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# **Record quarter with sustained ROE progression**

**DBS Group Holdings  
1Q 2019 financial results  
April 29, 2019**

# Highlights

## **1Q earnings up 9% on year and 25% on quarter to record \$1.65 billion, ROE at 14%**

- Total income up 6% on year and 9% on quarter to new high of \$3.55 billion
- Compared to year ago, healthy business momentum and net interest margin progression more than offset high base for market-related fee income and property gain
- Compared to previous quarter, wealth management fees and trading income recover from weak performance
- Cost-income ratio stable on year at 42%
- Sustained ROE progression

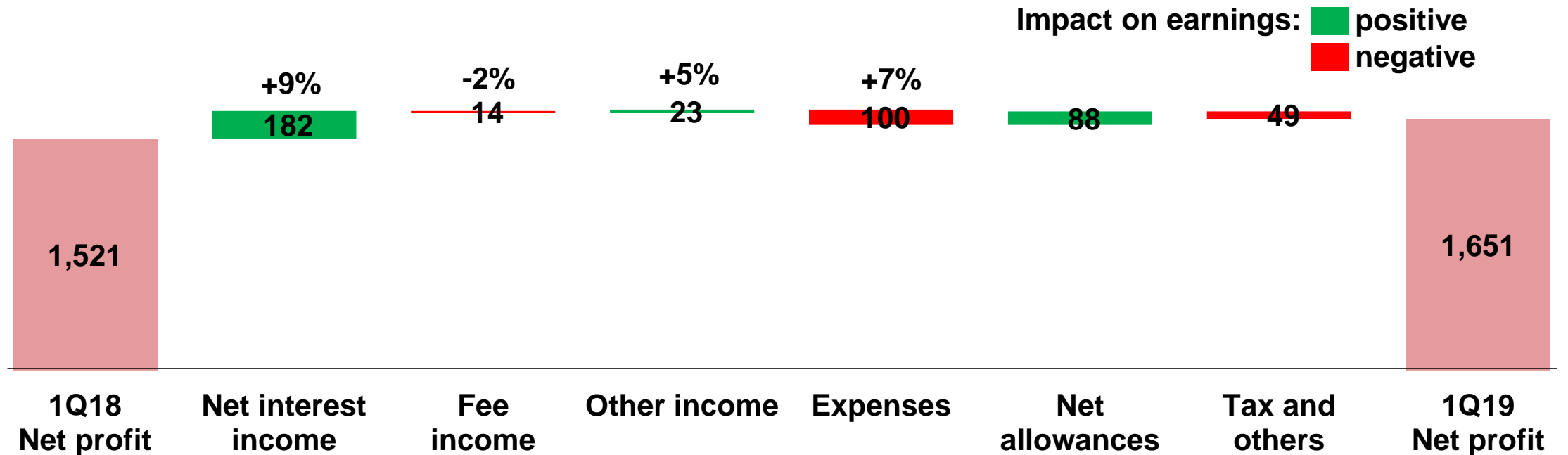
## **Balance sheet remains healthy**

- New NPA formation remains low, NPL rate unchanged on quarter at 1.5%
- SP for loans declines to 15 basis points, GP write-back due to better portfolio quality and improved external credit conditions
- CET-1 at 14.1%, LCR at 137%, NSFR at 111%

# Net profit up 9% on year

(S\$m)		1Q19	YoY %
Total income	record	3,551	6
Expenses		1,498	7
Profit before allowances	record	2,053	5
Allowances		76	(54)
Net profit	record	1,651	9

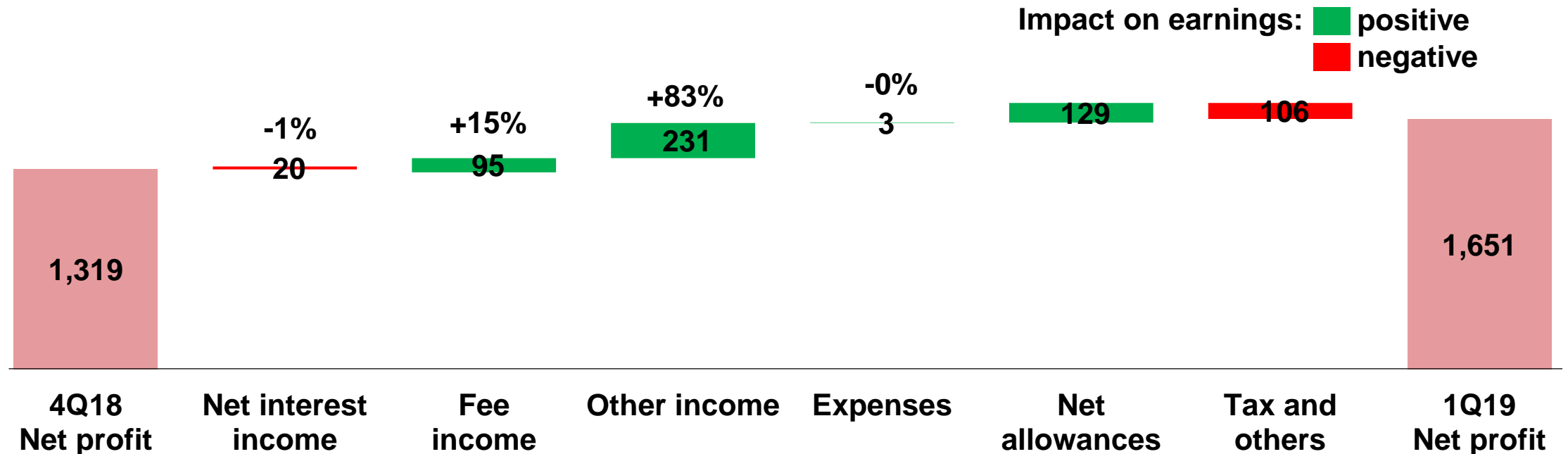
- Excluding property gain a year ago, total income up 8% from loan growth, higher NIM, increase in card, transaction service and loan-related fee income, better trading income
- Cost-income ratio stable at 42%
- Total allowances halve from decline in SP to 15 basis points, write-back in GP



# Net profit up 25% on quarter

(S\$m)		1Q19	QoQ %
Total income	record	3,551	9
Expenses		1,498	(0)
Profit before allowances	record	2,053	18
Allowances		76	(63)
Net profit	record	1,651	25

- Day-adjusted net interest income up 1% from loan growth and sustained NIM progression
- Net fee income up 15% as wealth management recovers, other non-interest income up 83% as trading income doubles from weak 4Q18
- Expenses stable, positive jaw results in 18% increase in profit before allowances

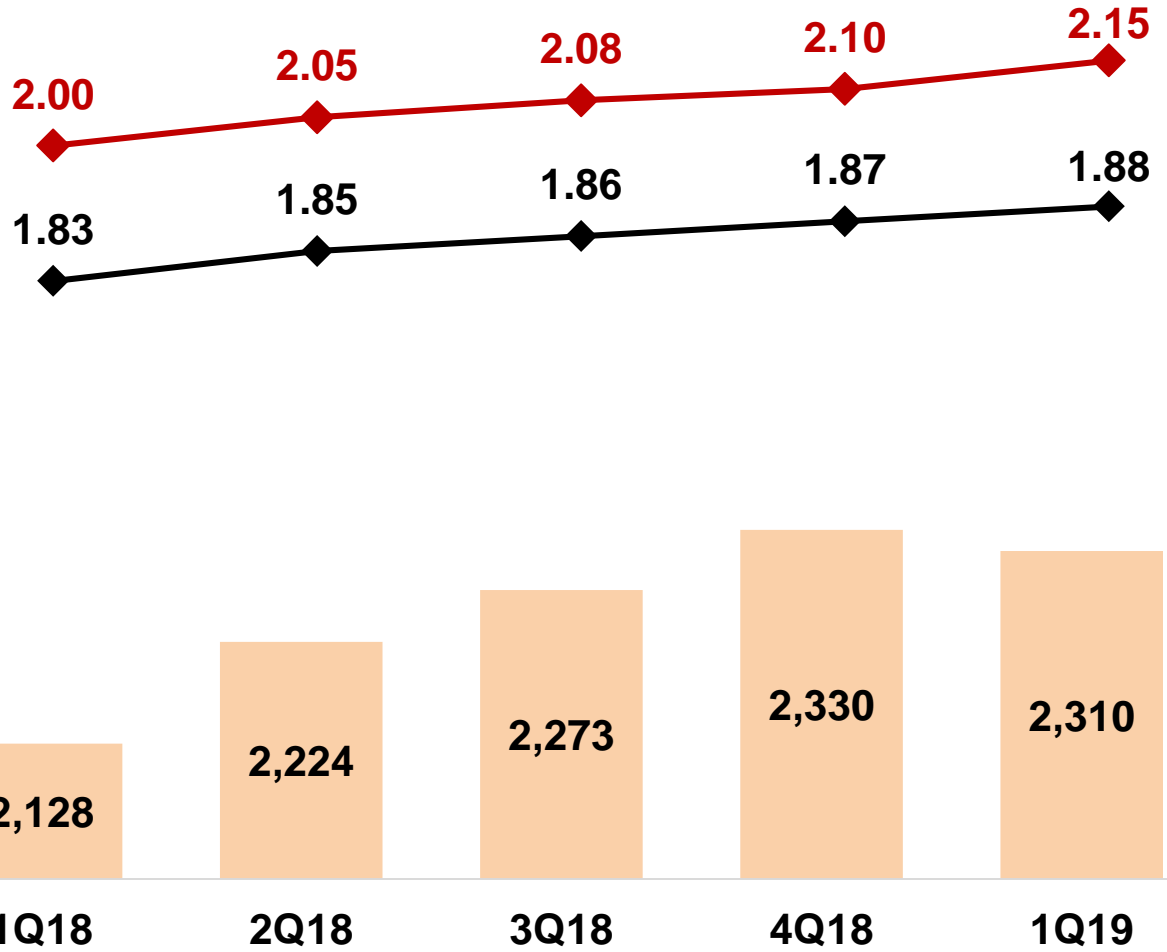
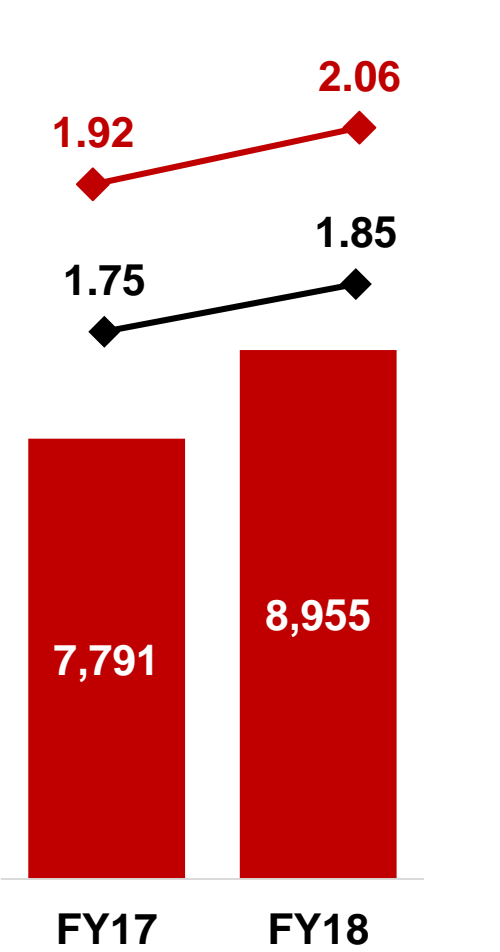


# Day-adjusted net interest income up 1% on quarter, underlying net interest margin rises five basis points

Net interest margin (%)

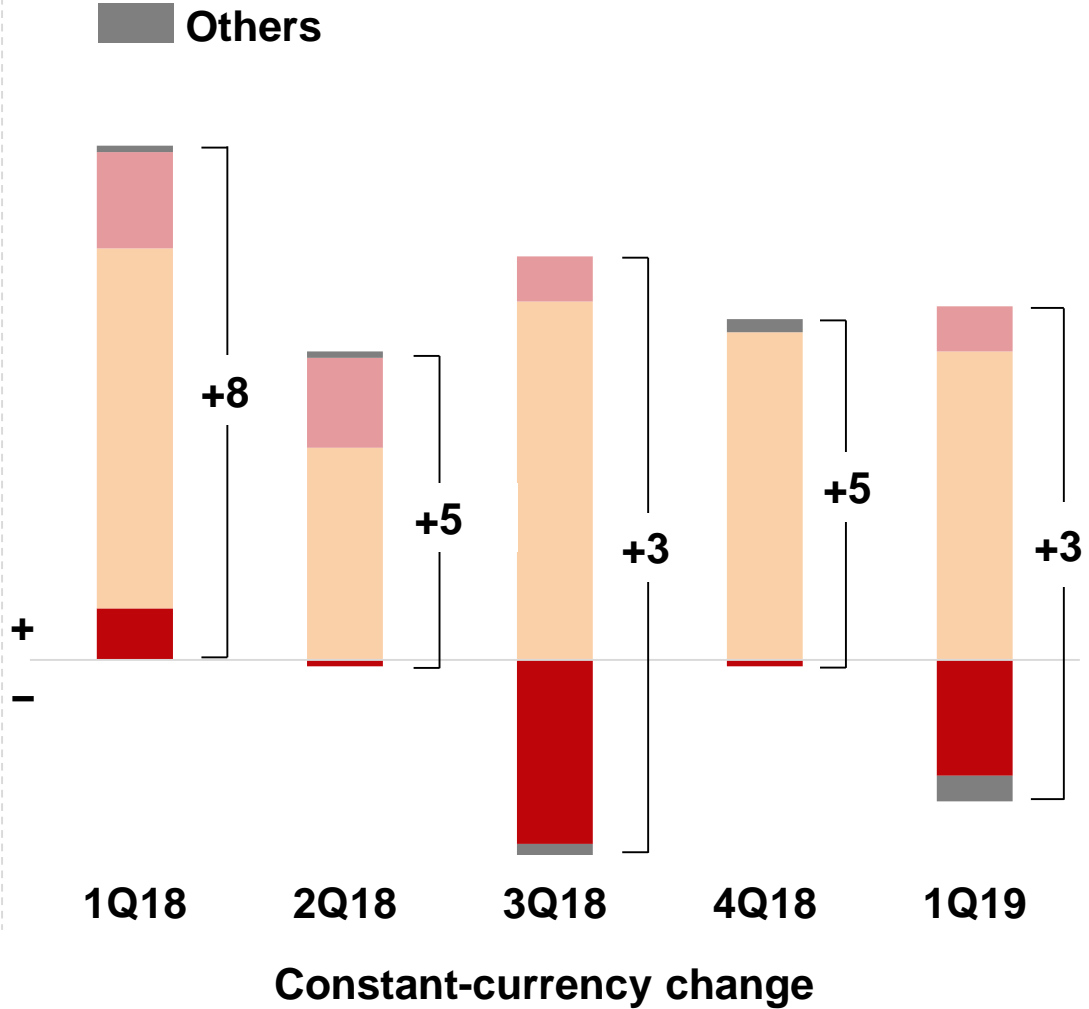
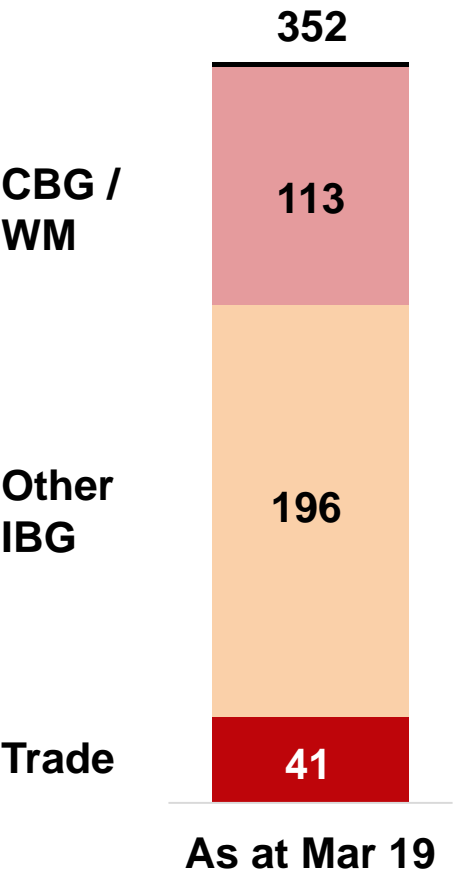
Excluding TM

Group



# Loans grow 1% on quarter from non-trade corporate loans

(S\$bn)



In constant-currency terms

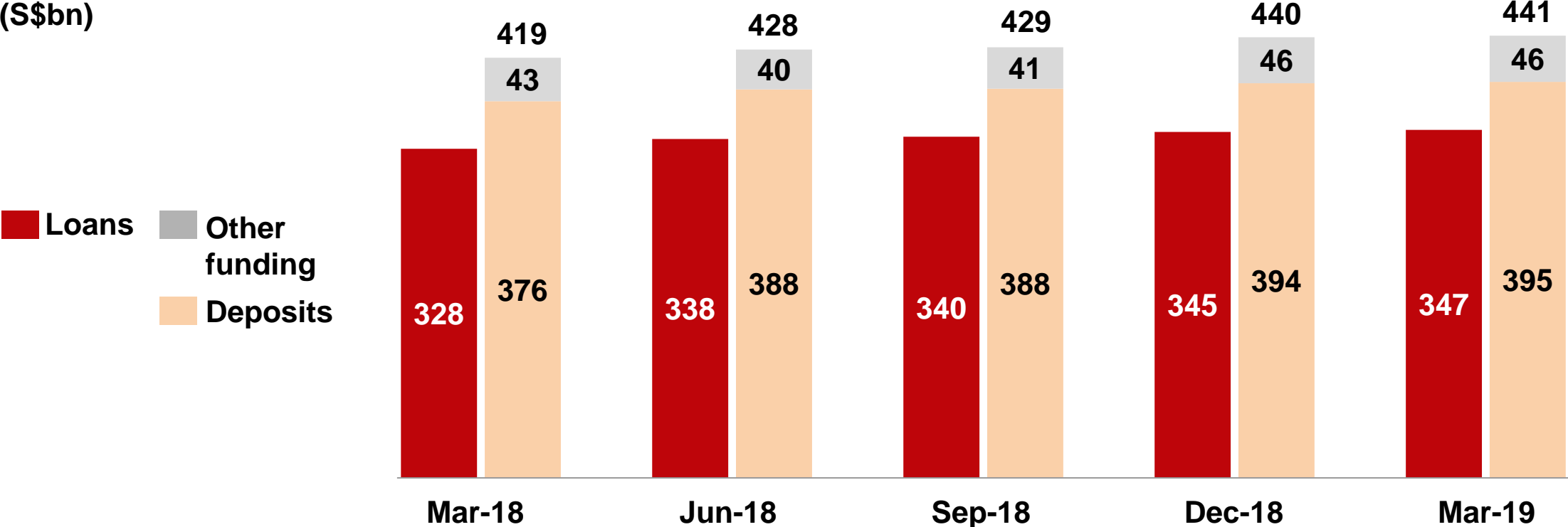
- Overall loans up \$3bn or 1% on quarter, mainly from non-trade corporate loan growth
- Gross loans up \$16bn or 5% on year from non-trade corporate and consumer loan growth



Gross loans

# Ample liquidity with LCR at 137%

(S\$bn)



Ratios (%)

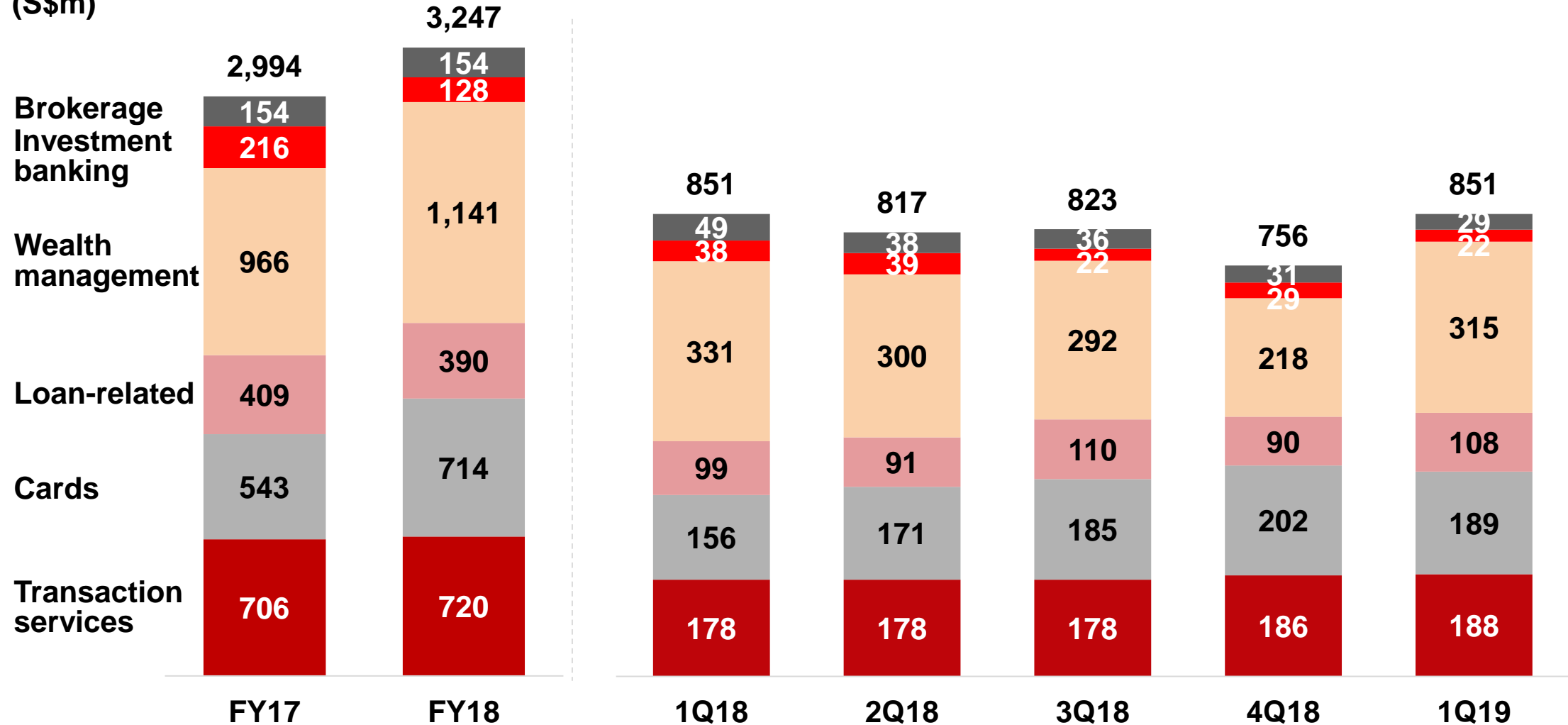
LDR	87	87	88	88	88
LCR	125	135	132	138	137
NSFR	110	110	109	109	111



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

# Gross fee income stable on year as growth in cards and transaction services offset high base for market-related activities

(S\$m)



Gross fee income



# CBG / WM income up 15% from loans and deposits, cards

(S\$m)	1Q19	1Q18	YoY %
<b>Total income</b>	<b>1,557</b>	<b>1,359</b>	<b>15</b>
Retail	797	696	15
Wealth Management	760	663	15
Loans and deposits	925	722	28
Investment products	421	434	(3)
Cards	200	187	7
Others	12	16	(25)
<b>Expenses</b>	<b>792</b>	<b>685</b>	<b>16</b>
<b>Profit before allowances</b>	<b>765</b>	<b>674</b>	<b>14</b>
<b>AUM (S\$bn)</b>	<b>230</b>	<b>208</b>	<b>11</b>
<b>SGD savings (S\$bn)</b>	<b>116</b>	<b>118</b>	<b>(1)</b>

- Total income increases 15% from growth in loan and deposit, card and bancassurance income
- Wealth Management segment income up 15% to new high of \$760m as AUM increases 11% to \$230bn
- Market share maintained for SGD savings deposits at 52% and Singapore housing loans at 31%

# IBG income up 10% on year, led by cash management

(S\$m)	1Q19	1Q18	YoY %
<b>Total income</b>	<b>1,499</b>	<b>1,358</b>	<b>10</b>
Corporate	956	903	6
SME	543	455	19
Loans	670	653	3
Trade	168	176	(5)
Cash / SFS	497	343	45
Treasury	148	152	(3)
Investment banking	16	34	(53)
<b>Expenses</b>	<b>472</b>	<b>441</b>	<b>7</b>
<b>Profit before allowances</b>	<b>1,027</b>	<b>917</b>	<b>12</b>
<b>Assets (S\$bn)</b>	<b>266</b>	<b>250</b>	<b>7</b>
<b>GTS deposits (S\$bn)</b>	<b>133</b>	<b>134</b>	<b>(1)</b>

- **Total income increase of 10% exceeds cost growth of 7%, resulting in one percentage point improvement in cost-income ratio to 31%**
- **Cash management income up 45% from new customer mandates and higher net interest margin**
- **Assets rise 7% from loan growth, deposits decline 1% from reduction in higher-cost accounts**

# Treasury Markets income up 18% on year, customer income in line with recent quarters

YoY (%)

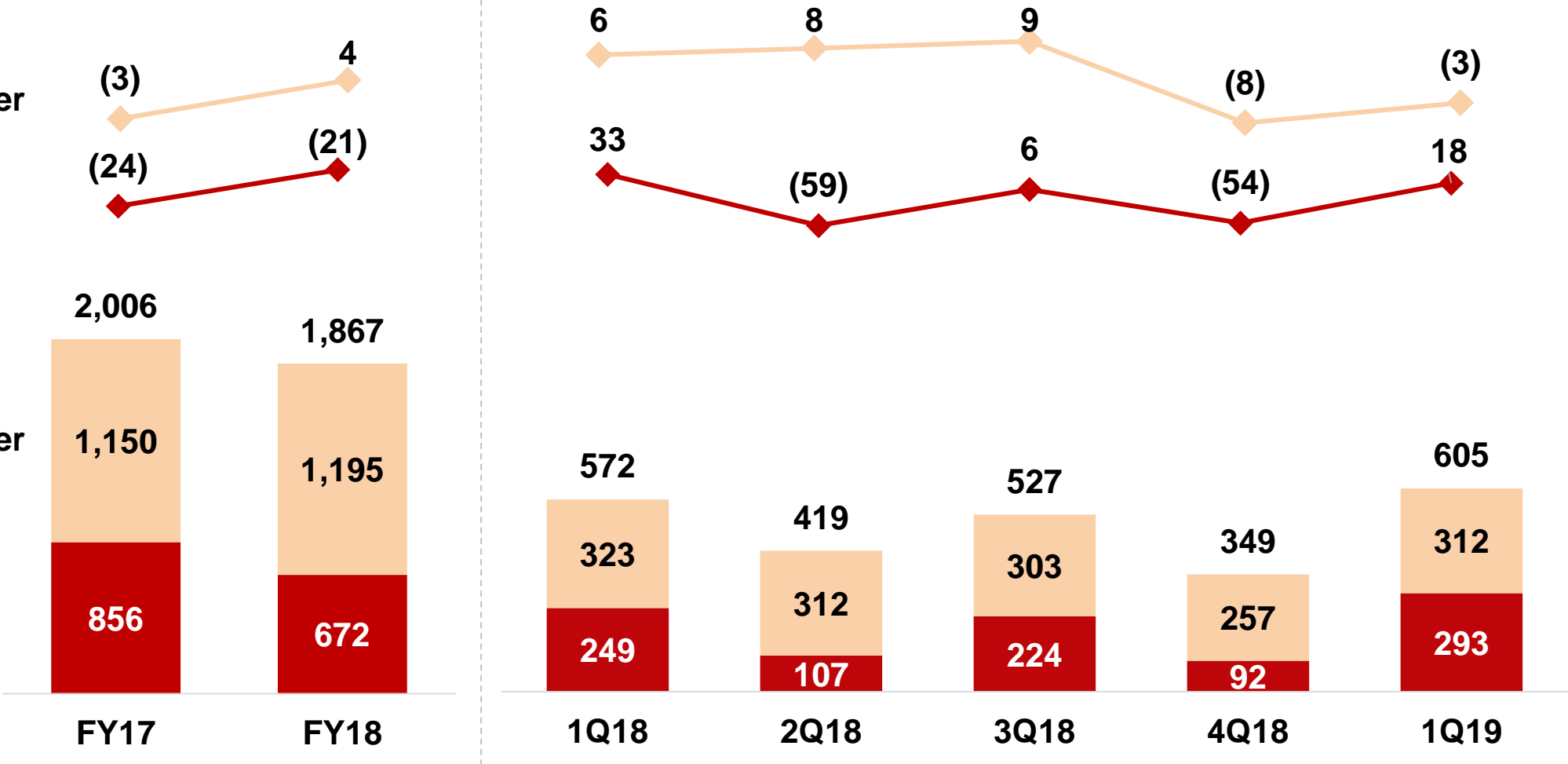
Customer

TM

(S\$m)

Customer

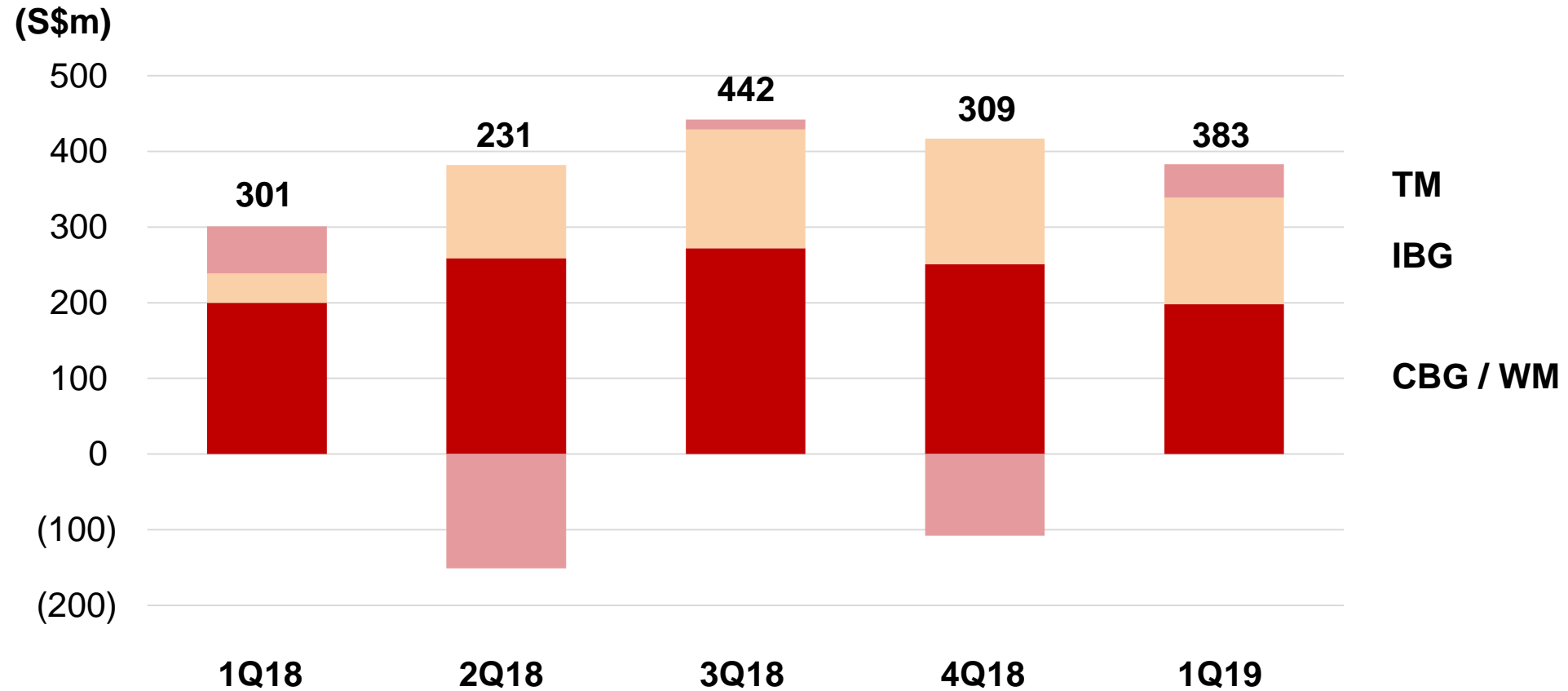
TM



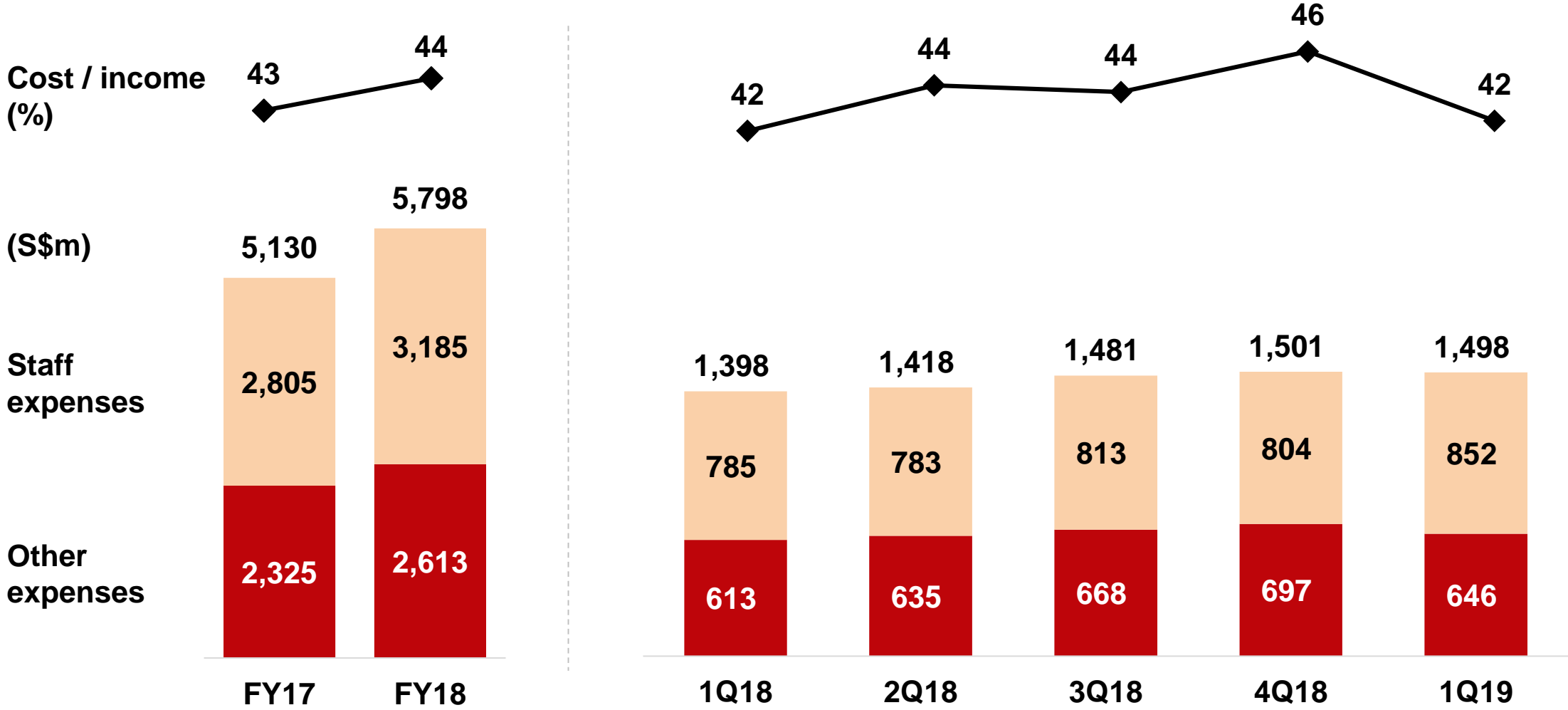
Treasury customer income is included under IBG/CBG segment income. It is included in this chart for a complete product view

# Healthy momentum in the combined income growth of the three business units

Change over year-ago period



# Cost-income ratio stable on year at 42%

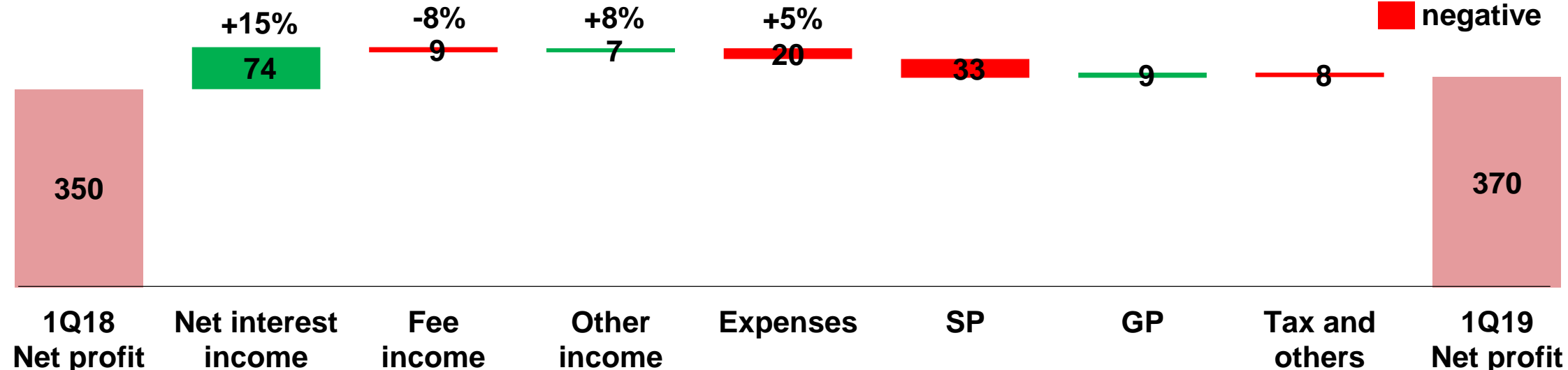


# Hong Kong underlying earnings up 3% to record

<u>Excluding property gain (S\$m)</u>	<u>1Q19</u>	<u>YoY%</u>	<u>Constant-currency YoY%</u>
Total income	record 707	11	9
Expenses	252	9	5
Profit before allowances	record 455	13	10
Allowances	6	NM	NM
Net profit	record 370	6	3

- Underlying total income up 9% to new high, from loan growth, higher NIM and transaction service fee income
- Positive jaw results in 3% increase in net profit to new high of \$370m

Constant-currency and excluding year-ago property gain YoY%



# New non-performing asset formation remains low

(S\$m)	1Q18	2Q18	3Q18	4Q18	1Q19
<b>NPAs at start of period</b>	<b>6,070</b>	<b>5,817</b>	<b>5,870</b>	<b>5,902</b>	<b>5,684</b>
<b>IBG and others</b>	<b>(188)</b>	<b>(79)</b>	<b>69</b>	<b>(217)</b>	<b>(51)</b>
New NPAs	93	272	233	280	109
Upgrades, settlements and recoveries	(172)	(207)	(104)	(318)	(139)
Write-offs	(109)	(144)	(60)	(179)	(21)
<b>CBG / WM</b>	<b>2</b>	<b>(6)</b>	<b>(17)</b>	<b>(8)</b>	<b>41</b>
<b>Translation</b>	<b>(98)</b>	<b>138</b>	<b>(20)</b>	<b>7</b>	<b>(26)</b>
<b>ANZ consolidation</b>	<b>31</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>NPAs at end of period</b>	<b>5,817</b>	<b>5,870</b>	<b>5,902</b>	<b>5,684</b>	<b>5,648</b>
<b>NPL ratio (%)</b>	<b>1.6</b>	<b>1.6</b>	<b>1.6</b>	<b>1.5</b>	<b>1.5</b>

# SP for loans declines to 15 bp

(S\$m)

**IBG and others**

**Add charges for**

New NPLs

Existing NPLs

**Subtract charges for**

Upgrades

Settlements

Recoveries

**CBG / WM**

**SP charges for loans**

**Other credit exposures**

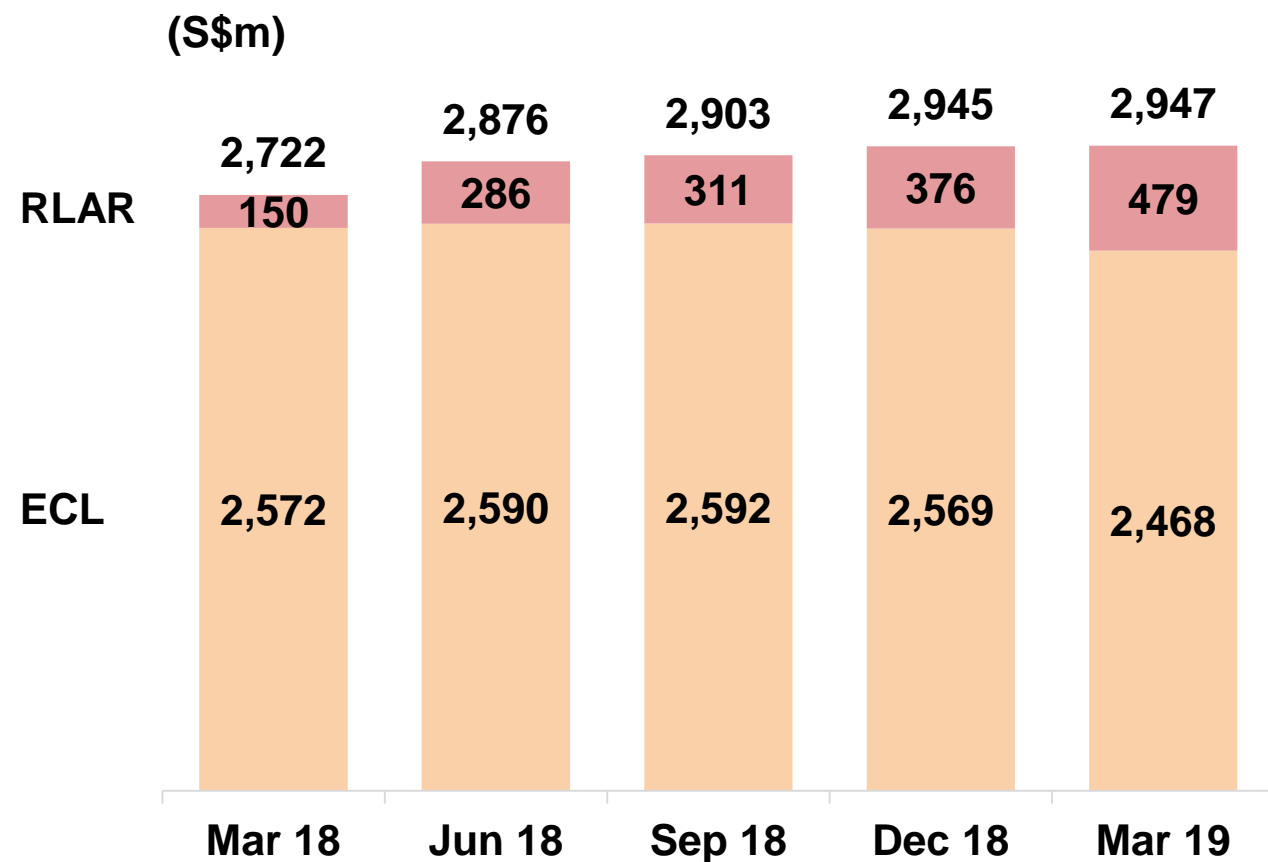
**Total SP charges**

**SP / loans (bp)**

	1Q18	2Q18	3Q18	4Q18	1Q19
<b>IBG and others</b>	<b>113</b>	<b>33</b>	<b>124</b>	<b>158</b>	<b>87</b>
<b>Add charges for</b>	<b>179</b>	<b>141</b>	<b>136</b>	<b>187</b>	<b>102</b>
New NPLs	17	68	82	102	22
Existing NPLs	162	73	54	85	80
<b>Subtract charges for</b>	<b>66</b>	<b>108</b>	<b>12</b>	<b>29</b>	<b>15</b>
Upgrades	0	0	0	0	0
Settlements	51	89	8	9	9
Recoveries	15	19	4	20	6
<b>CBG / WM</b>	<b>49</b>	<b>65</b>	<b>55</b>	<b>60</b>	<b>43</b>
<b>SP charges for loans</b>	<b>162</b>	<b>98</b>	<b>179</b>	<b>218</b>	<b>130</b>
<b>Other credit exposures</b>	<b>(5)</b>	<b>0</b>	<b>46</b>	<b>11</b>	<b>43</b>
<b>Total SP charges</b>	<b>157</b>	<b>98</b>	<b>225</b>	<b>229</b>	<b>173</b>
<b>SP / loans (bp)</b>	<b>20</b>	<b>12</b>	<b>21</b>	<b>25</b>	<b>15</b>



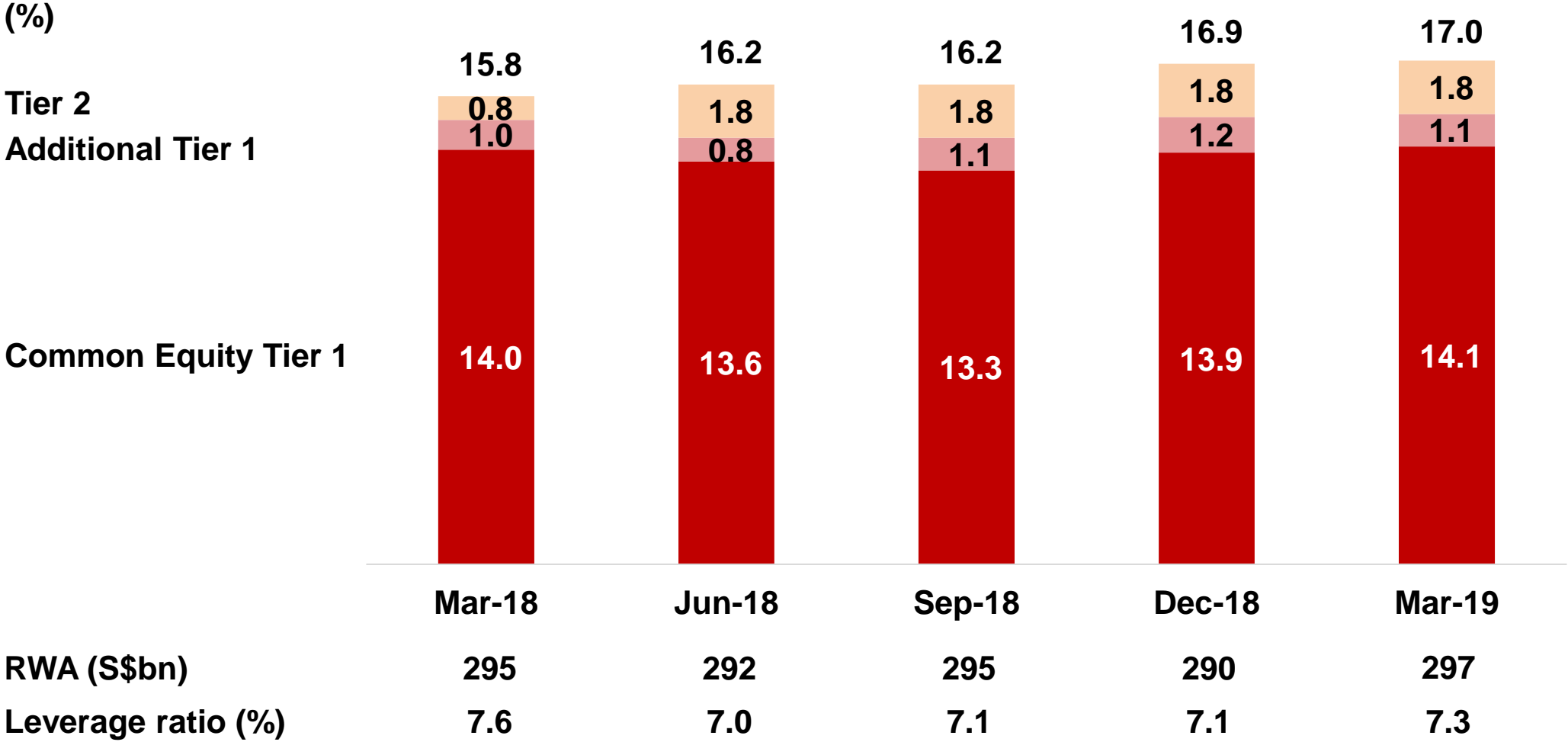
# GP (ECL Stage 1 and 2) declines on quarter



## Movement during 1Q

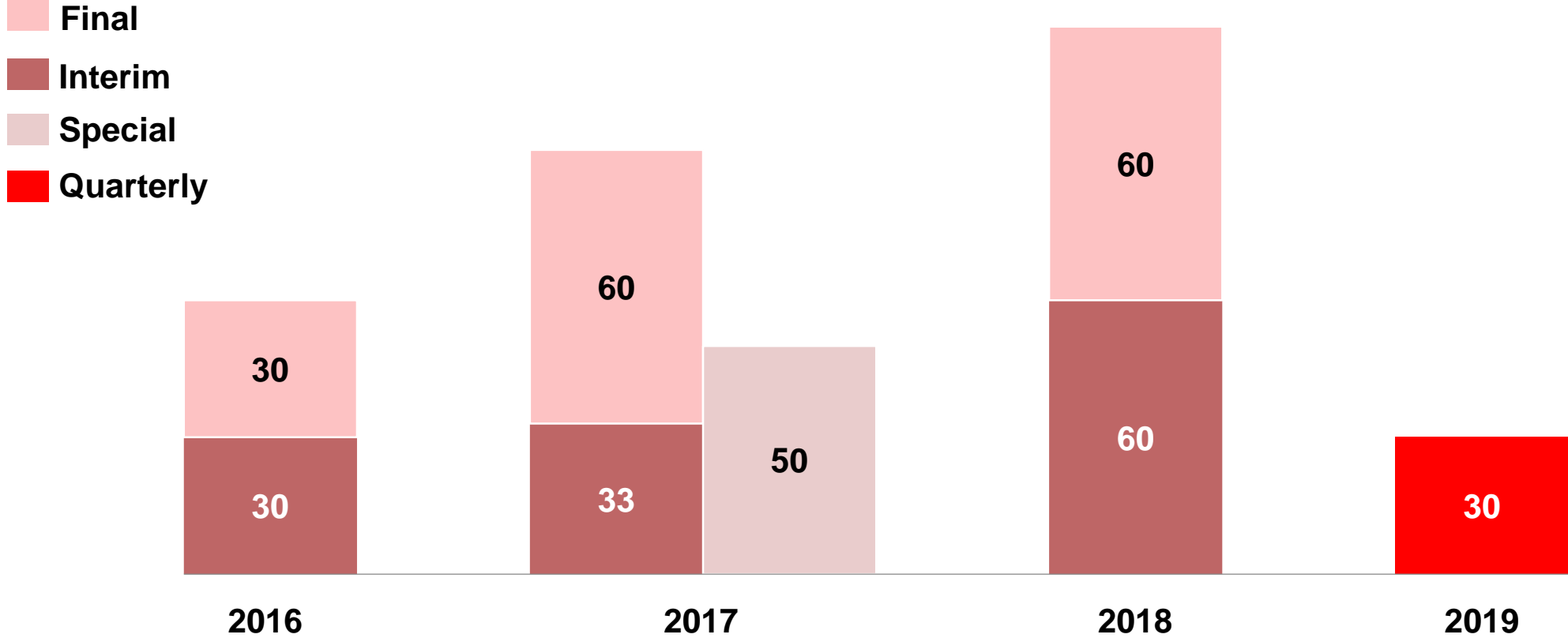
- ECL
  - \$101 million decline due to better portfolio credit quality and improved external credit conditions during the quarter
- RLAR
  - Additional \$103 million transferred from retained earnings to RLAR

# Strong CET-1 and leverage ratios



# Dividend payment frequency changed to four times a year, 1Q dividend at 30 cents per share

(S¢ per share)



# **In summary – record quarter with sustained ROE progression**

**ROE progression demonstrates the strengthened profitability of our franchise from digitalisation, a shift towards higher-returns businesses and more nimble execution**

**Sustained business momentum with non-interest income recovering from recent weakness, business pipeline healthy**

**Asset quality benign, credit conditions improved**

**Well placed to continue capturing growth across region and delivering healthy shareholder returns**



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# Supplementary slides

**DBS Group Holdings  
1Q 2019 financial results  
April 29, 2019**

# Earnings up 9% on year

(S\$m)

## Net interest income

Fee income

Trading income

Other income

## Non-interest income

## Total income

Staff expenses

Other expenses

## Expenses

## Profit before allowances

GP (ECL Stage 1 and 2)

SP (ECL Stage 3)

## Allowances

## Net profit

One-time items

## Net profit incl. one-time items

	1Q19	1Q18	YoY %	4Q18	QoQ %
<b>Net interest income</b>	<b>2,310</b>	<b>2,128</b>	<b>9</b>	<b>2,330</b>	<b>(1)</b>
Fee income	730	744	(2)	635	15
Trading income	443	368	20	229	93
Other income	68	120	(43)	51	33
<b>Non-interest income</b>	<b>1,241</b>	<b>1,232</b>	<b>1</b>	<b>915</b>	<b>36</b>
<b>Total income</b>	<b>3,551</b>	<b>3,360</b>	<b>6</b>	<b>3,245</b>	<b>9</b>
Staff expenses	852	785	9	804	6
Other expenses	646	613	5	697	(7)
<b>Expenses</b>	<b>1,498</b>	<b>1,398</b>	<b>7</b>	<b>1,501</b>	<b>(0)</b>
<b>Profit before allowances</b>	<b>2,053</b>	<b>1,962</b>	<b>5</b>	<b>1,744</b>	<b>18</b>
GP (ECL Stage 1 and 2)	(100)	7	NM	(24)	NM
SP (ECL Stage 3)	176	157	12	229	(23)
<b>Allowances</b>	<b>76</b>	<b>164</b>	<b>(54)</b>	<b>205</b>	<b>(63)</b>
<b>Net profit</b>	<b>1,651</b>	<b>1,521</b>	<b>9</b>	<b>1,319</b>	<b>25</b>
One-time items	0	(10)	NM	0	0
<b>Net profit incl. one-time items</b>	<b>1,651</b>	<b>1,511</b>	<b>9</b>	<b>1,319</b>	<b>25</b>

# Improved operating metrics drive ROE increase

(%)	1Q18	2Q18	3Q18	4Q18	1Q19
Net interest margin	1.83	1.85	1.86	1.87	1.88
Fee income / total income	22	22	21	20	21
Non-interest income / total income	37	31	33	28	35
Cost / income	42	44	44	46	42
ROE	13.1	11.8	12.2	11.3	14.0
Loan / deposit	87	87	88	88	88
SP / loans (bp)	20	12	21	25	15
NPL ratio	1.6	1.6	1.6	1.5	1.5

# Hong Kong earnings fall 15% on year due to 1Q18 property gain, underlying earnings up 3%

Constant-currency terms

(S\$m)	1Q19	1Q18	YoY %	YoY %	4Q18	QoQ %	QoQ %
<b>Net interest income</b>	476	402	18	15	501	(5)	(3)
Net fee and commission income	157	166	(5)	(8)	148	6	8
Other non-interest income	74	153	(52)	(53)	49	51	54
<b>Non-interest income</b>	<b>231</b>	<b>319</b>	<b>(28)</b>	<b>(29)</b>	<b>197</b>	<b>17</b>	<b>20</b>
<b>Total income</b>	<b>707</b>	<b>721</b>	<b>(2)</b>	<b>(4)</b>	<b>698</b>	<b>1</b>	<b>3</b>
<b>Expenses</b>	<b>252</b>	<b>232</b>	<b>9</b>	<b>5</b>	<b>273</b>	<b>(8)</b>	<b>(6)</b>
<b>Profit before allowances</b>	<b>455</b>	<b>489</b>	<b>(7)</b>	<b>(9)</b>	<b>425</b>	<b>7</b>	<b>9</b>
GP	(24)	(15)	NM	NM	(16)	NM	NM
SP	30	(3)	NM	NM	47	(36)	(37)
<b>Allowances</b>	<b>6</b>	<b>(18)</b>	<b>NM</b>	<b>NM</b>	<b>31</b>	<b>(81)</b>	<b>(83)</b>
<b>Net profit</b>	<b>370</b>	<b>436</b>	<b>(15)</b>	<b>(17)</b>	<b>329</b>	<b>12</b>	<b>15</b>
<b>Net interest margin (%)</b>	<b>2.05</b>	<b>1.87</b>			<b>2.06</b>		
<b>Loan growth (%)</b>				<b>8</b>			<b>1</b>
Non-trade growth (%)				10			2
Trade growth (%)				(4)			(5)
<b>Deposit growth (%)</b>				<b>5</b>			<b>(4)</b>



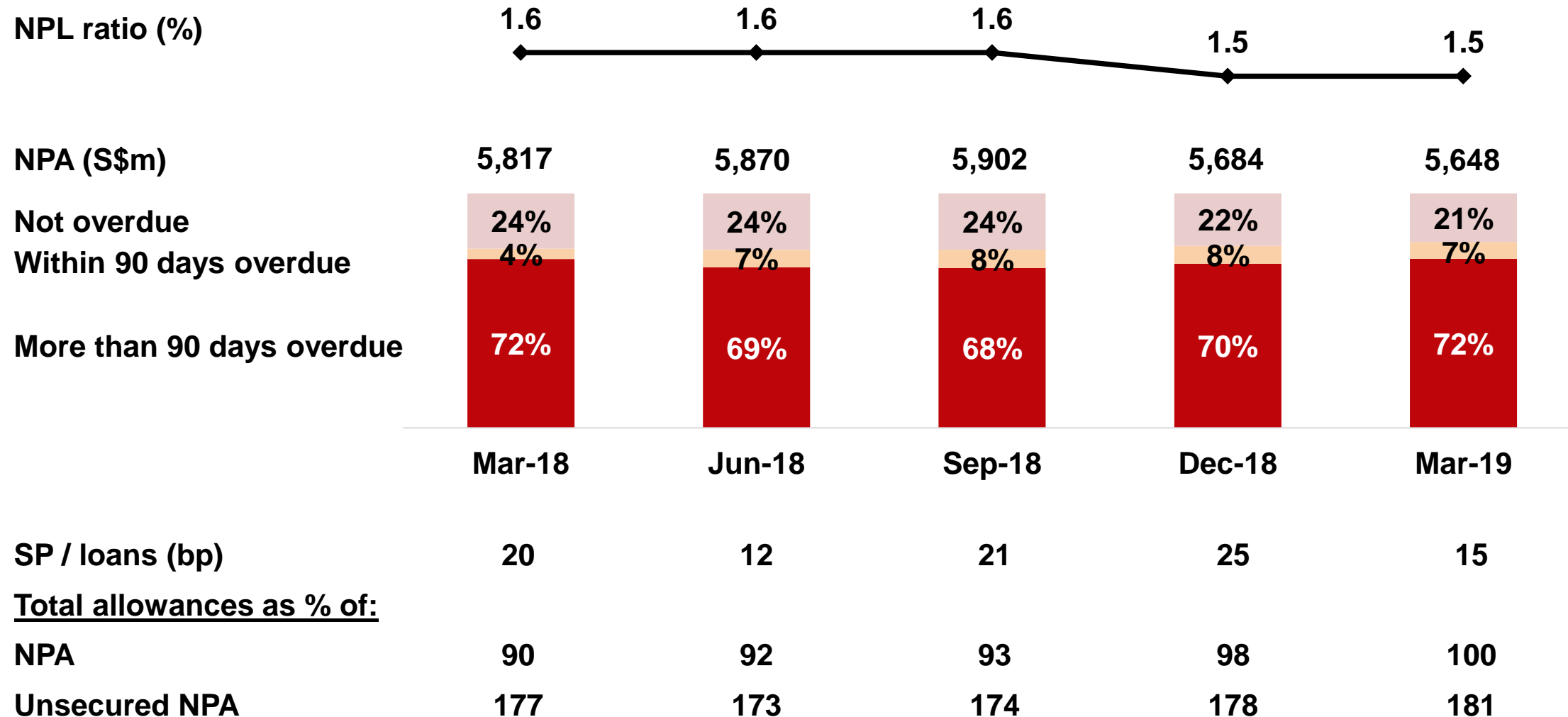
Percentage changes on year include impact of \$86 million property gain in first quarter 2018



# Regional operating performance improves

(S\$m)	1Q19	1Q18	YoY %
Net interest income	350	366	(4)
Non-interest income	258	189	37
<b>Total income</b>	<b>608</b>	<b>555</b>	<b>10</b>
Expenses	364	317	15
<b>Profit before allowances</b>	<b>244</b>	<b>238</b>	<b>3</b>
Allowances	27	57	(53)
<b>Net profit</b>	<b>164</b>	<b>147</b>	<b>12</b>

# NPL ratio stable, allowance coverage at 100%



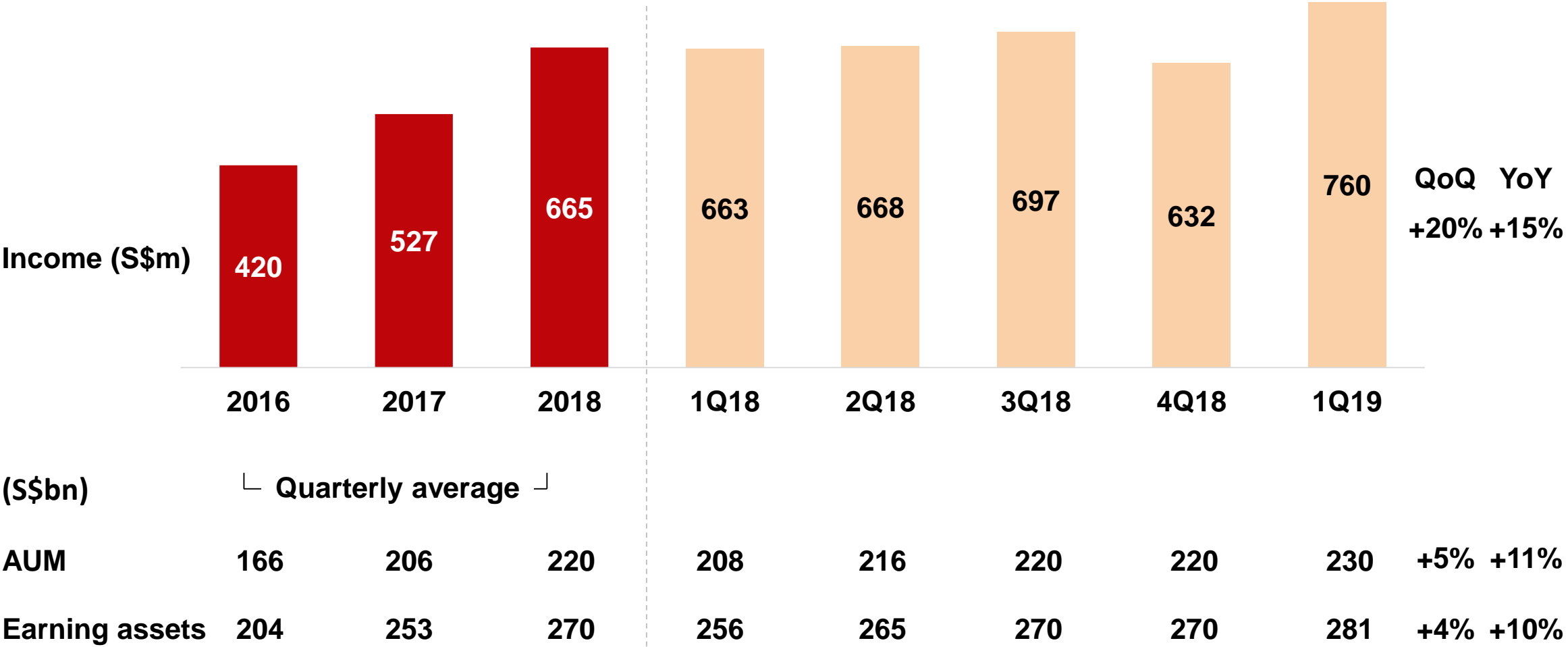
# FVOCI duration remains short

(\$m)	Mar 19	Dec 18
<b>Government securities</b>	<b>21,901</b>	<b>19,301</b>
Less than 3 years	18,291	16,014
3 to 5 years	1,816	1,614
5 to 10 years	1,724	1,571
More than 10 years	70	102
<b>Supranational, bank and corporate bonds</b>	<b>9,308</b>	<b>8,609</b>
<b>Equities</b>	<b>1,755</b>	<b>1,665</b>
<b>Total</b>	<b>32,964</b>	<b>29,575</b>
<b>FVOCI reserves</b>	<b>(93)</b>	<b>(337)</b>

# Deposits up 1% on quarter and up 4% on year in constant-currency terms

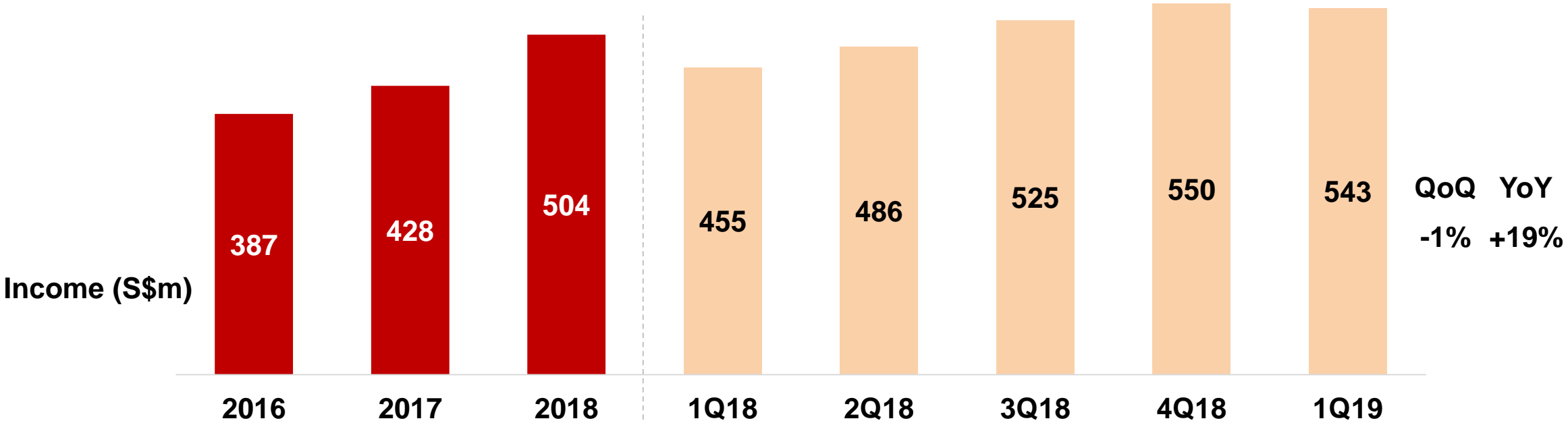
	(S\$bn)	QoQ (%)		YoY (%)	
	Mar-19	Reported	Underlying	Reported	Underlying
<b>Deposits</b>	<b>395</b>	<b>0</b>	<b>1</b>	<b>5</b>	<b>4</b>
<b>By product</b>					
Casa	230	0	0	(2)	(3)
Fixed deposits	161	1	2	17	15
Other	4	3	3	47	45
<b>By currency</b>					
Singapore dollar	159	0	0	(1)	(1)
US dollar	140	1	2	11	7
HK dollar	37	0	1	10	6
Chinese yuan	12	(11)	(13)	(1)	3
Others	47	2	3	9	12
<b>LDR (%)</b>	<b>Mar-19</b>	<b>Dec-18</b>		<b>Mar-18</b>	
<b>Overall</b>	<b>88</b>	<b>88</b>		<b>87</b>	
Singapore dollar	90	89		86	
US dollar	79	80		82	

# Wealth Management segment



Comprising Treasures, Treasures Private Client and Private Bank

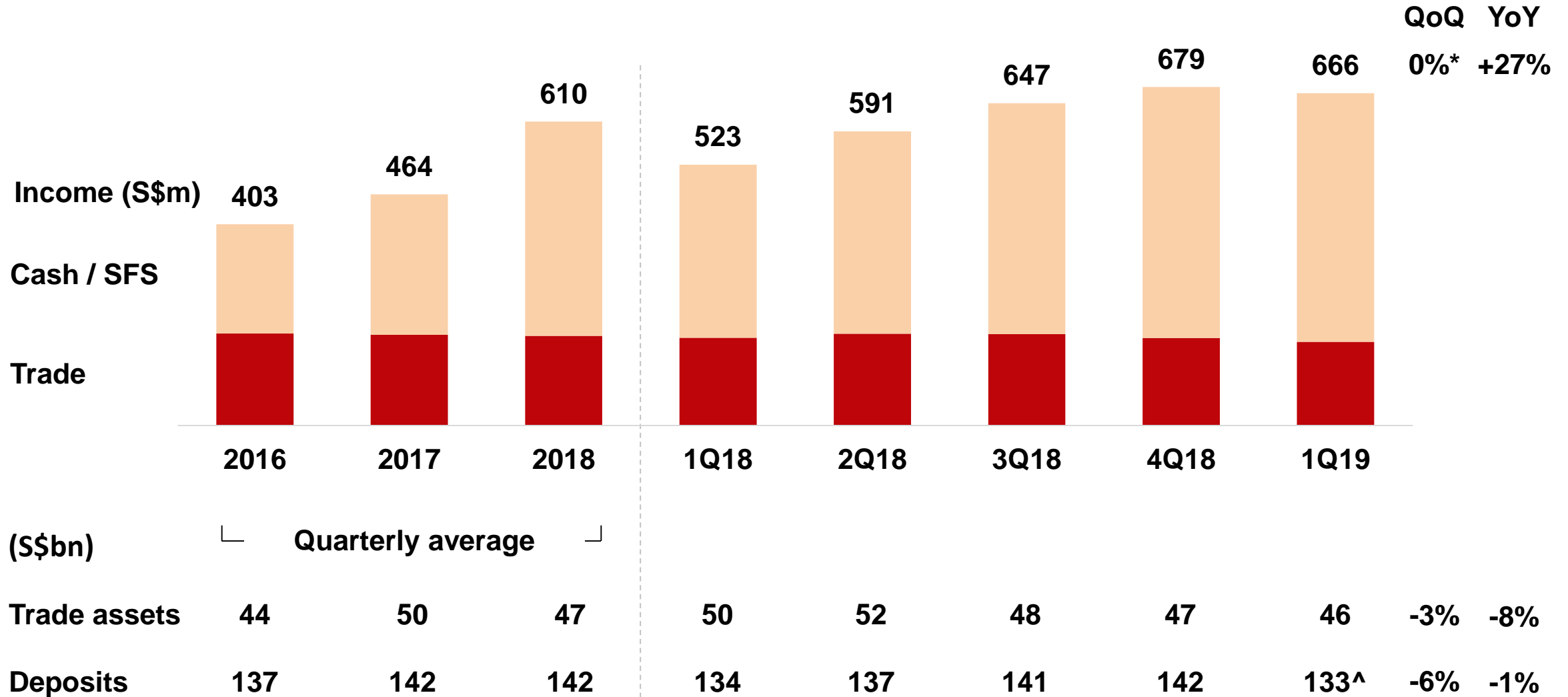
# SME segment



	Quarterly average								QoQ	YoY
(S\$bn)	2016	2017	2018	1Q18	2Q18	3Q18	4Q18	1Q19		
Loans	37	37	38	37	38	39	38	37	-2%	+1%
Deposits	49	53	59	52	56	57	59	58	-2%	+11%



# Global transaction services



\* Day-adjusted

<sup>^</sup> Decline on quarter due to seasonal factors as well as reduction in higher-cost deposits



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