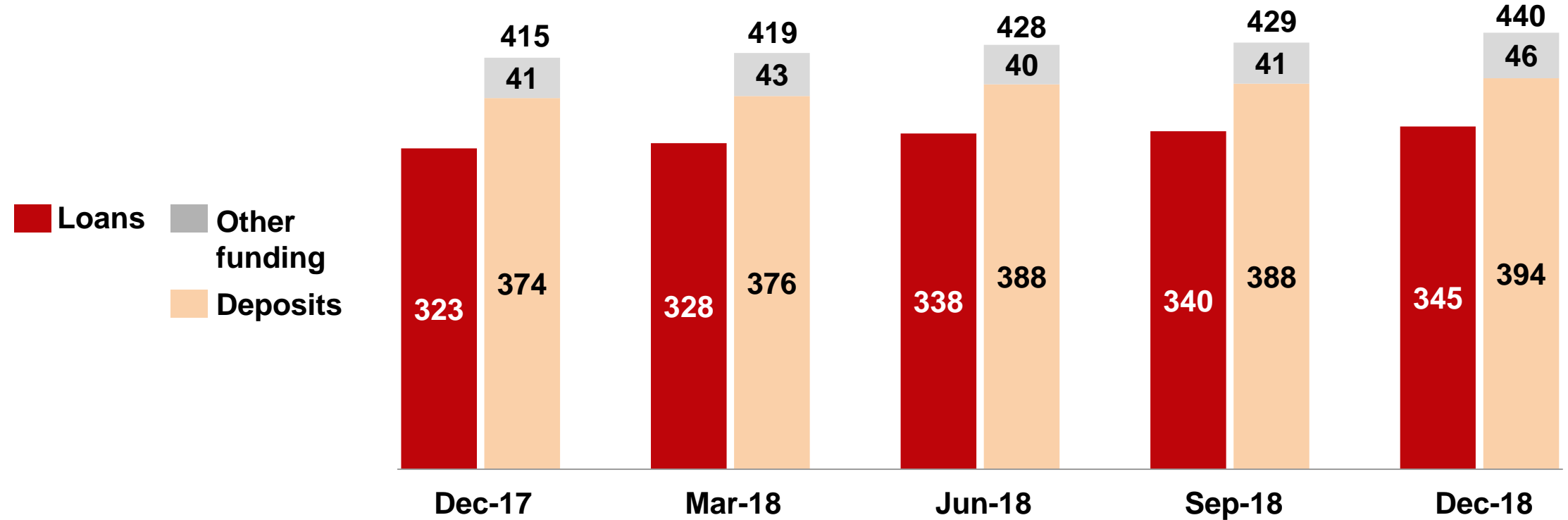
- Overall loans up \$5bn or 2% on quarter, mainly from non-trade corporate loan growth
- Consumer and trade loans stable on quarter
- Overall loans up \$21bn or 6% on year, led by non-trade corporate and consumer loans



Gross loans

Ample liquidity with LCR at 138%

(S\$bn)



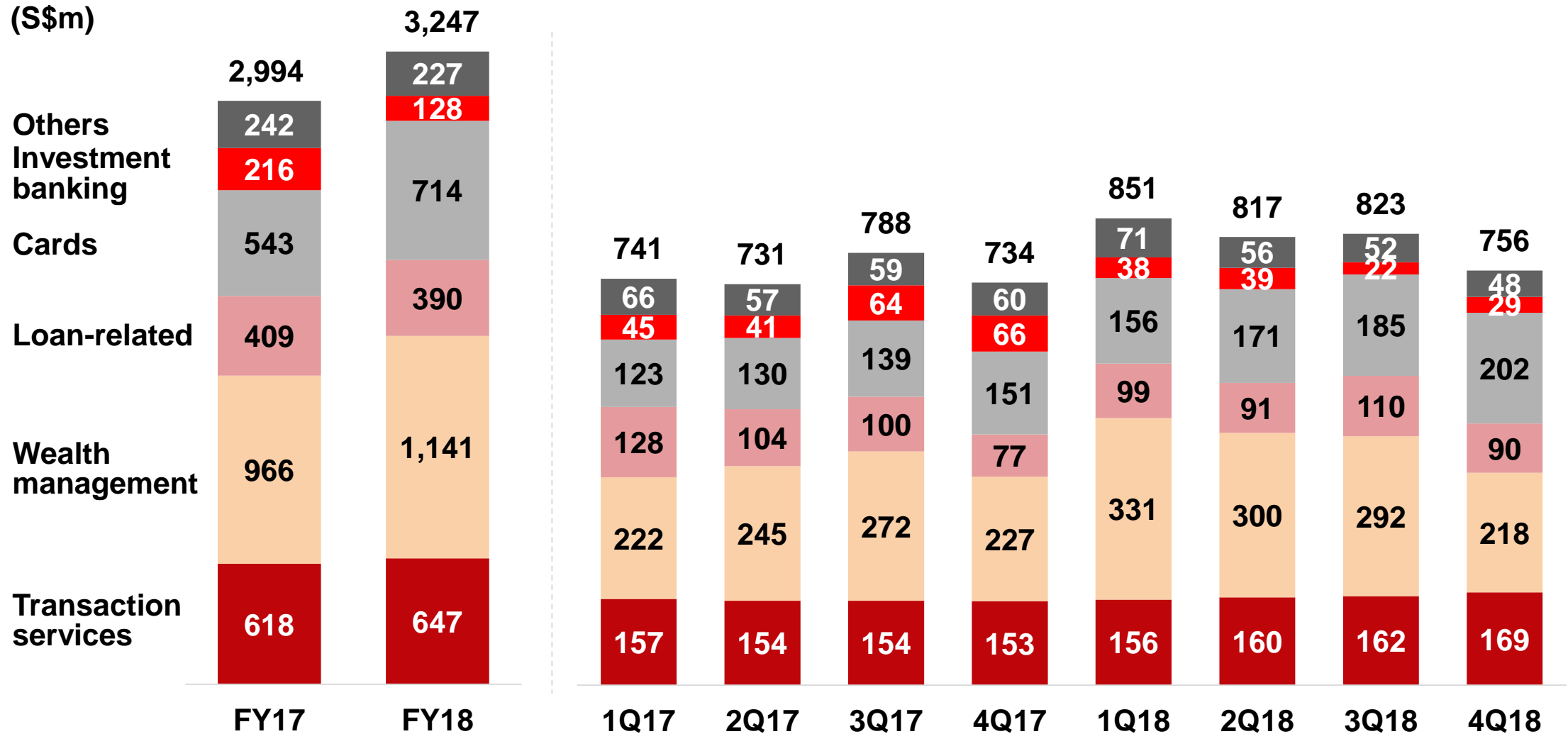
Ratios (%)

LDR	86	87	87	88	88
LCR	131	125	135	132	138
NSFR	—	110	110	109	109



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

4Q gross fee income up 3% on year



Full-year CBG / WM income up 21% from broad-based growth

(S\$m)	FY18	FY17	YoY %
Total income	5,653	4,671	21
Retail	2,992	2,564	17
Wealth Management	2,661	2,107	26
Loans and deposits	3,316	2,631	26
Investment products	1,518	1,360	12
Cards	773	619	25
Others	46	62	(26)
Expenses	3,031	2,562	18
Profit before allowances	2,622	2,109	24
AUM (S\$bn)	220	206	7
SGD savings (S\$bn)	115	115	0

- Total income increases 21% from growth in loan and deposit, bancassurance and card income
- Wealth Management segment income up 26% as AUM increases 7%
- Cost-income ratio improves one percentage point to 54%
- Profit before allowances increase 24%
- Market share for Singapore housing loans at 31% and SGD savings deposits at 52%

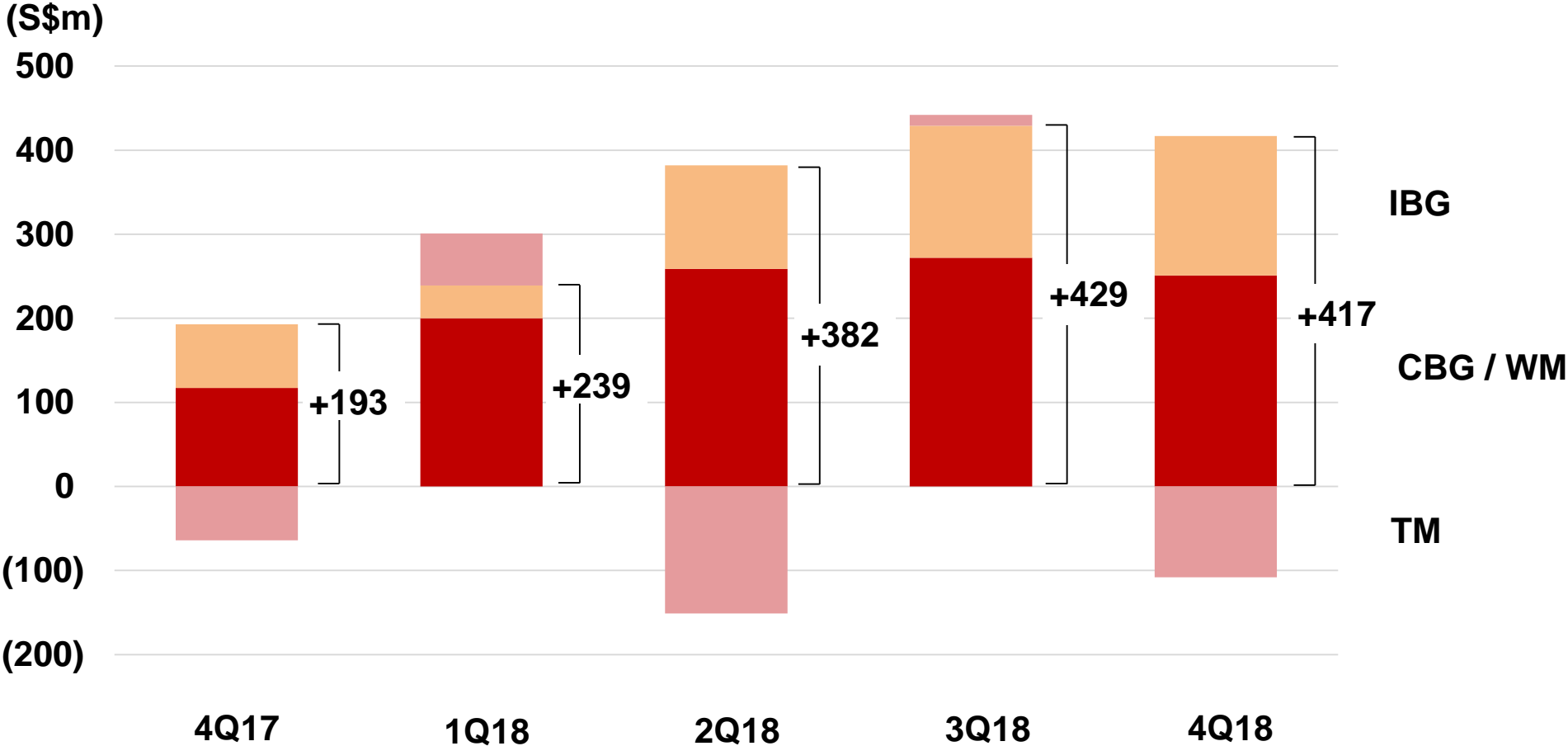
Full-year IBG income up 9%, led by cash management

(S\$m)	FY18	FY17	YoY %
Total income	5,760	5,275	9
Corporate	3,743	3,561	5
SME	2,017	1,714	18
Loans	2,614	2,696	(3)
Trade	719	728	(1)
Cash / SFS	1,708	1,105	55
Treasury	602	576	5
Investment banking	117	170	(31)
Expenses	1,839	1,755	5
Profit before allowances	3,921	3,520	11
Assets (S\$bn)	263	247	7
GTS deposits (S\$bn)	142	142	0

- **Total income increases 9% mainly from cash management, which more than offset declines in investment banking and loan fee income**
- **Cost-income ratio improves one percentage point to 32%**
- **Profit before allowances improves 11%**
- **Assets rise 7% from loan growth, GTS cash management deposits up underlying 3%**

CBG / WM and IBG business momentum maintained

Change over year-ago period

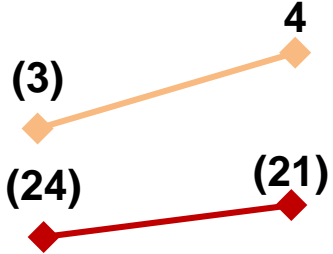


Full-year TM income declines 21%, customer income up 4%

YoY (%)

Customer

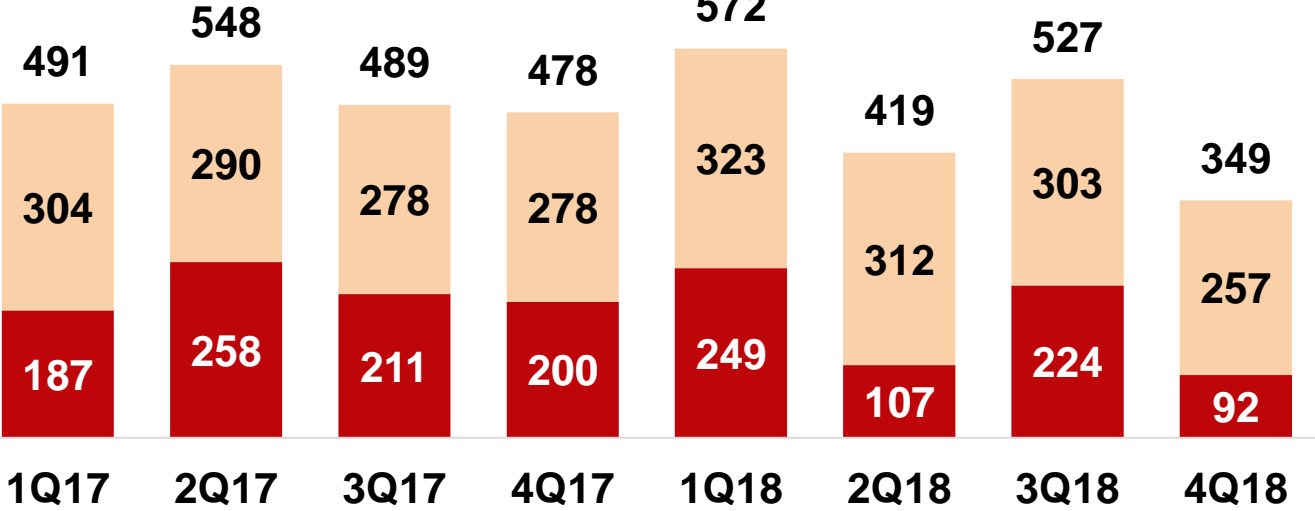
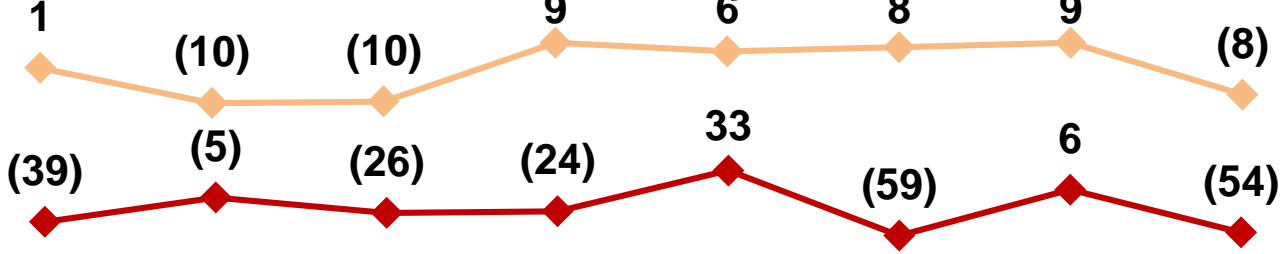
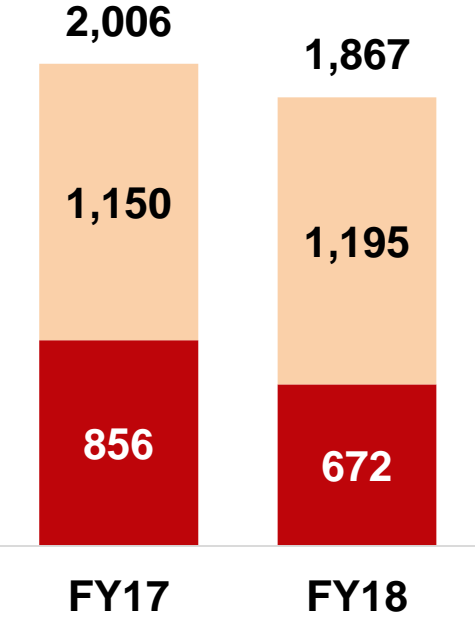
TM



(\$m)

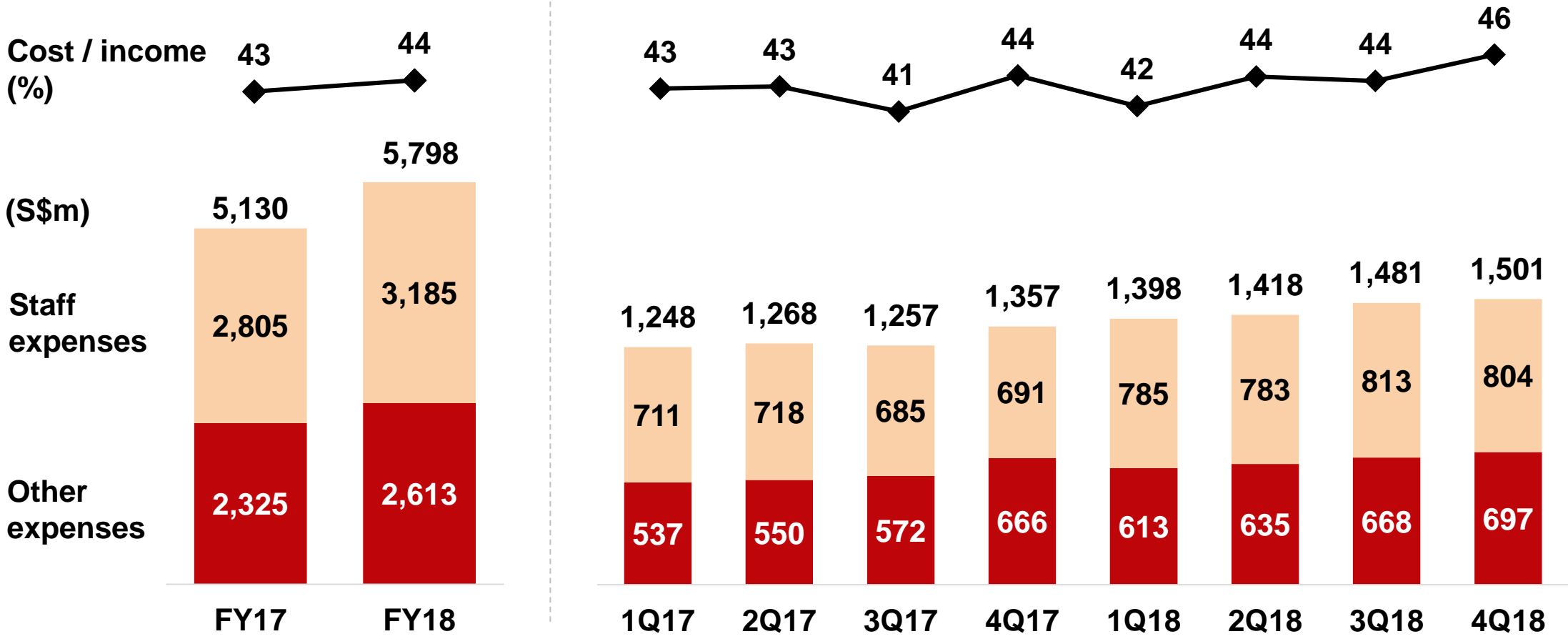
Customer

TM

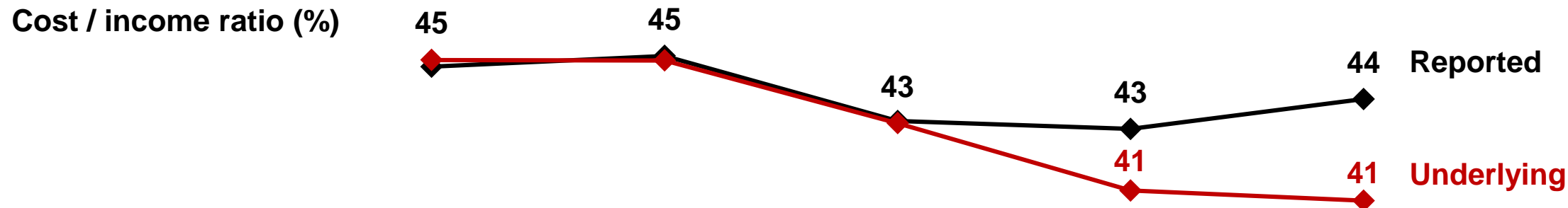


Treasury customer income is included under IBG/CBG segment income. It is included in this chart for a complete product view

Reported full-year cost-income ratio at 44%



Underlying cost-income ratio stable

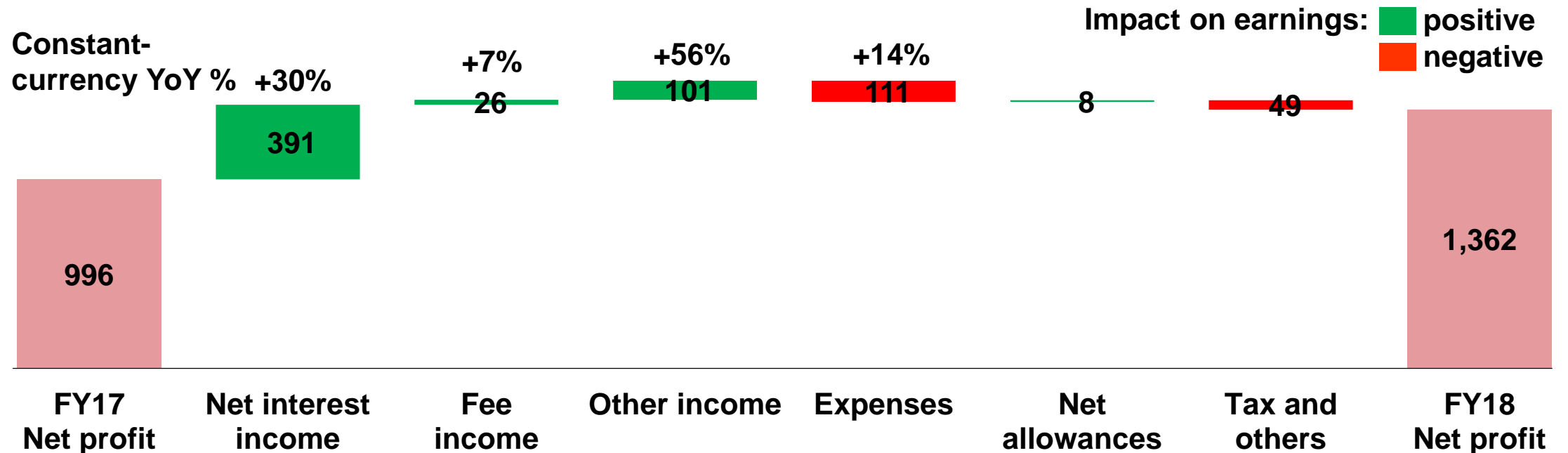


(S\$bn)	2014	2015	2016	2017	2018	
Reported income	9.6	10.8	11.5	11.9	13.2	
of which:	1.1	1.1	1.1	1.0	1.3	
TM	1.1	1.1	1.1	0.9	0.7	
ANZ	–	–	–	0.1	0.6	
Underlying	8.5	9.7	10.4	11.0	11.9	+8% YoY
Reported expenses	4.3	4.9	5.0	5.1	5.8	
of which:	0.5	0.6	0.6	0.6	0.9	
TM	0.5	0.6	0.6	0.6	0.6	
ANZ	–	–	–	0.0	0.3	
Underlying	3.8	4.3	4.4	4.5	4.9	+8% YoY

Full-year Hong Kong earnings up 40% to record

(S\$m)		FY18	YoY %	Constant-currency YoY %
Total income	record	2,741	23	26
Expenses		1,056	12	14
Profit before allowances	record	1,685	32	35
Allowances		72	(10)	(8)
Net profit	record	1,362	37	40

- Results underpinned by broad-based growth in total income
- Total income and net profit even excluding property disposal gain at record



Non-performing assets decline 4% on quarter

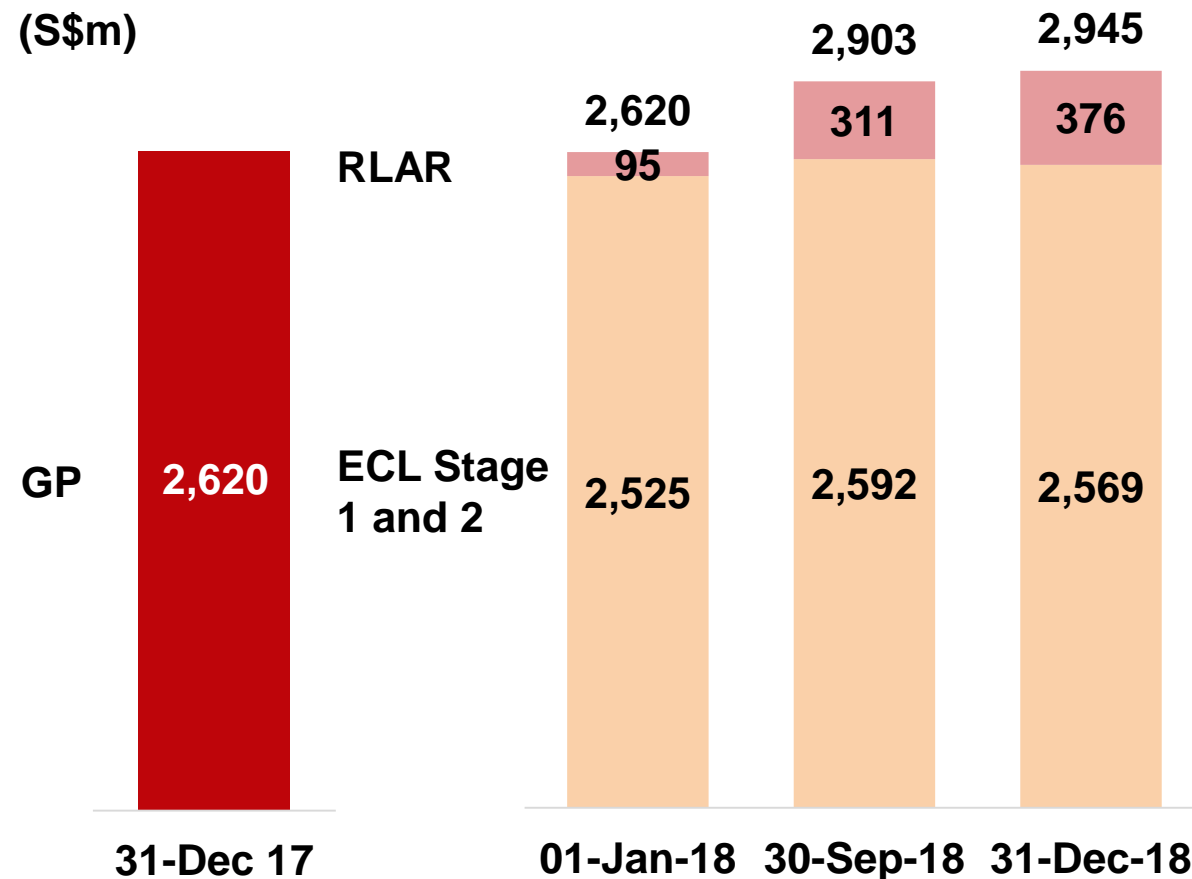
(S\$m)	4Q17	1Q18	2Q18	3Q18	4Q18
NPAs at start of period	6,127	6,070	5,817	5,870	5,902
IBG and others	(95)	(188)	(79)	69	(217)
New NPAs	250	93	272	233	280
Upgrades, settlements and recoveries	(211)	(172)	(207)	(104)	(318)
Write-offs	(134)	(109)	(144)	(60)	(179)
CBG / WM	33	2	(6)	(17)	(8)
Translation	(61)	(98)	138	(20)	7
ANZ consolidation	66	31	–	–	–
NPAs at end of period	6,070	5,817	5,870	5,902	5,684
NPL ratio (%)	1.7	1.6	1.6	1.6	1.5

4Q SP (ECL Stage 3) little changed on quarter and on year

(S\$m)	4Q17	1Q18	2Q18	3Q18	4Q18
IBG and others	167	113	33	124	158
Add charges for	223	179	141	136	187
New NPLs	65	17	68	82	102
Existing NPLs	158	162	73	54	85
Subtract charges for	56	66	108	12	29
Upgrades	0	0	0	0	0
Settlements	27	51	89	8	9
Recoveries	29	15	19	4	20
CBG / WM	39	49	65	55	60
SP charges for loans	206	162	98	179	218
Other credit exposures	22	(5)	0	46	11
Total SP charges	228	157	98	225	229
SP / loans (bp)	25	20	12	21	25

GP (ECL Stage 1 and 2) declines slightly on quarter

(S\$m)



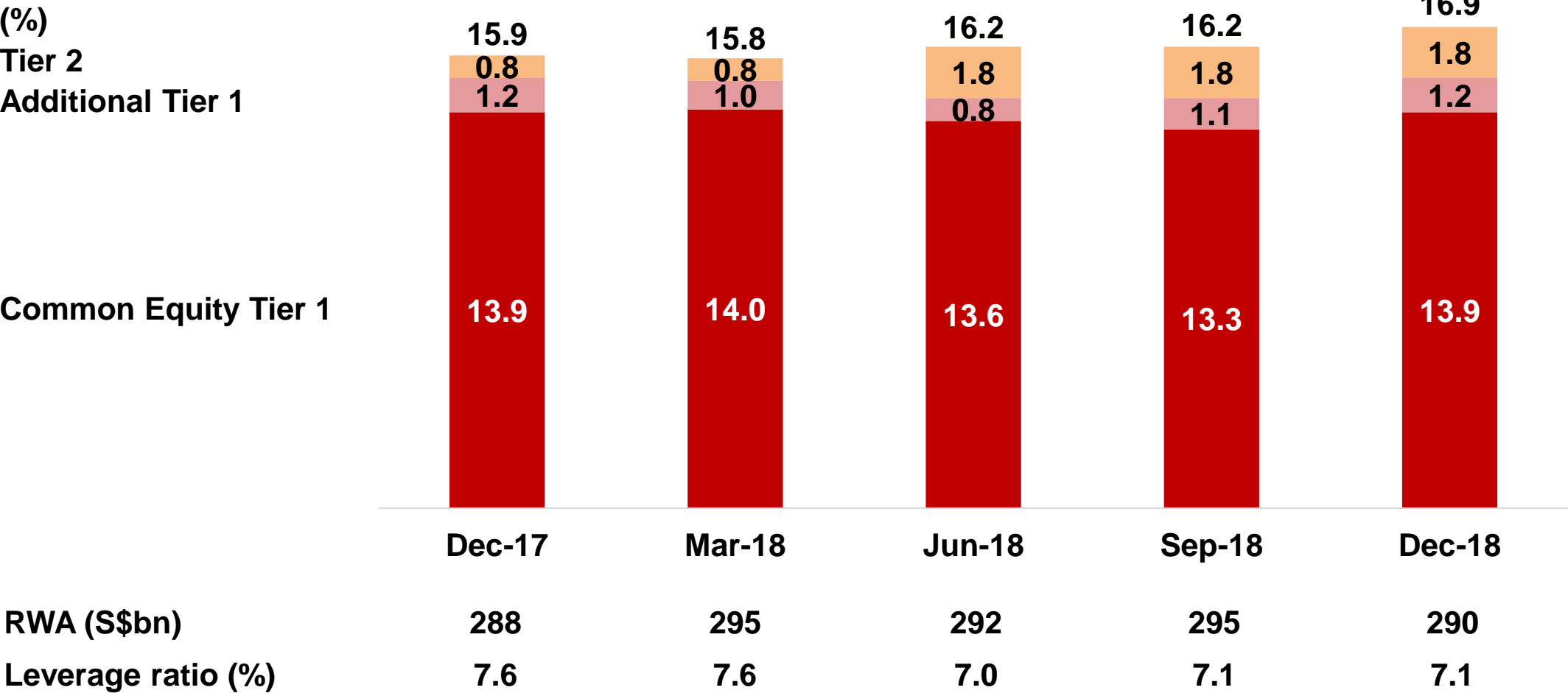
Movement during 4Q

- ECL
 - \$24m write-back due mainly to transfers to SP
- RLAR
 - Additional \$65 million transferred from retained earnings to RLAR

Total allowances as % of:

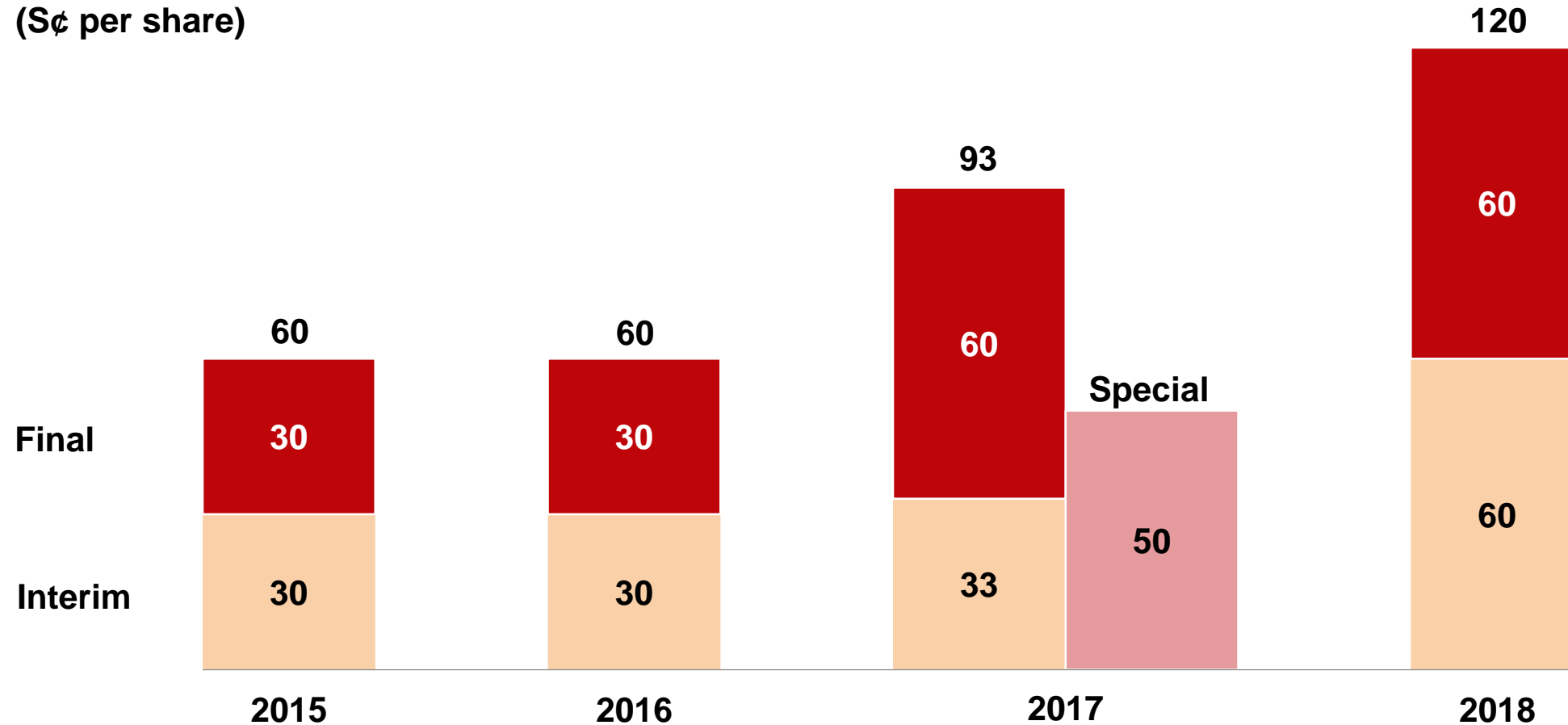
NPA	85	93	98
Unsecured NPA	173	174	178

Strong CET-1 and leverage ratios



Final dividend of 60 cents per share brings full-year payout to \$1.20 per share

(S¢ per share)



In summary – record performance with ROE at decade highs

ROE of 12.1% best since record in 2007, when interest rates were higher and capital requirements less stringent

Results achieved despite macroeconomic headwinds and financial market volatility in second half

Performance demonstrates improved structural profitability of franchise – greater proportion of higher-returns businesses, deeper customer relationships, more nimble execution

Business momentum maintained in fourth quarter

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



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Supplementary slides

**DBS Group Holdings
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Record full-year 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

	FY18	FY17	YoY %
Net interest income	8,955	7,791	15
Fee income	2,780	2,622	6
Trading income	1,178	1,058	11
Other income	270	453	(40)
Non-interest income	4,228	4,133	2
Total income	13,183	11,924	11
Staff expenses	3,185	2,805	14
Other expenses	2,613	2,325	12
Expenses	5,798	5,130	13
Profit before allowances	7,385	6,794	9
Allowances for non-impaired exposures (GP)	(1)	(855)	NM
Allowances for impaired exposures (SP)	711	2,399	(70)
Allowances	710	1,544	(54)
Net profit	5,625	4,390	28
One-time items	(48)	(19)	NM
Net profit incl. one-time items	5,577	4,371	28

4Q earnings up 8% on year

(S\$m)	4Q18	4Q17	YoY %	3Q18	QoQ %
Net interest income	2,330	2,097	11	2,273	3
Fee income	635	636	(0)	695	(9)
Trading income	229	228	0	354	(35)
Other income	51	94	(46)	53	(4)
Non-interest income	915	958	(4)	1,102	(17)
Total income	3,245	3,055	6	3,375	(4)
Staff expenses	804	691	16	813	(1)
Other expenses	697	666	5	668	4
Expenses	1,501	1,357	11	1,481	1
Profit before allowances	1,744	1,698	3	1,894	(8)
Allowances for non-impaired exposures (GP)	(24)	(5)	NM	9	NM
Allowances for impaired exposures (SP)	229	230	(0)	227	1
Allowances	205	225	(9)	236	(13)
Net profit	1,319	1,218	8	1,413	(7)
One-time items	0	(24)	NM	0	0
Net profit incl. one-time items	1,319	1,194	10	1,413	(7)

Full-year ROE 2.4 percentage points higher at 12.1%

(%)	4Q18	4Q17	3Q18	FY18	FY17
Net interest margin	1.87	1.78	1.86	1.85	1.75
Fee income / total income	20	21	21	21	22
Non-interest income / total income	28	31	33	32	35
Cost / income	46	44	44	44	43
ROE	11.3	10.5	12.2	12.1	9.7
Loan / deposit	88	86	88	88	86
SP / loans (bp)	25	25	21	19	72
NPL ratio	1.5	1.7	1.6	1.5	1.7

Hong Kong full-year reported earnings up 40%

Constant-currency terms

(S\$m)	FY18	FY17	YoY %	YoY %
Net interest income	1,830	1,439	27	30
Fee income	617	591	4	7
Other non-interest income	294	193	52	56
Non-interest income	911	784	16	19
Total income	2,741	2,223	23	26
Expenses	1,056	945	12	14
Profit before allowances	1,685	1,278	32	35
GP	(3)	75	NM	NM
SP	75	5	>100	>100
Allowances	72	80	(10)	(8)
Net profit	1,362	996	37	40
Net interest margin (%)	2.01	1.74		
Loan growth (%)				11
Non-trade growth (%)				11
Trade growth (%)				8
Deposit growth (%)				9

Hong Kong 4Q reported earnings up 30% on year

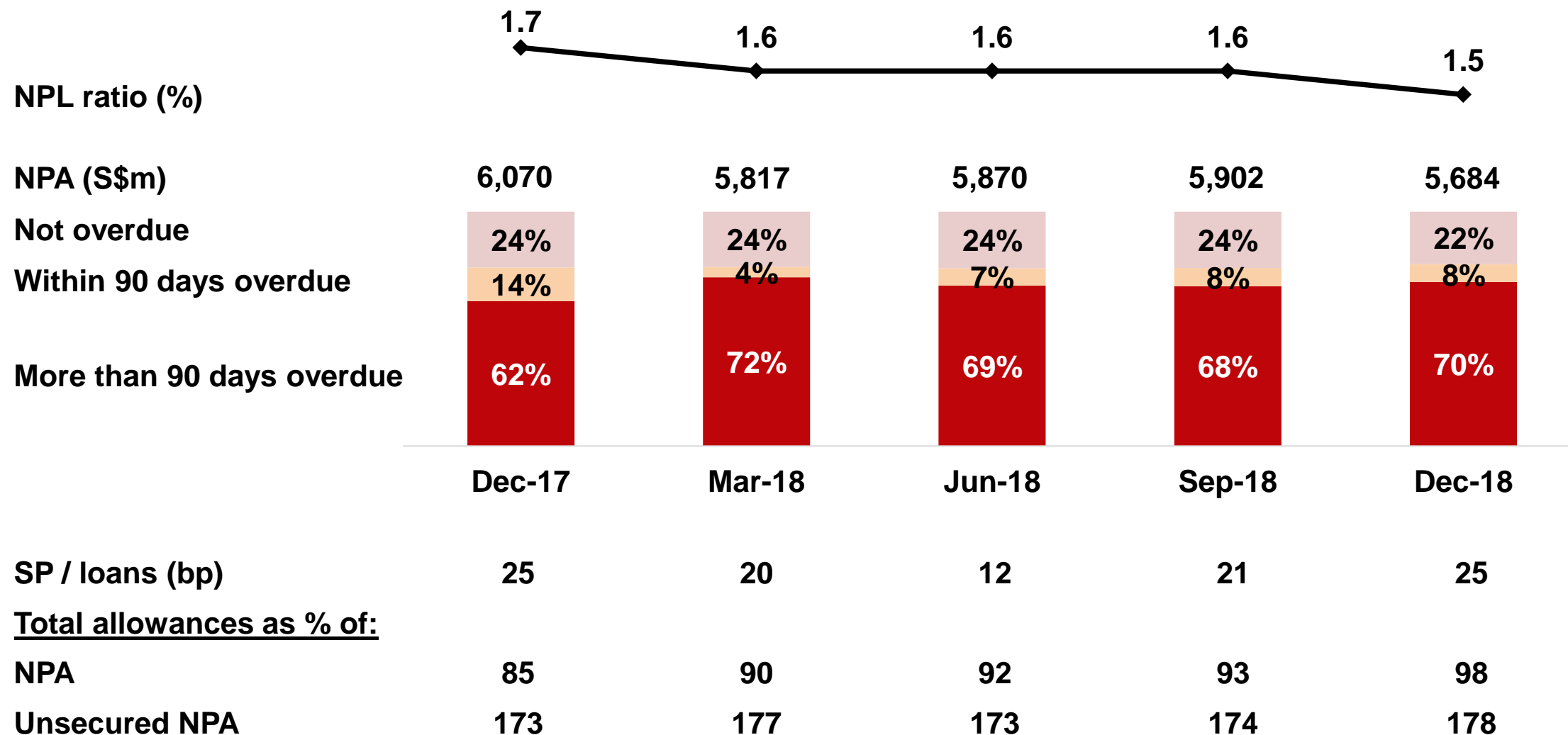
Constant-currency terms

(S\$m)	4Q18	4Q17	YoY %	YoY %	3Q18	QoQ %	QoQ %
Net interest income	501	391	28	26	487	3	2
Fee income	148	147	1	(1)	148	0	(1)
Other non-interest income	49	62	(21)	(23)	37	32	38
Non-interest income	197	209	(6)	(7)	185	6	7
Total income	698	600	16	15	672	4	3
Expenses	273	256	7	5	296	(8)	(9)
Profit before allowances	425	344	24	22	376	13	13
GP	(16)	7	NM	NM	10	NM	NM
SP	47	37	27	30	18	>100	>100
Allowances	31	44	(30)	(29)	28	11	16
Net profit	329	247	33	30	293	12	11
Net interest margin (%)	2.06	1.78			2.06		
Loan growth (%)				11			(0)
Non-trade growth (%)				11			0
Trade growth (%)				8			(5)
Deposit growth (%)				9			1

Full-year regional operating performance improves

(S\$m)	FY18	FY17	YoY %
Net interest income	1,461	1,251	17
Non-interest income	807	652	24
Total income	2,268	1,903	19
Expenses	1,387	1,159	20
Profit before allowances	881	744	18
Allowances	230	331	(31)
Net profit	500	328	52

NPL ratio declines, allowance coverage rises to 98%



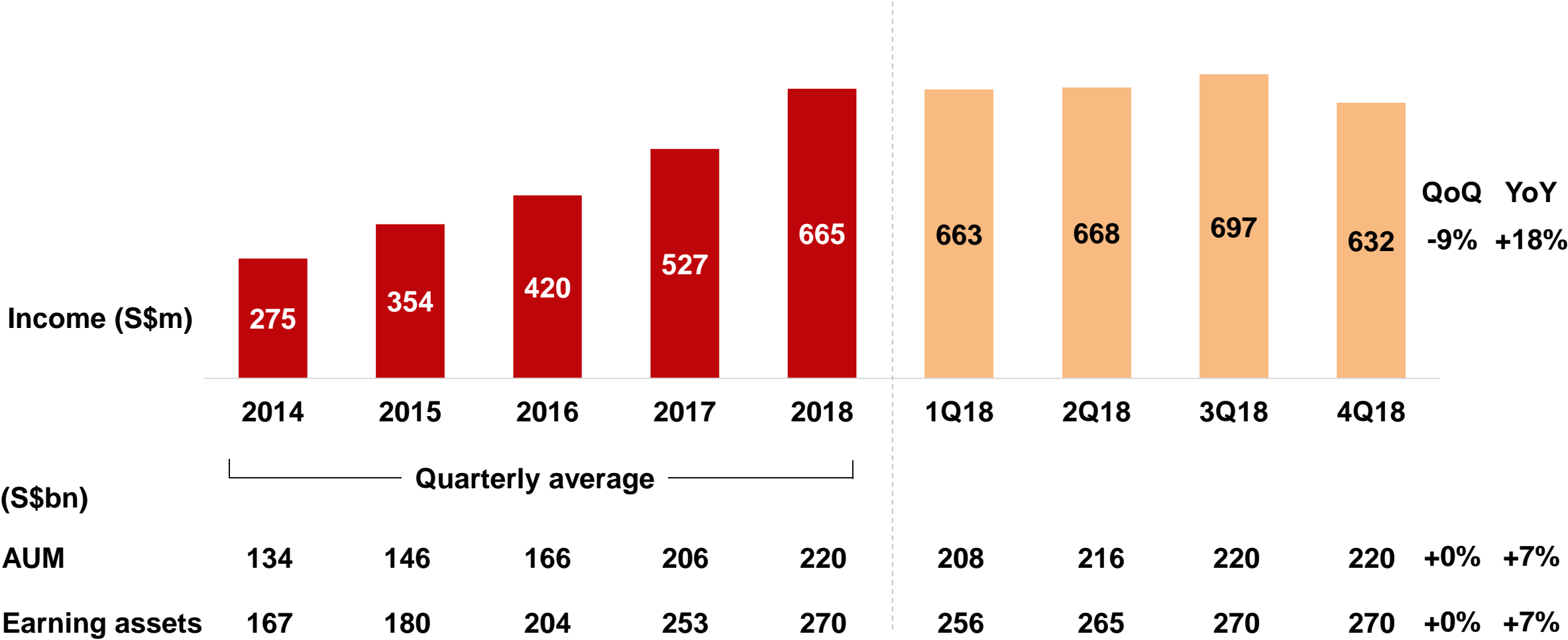
FVOCI duration remains short

(\$m)	Dec-18	Sep-18
Government securities	19,301	20,730
Less than 3 years	16,014	15,539
3 to 5 years	1,614	2,523
5 to 10 years	1,571	2,524
More than 10 years	102	144
Supranational, bank and corporate bonds	8,609	8,033
Equities	1,665	1,841
Total	29,575	30,604
FVOCI reserves	(337)	(375)

Deposits up 2% on quarter and up 5% on year in constant-currency terms

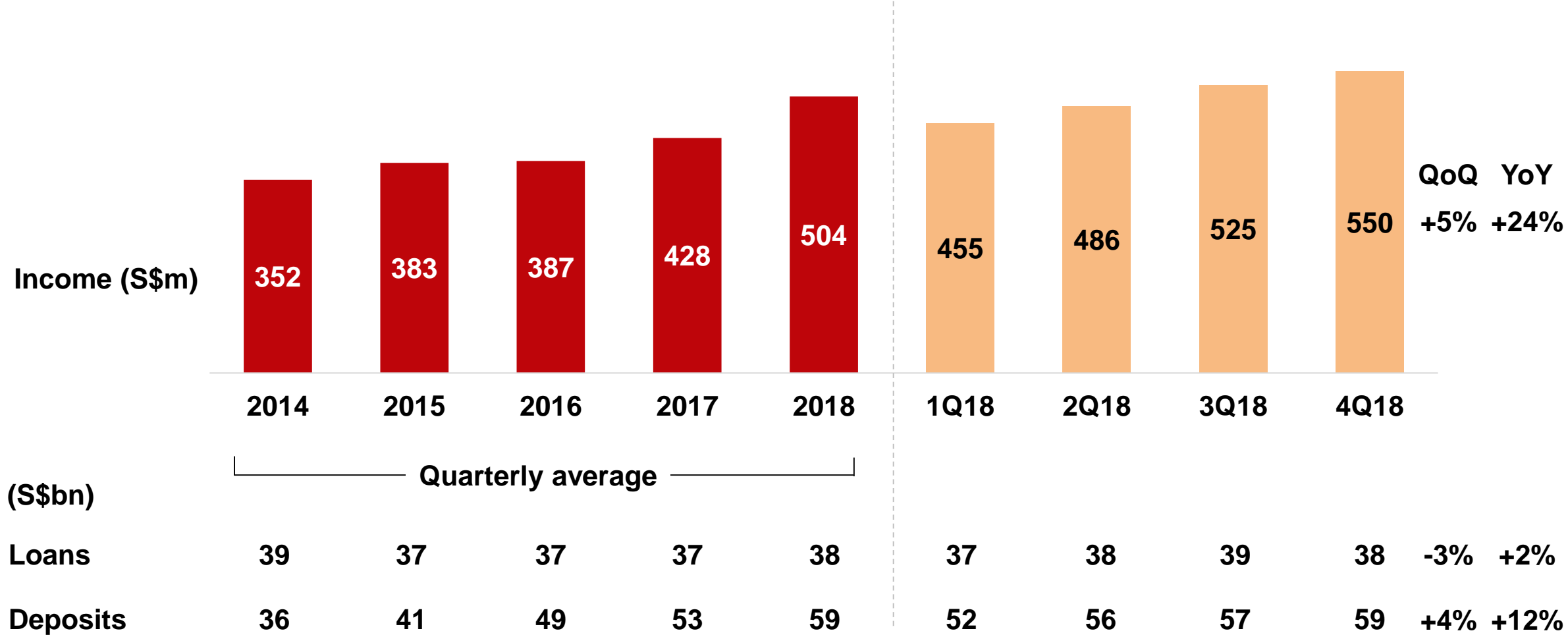
	(S\$bn)	QoQ (%)		YoY (%)	
	Dec-18	Reported	Underlying	Reported	Underlying
Deposits	394	1	2	5	5
By product					
Casa	231	0	0	(1)	(1)
Fixed deposits	159	3	3	16	15
Other	4	16	16	36	35
By currency					
Singapore dollar	159	1	1	1	1
US dollar	138	4	4	7	5
HK dollar	37	(3)	(3)	5	3
Chinese yuan	13	10	10	15	18
Others	47	(3)	(2)	12	16
LDR (%)	Dec-18	Sep-18		Dec-17	
Overall	88	88		86	
Singapore dollar	89	89		86	
US dollar	80	82		81	

Wealth Management segment



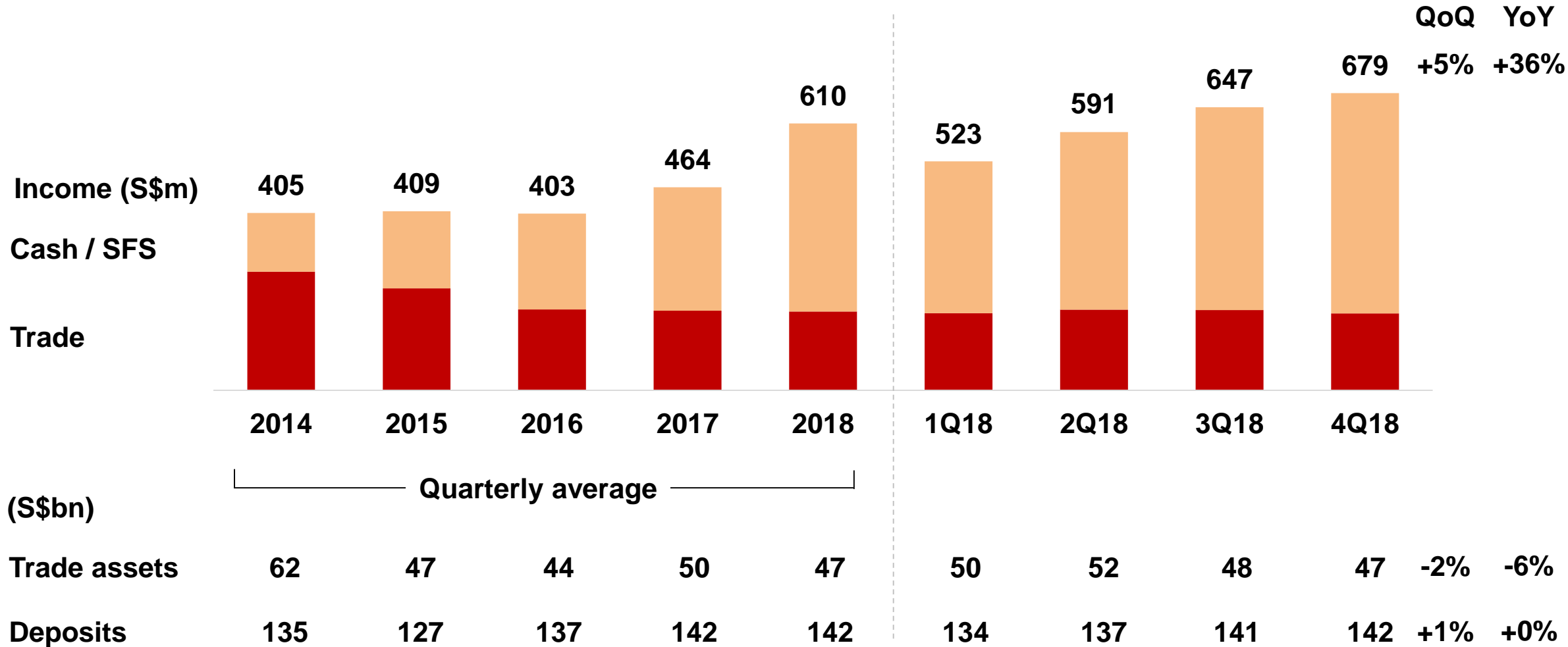
Comprising Treasures, Treasures Private Client and Private Bank
Total earning assets and AUMs at end of period

SME segment



Loans and deposits at end of period

Global transaction services



Assets and deposits at end of period



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