

Record first-quarter earnings

DBS Group Holdings
1Q 2016 financial results
May 3, 2016

Disclaimer: The information contained in this document is intended only for use during the presentation and should not be disseminated or distributed to parties outside the presentation. DBS Bank accepts no liability whatsoever with respect to the use of this document or its contents.



Highlights

1Q earnings up 6% on year to record \$1.20 billion

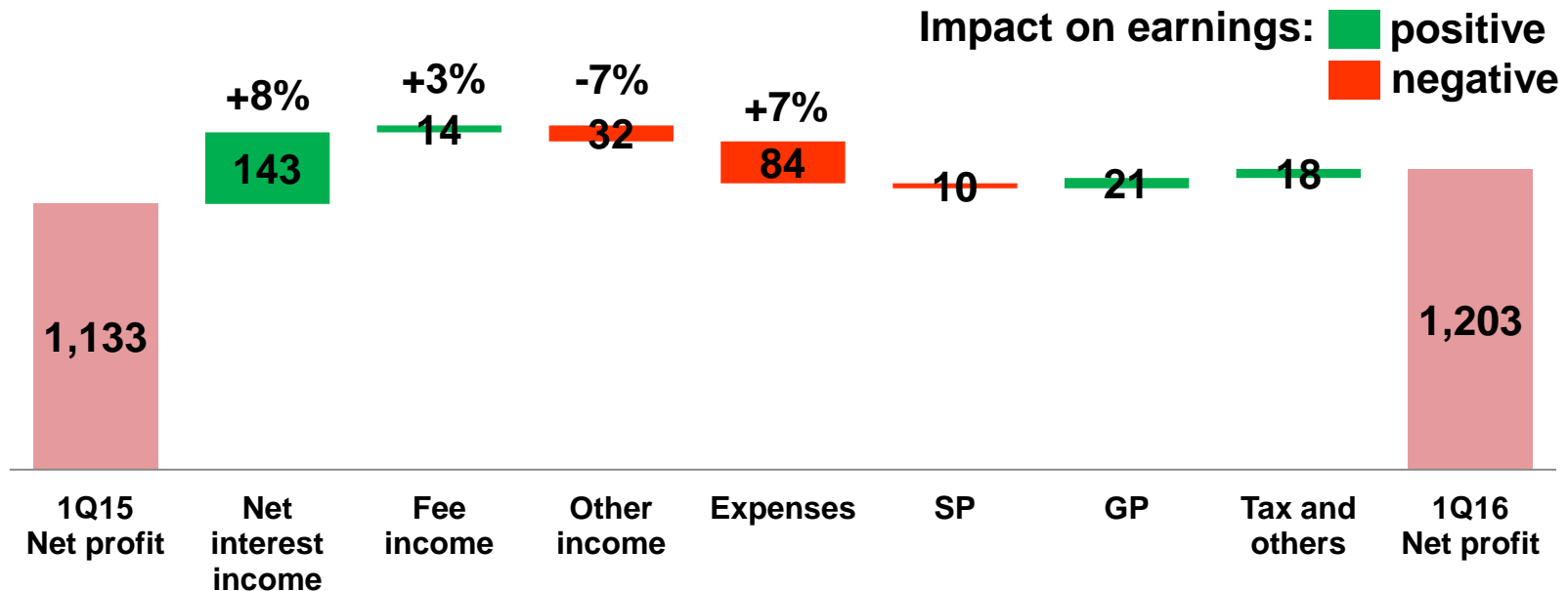
- Total income reaches new high of \$2.87 billion
- Net interest income up 8% to \$1.83 billion as NIM rises 16bp to 1.85%
- Constant-currency non-trade loan growth of 1% on quarter and 3% on year more than offset by decline in trade loans
- Non-interest income of \$1.03 billion comparable to year ago despite heightened risk aversion; fee income at new high
- Continued deceleration in expense growth

Strong balance sheet

- SP up 6% on year, NPL at 1.0%, allowance coverage at 134% and at 286% with collateral
- LCR at 119%, NSFR above 100%
- Fully phased-in CET 1 at 13.2%, leverage ratio at 7.8%

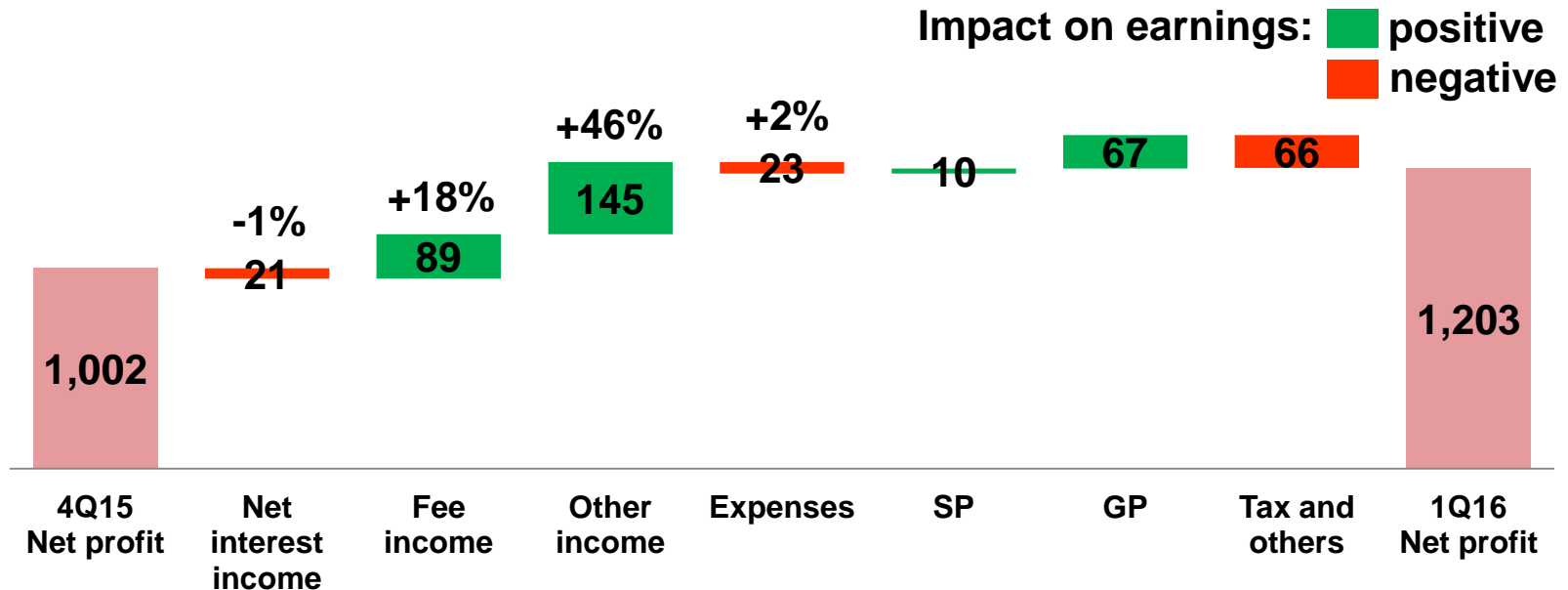
Earnings up 6% from a year ago

(S\$m)		1Q16	YoY %	
Total income	record	2,865	5	<ul style="list-style-type: none"> Total income up 5% on higher NIM (+16 bp) and fee income Non-interest income comparable to year ago Cost growth decelerates, cost/income ratio at 44%
Expenses	record	1,265	7	
Profit before allowances	record	1,600	3	
Allowances		170	(6)	
Net profit	record	1,203	6	

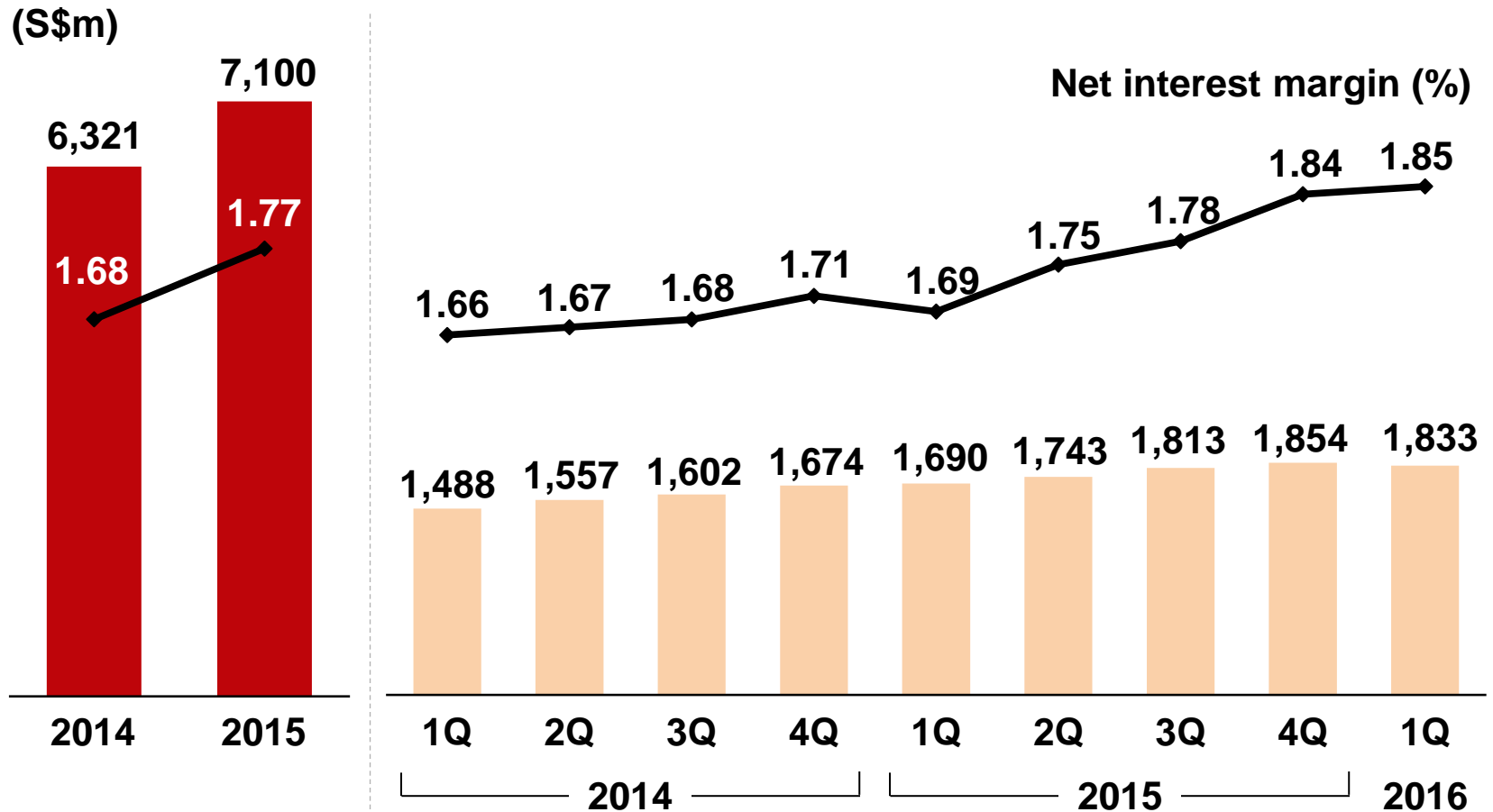


Earnings up 20% on quarter

(S\$m)	1Q16	QoQ %	
Total income	2,865	8	▪ Net interest income stable on day-adjusted basis
Expenses	1,265	2	▪ Non-interest income up 29%
Profit before allowances	1,600	13	▪ Expense growth of 2%, below 8% total income increase
Allowances	170	(31)	
Net profit	1,203	20	



NIM stable on quarter, up 16bp on year to 1.85%



Trade loan contraction offset by non-trade loan growth of 1% on quarter and 3% on year

(S\$bn)

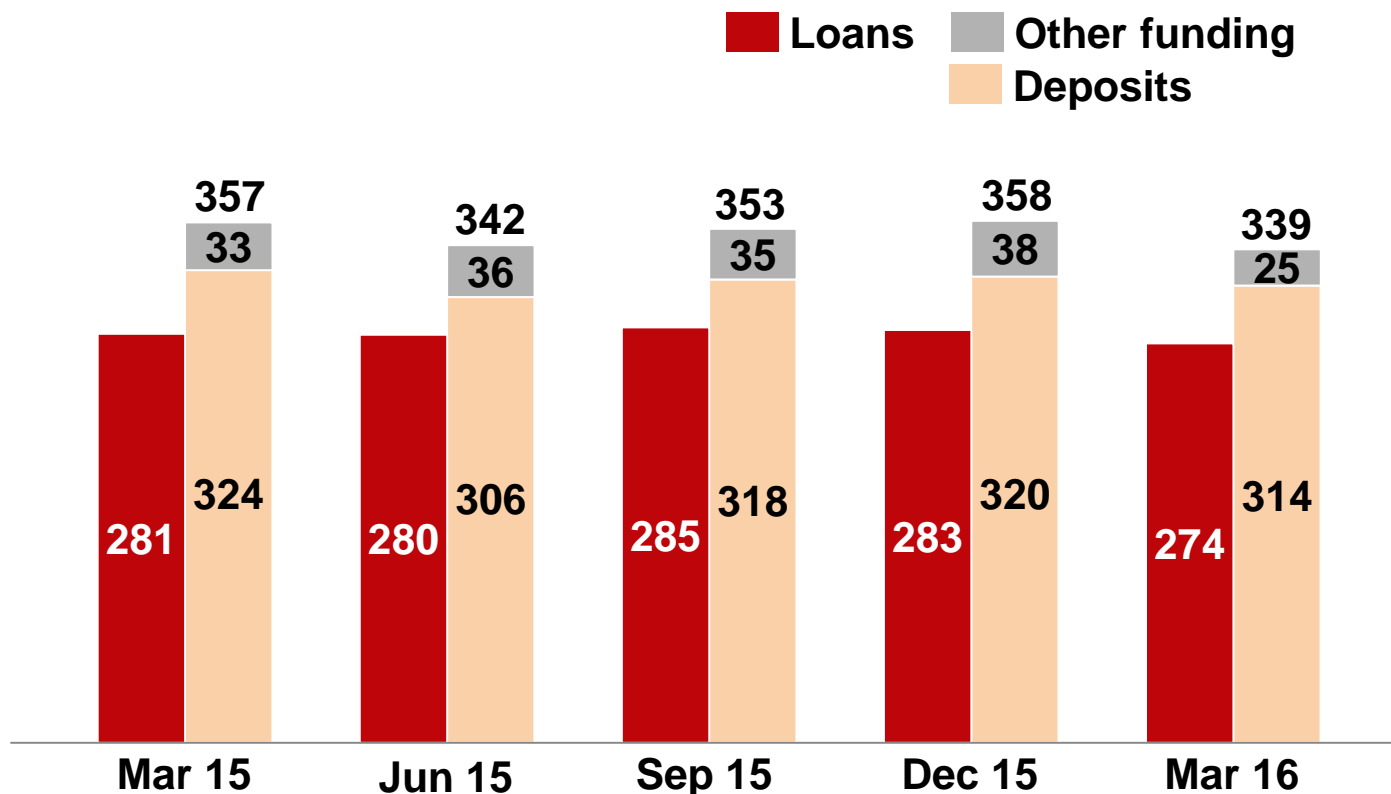
		QoQ		YoY	
		<u>Reported</u>	<u>Underlying</u>	<u>Reported</u>	<u>Underlying</u>
	278	-9	-2	-7	-2
CBG	89	0	+1	+5	+6
Other IBG	153	-2	+2	+1	+4
Trade	35	-6	-5	-12	-11

Loans

- Overall loan growth in constant-currency terms declined 1% or \$2 billion YoY and QoQ
- Trade loans declined YoY and QoQ due to China-related trade loans. Non-China trade loans stable
- Non-trade loans showed steady growth

Ample liquidity with LCR at 119%

(S\$bn)

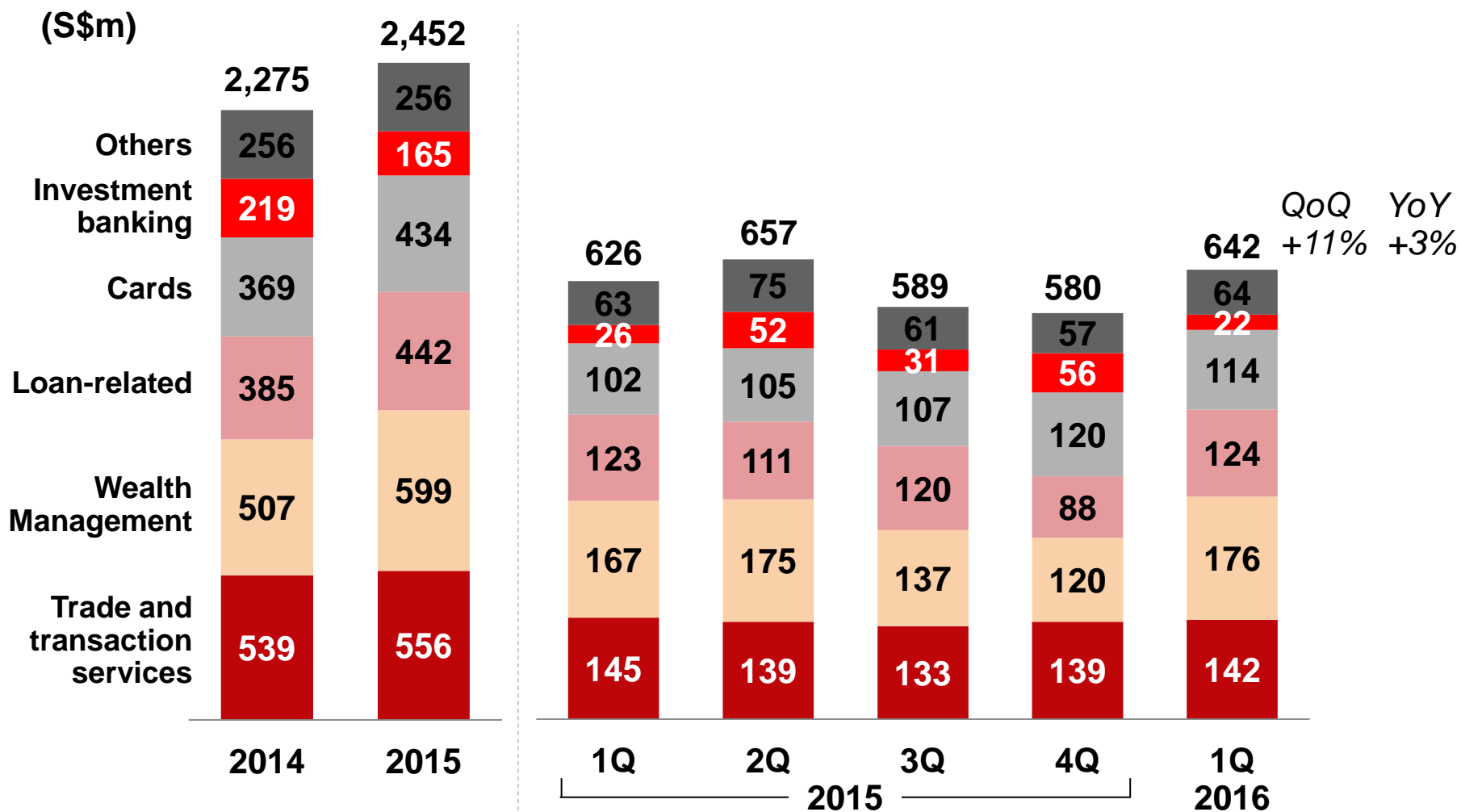


Ratios (%)

LDR	87	92	90	88	87
LCR	135	131	121	122	119

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

Fee income up 3% on year and 11% on quarter



Gross fee income

IBG income declines 3% on year

(S\$m)	1Q 2016	1Q 2015	YoY %
Total income	1,311	1,350	(3)
Corporate	926	954	(3)
SME	385	396	(3)
Loans	715	706	1
Trade	187	255	(27)
Cash / SFS	202	152	33
Treasury	200	226	(12)
Others	7	11	(36)
Expenses	420	397	6
Profit before allowances	891	953	(7)
Allowances	134	154	(13)
Profit before tax	757	799	(5)
Assets (S\$bn)	214	226	(5)
Constant-currency change			(3)
GTS deposits (S\$bn)	121	131	(8)
Constant-currency change			(7)

- **Total income down 3% from lower trade and treasury customer activities, partially offset by higher cash management contributions**
- **Assets decline 3% or \$7 billion in constant-currency terms as lower trade loans partially offset by higher non-trade loans**
- **GTS deposits decline 7% or \$10 billion in constant-currency terms in line with assets**

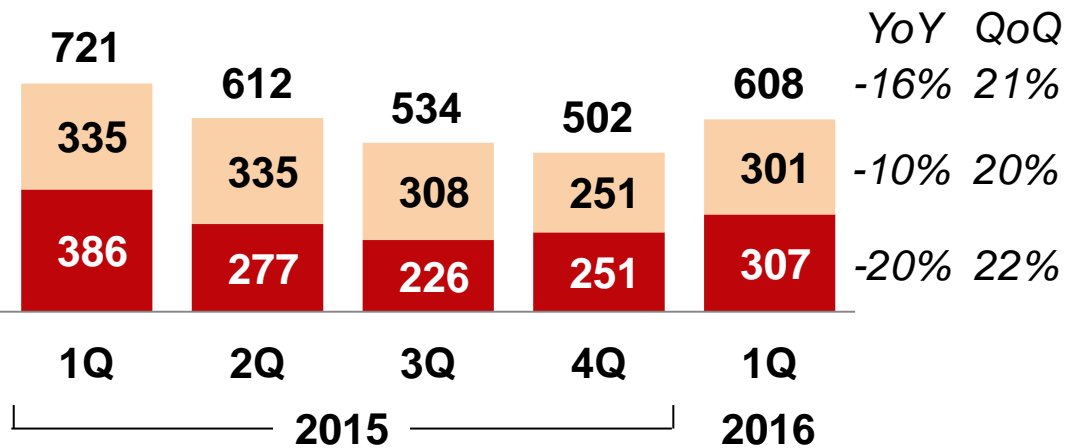
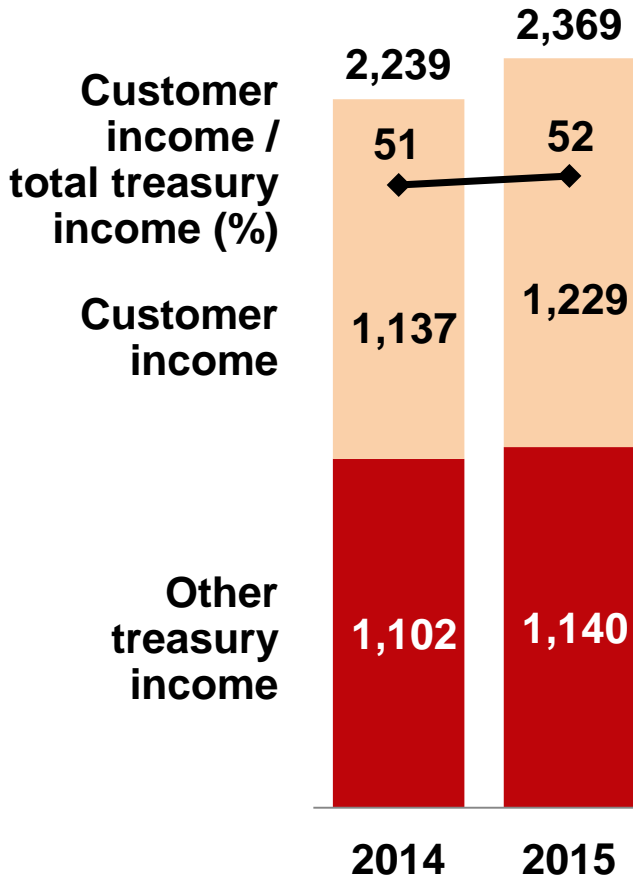
CBG / WM earnings up 39% on year

(S\$m)	1Q 2016	1Q 2015	YoY %
Total income	1,022	861	19
Retail	639	496	29
Wealth Management	383	365	5
Loans and deposits	598	442	35
Investment products	266	269	(1)
Cards	139	134	4
Others	18	17	6
Expenses	558	518	8
Profit before allowances	464	343	35
Allowances	27	29	(7)
Profit before tax	437	314	39
AUM (S\$bn)	147	141	5
SGD savings (S\$bn)	104	105	(1)
Market share (%)	52.3	52.6	-0.3 pt

- Pre-tax profit rises 39% to a new high
- Total income increases 19% from higher loan and deposit volumes, NIM, bancassurance and cards income
- Expenses up 8%, resulting in improved cost / income ratio
- Market share for SGD savings accounts maintained at 52%

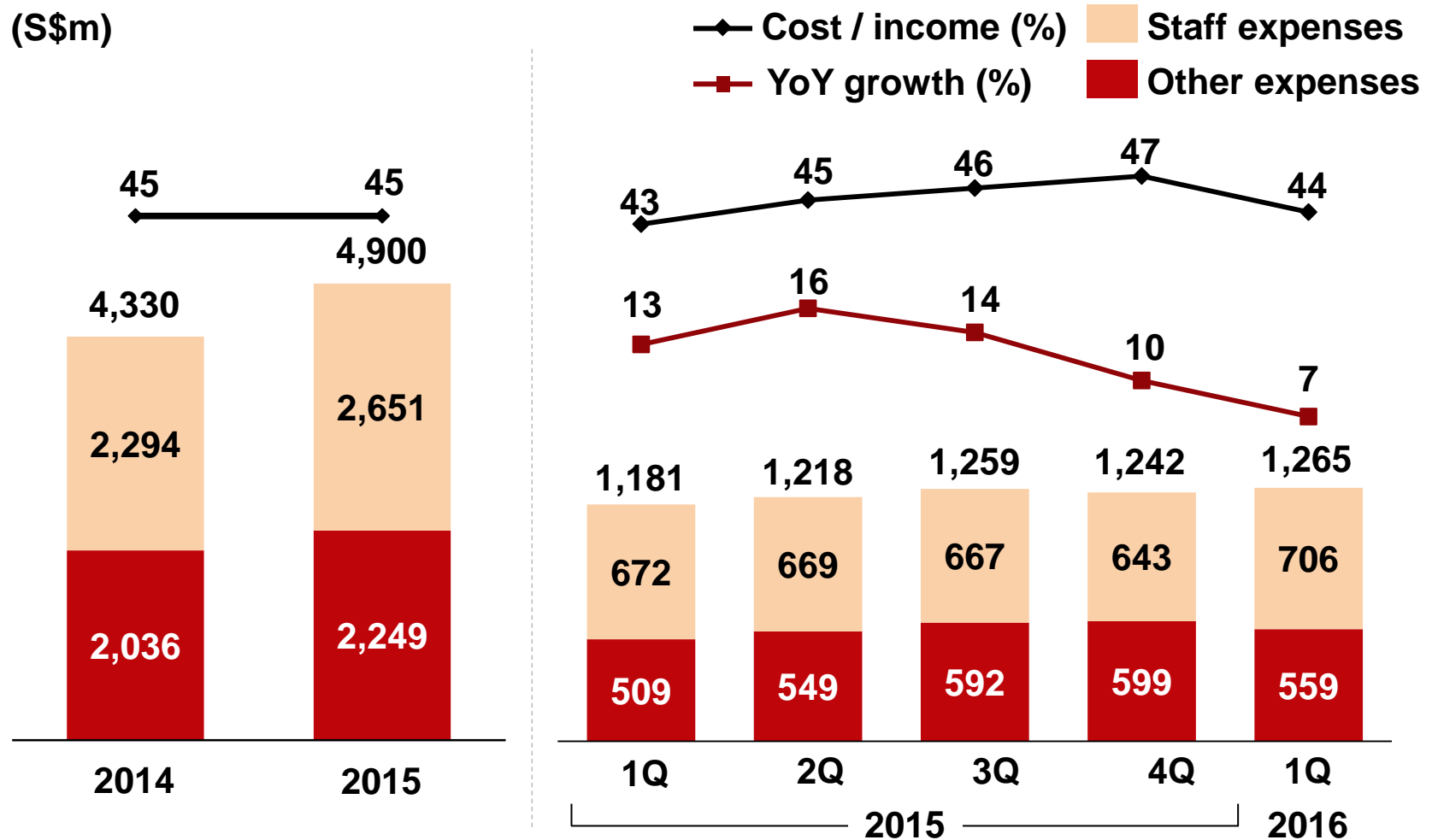
Treasury customer income up 20% on quarter and down 10% on year

(S\$m)



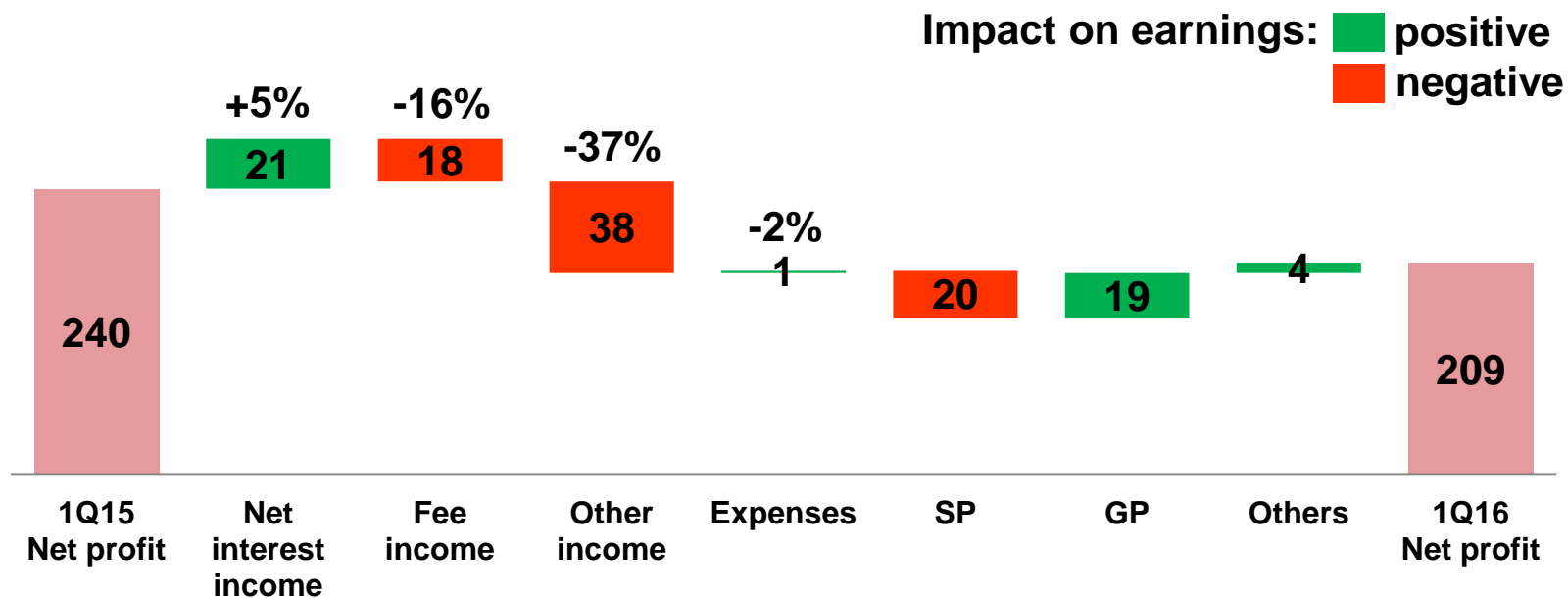
Cost growth decelerates, cost-income ratio at 44%

(S\$m)



Hong Kong's underlying earnings fall 15% on year

(S\$m)	1Q16	YoY %	Underlying YoY %	
Total income	504	(6)	(8)	<ul style="list-style-type: none"> ▪ NIM up 25bp to 1.81% from improved deposit mix and higher asset yields
Expenses	228	0	(2)	
Profit before allowances	276	(11)	(13)	
Allowances	29	4	3	<ul style="list-style-type: none"> ▪ Non-interest income affected by weak market
Net profit	209	(13)	(15)	

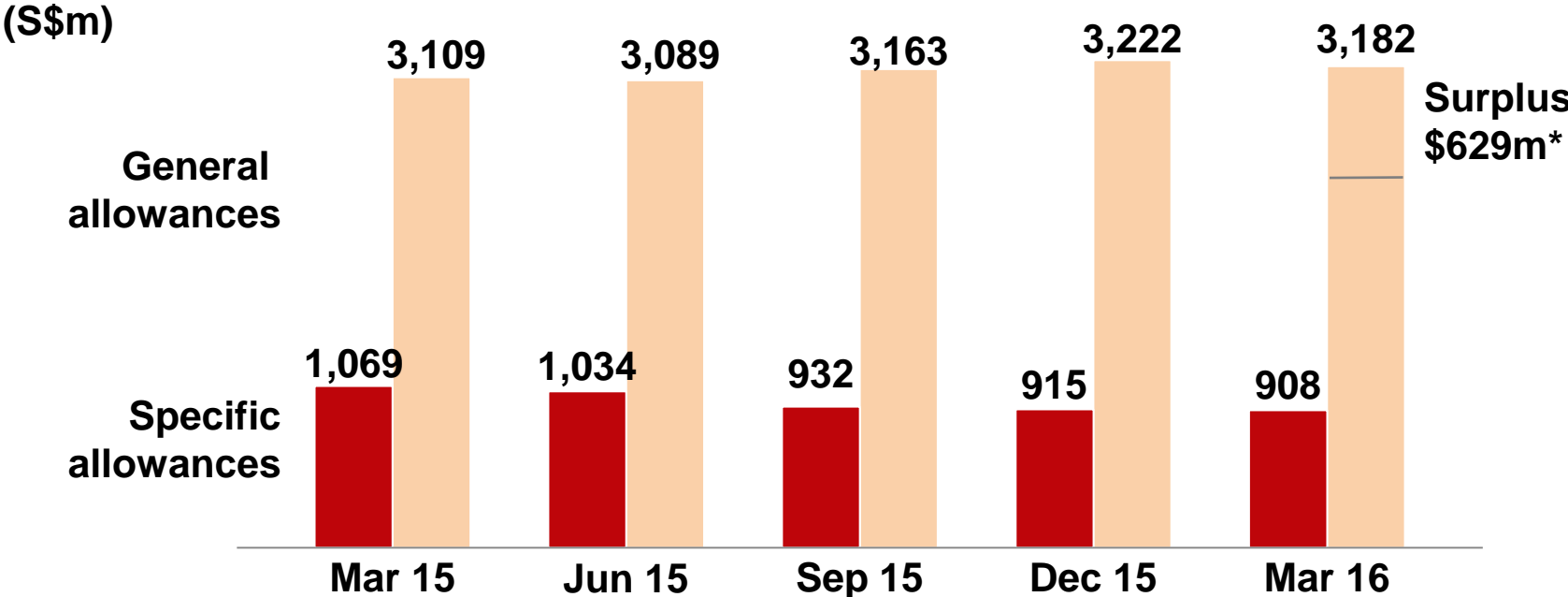


Asset quality remains sound

(S\$m)	1Q 2016	4Q 2015	1Q 2015
NPAs at start of period	2,792	2,549	2,513
New NPAs	607	662	231
Upgrades, recoveries and translation	(205)	(211)	19
Write-offs	(146)	(208)	(173)
NPAs at end of period	3,048	2,792	2,590
NPL ratio (%)	1.0	0.9	0.9
SP / loans (bp)	18	17	22

Healthy allowance coverage with cumulative GP maintained at \$3.2 billion

- Surplus GP over what counts as Tier 2 capital is \$629m, providing strong cushion to absorb additional SP without impacting CAR

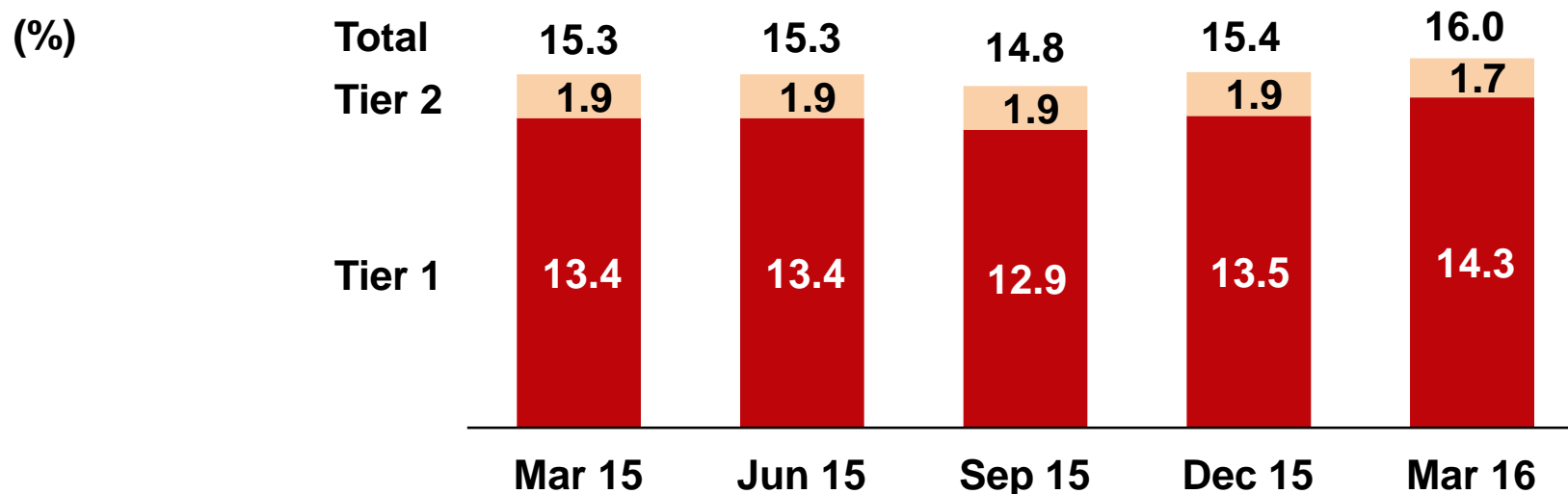


Cumulative general and specific allowances as % of:

NPA	161	160	161	148	134
Unsecured NPA	294	304	324	303	286

* per Pillar 3 disclosures

Strong CET 1 and leverage ratios



Common Equity Tier 1 (%)

Transitional	13.4	13.4	12.9	13.5	14.0
Fully phased-in	12.2	12.3	11.9	12.4	13.2
RWA (S\$bn)	269	268	279	274	269
Leverage ratio (%)	7.1	7.3	7.1	7.3	7.8

In summary – record first quarter earnings

Total income up 5% to a new high despite heightened market volatility and risk aversion

Record performance in challenging environment reflects depth and quality of franchise

Asset quality remains sound with healthy allowance coverage

Strong capital adequacy ratios and strong liquidity

Remaining vigilant to risks while staying nimble

Supplementary slides

DBS Group Holdings
1Q 2016 financial results
May 3, 2016

Disclaimer: The information contained in this document is intended only for use during the presentation and should not be disseminated or distributed to parties outside the presentation. DBS Bank accepts no liability whatsoever with respect to the use of this document or its contents.



Earnings up 6% on year

(S\$m)	1Q 2016	1Q 2015	YoY %	4Q 2015	QoQ %
Net interest income	1,833	1,690	8	1,854	(1)
Fee income	574	560	3	485	18
Trading income	315	356	(12)	289	9
Other income	143	134	7	24	>100
Non-interest income	1,032	1,050	(2)	798	29
Total income	2,865	2,740	5	2,652	8
Staff expenses	706	672	5	643	10
Other expenses	559	509	10	599	(7)
Expenses	1,265	1,181	7	1,242	2
Profit before allowances	1,600	1,559	3	1,410	13
General allowances	-	21	(100)	67	(100)
Specific allowances	170	160	6	180	(6)
Allowances	170	181	(6)	247	(31)
Net profit	1,203	1,133	6	1,002	20
One-time items	-	136	(100)	-	-
Net profit incl. one-time items	1,203	1,269	(5)	1,002	20

ROE at 11.9%

(%)	1Q 2016	1Q 2015	4Q 2015
Net interest margin	1.85	1.69	1.84
Fee income/total income	20	20	18
Non-interest income/total income	36	38	30
Cost/income	44	43	47
ROE	11.9	12.2	10.1
Loan/deposit	87	87	88
SP/loans (bp)	18	22	17
NPL ratio	1.0	0.9	0.9

Hong Kong's underlying earnings up 5% on quarter

Constant-currency terms

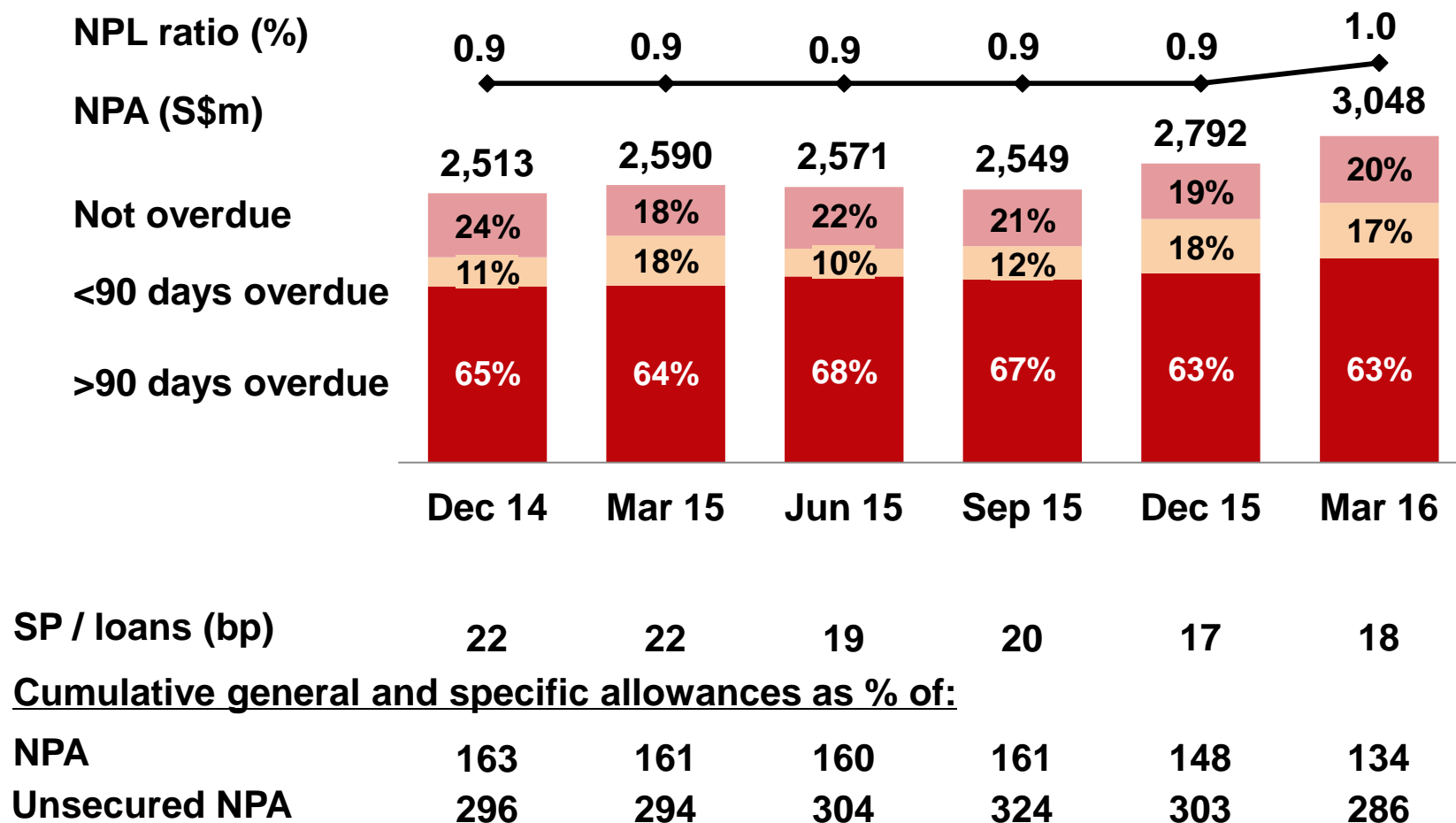
(S\$m)	1Q 2016	1Q 2015	YoY %	YoY %	4Q 2015	QoQ %	QoQ %
Net interest income	330	309	7	5	344	(4)	(2)
Non-interest income	174	230	(24)	(26)	180	(3)	(2)
Total income	504	539	(6)	(8)	524	(4)	(2)
Expenses	228	229	0	(2)	251	(9)	(8)
Profit before allowances	276	310	(11)	(13)	273	1	3
General allowances	(23)	(4)	(>100)	(>100)	(15)	(53)	(53)
Specific allowances	52	32	63	58	43	21	18
Allowances	29	28	4	3	28	4	1
Net profit	209	240	(13)	(15)	202	3	5
Net interest margin (%)	1.81	1.56			1.79		
Loan growth (%)				(11)			(3)
Non-trade growth (%)				(2)			0
Trade growth (%)				(40)			(16)
Deposit growth (%)				(9)			1

Regional income 10% lower on year

(S\$m)	1Q 2016	1Q 2015	YoY %	4Q 2015	QoQ %
Net interest income	260	285	(9)	272	(4)
Non-interest income	190	215	(12)	150	27
Total income	450	500	(10)	422	7
Expenses	270	278	(3)	286	(6)
Profit before allowances	180	222	(19)	136	32
Allowances	88	113	(22)	71	24
Net profit	58	91	(36)	48	21

Figures for operations outside of Singapore and Hong Kong

NPL ratio rose slightly to 1.0%, healthy allowance coverage



Specific allowances for loans stable on quarter

(S\$m)	1Q 2016	4Q 2015	1Q 2015
<u>Add charges for</u>			
New NPLs	77	84	77
Existing NPLs	76	78	114
	153	162	191
<u>Subtract charges for</u>			
Upgrading	1	1	-
Settlements	13	21	29
Recoveries	16	14	11
	30	36	40
Total SP charges for loans	123	126	151
SP/loans (bp)	18	17	22

AFS duration remains short

(S\$m)	Mar 16	Dec 15
Government securities	24,340	25,267
Less than 3 years	15,627	15,879
3 to 5 years	2,413	3,534
5 to 10 years	4,988	4,716
More than 10 years	1,311	1,139
Supranational, bank and corporate bonds	13,824	11,884
Equities	1,667	1,697
Total	39,831	38,848
AFS reserves	518	96

Time-banding is based on maturity date from reporting date

European AFS exposure mostly in AAA and AA+ entities; no exposure to peripheral countries

(S\$m)	Government / Govt-owned	Bank / Corporates	Total
Supranational	463 *	0	463
France	0	7	7
Germany	215 *	0	215
Switzerland	0	8	8
United Kingdom	742 *	42	784
Total	1,420	57	1,477

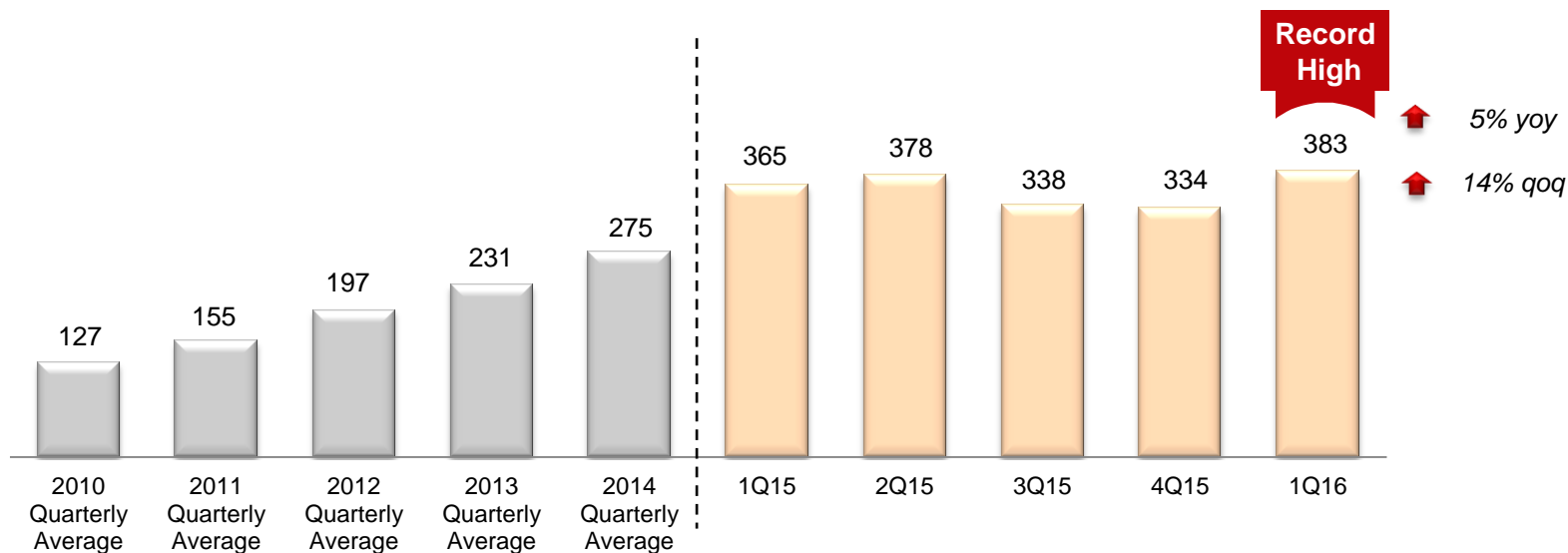
* Supranational and German entities rated AAA/Aaa by S&P, Moody's and Fitch. UK entities rated AAA by S&P, AA1 by Moody's and AA+ by Fitch

Deposits decline 2% on year and flat on quarter in constant-currency terms

(S\$bn)	QoQ		YoY		
	Mar 16	Reported	Underlying	Reported	Underlying
Deposits	314	(6)	1	(11)	(6)
By product					
CASA	194	(3)	0	6	7
Fixed deposits	117	(3)	1	(17)	(13)
Others	3	0	0	0	0
By currency					
Singapore dollar	142	1	1	(2)	(2)
US dollar	95	(6)	(1)	3	5
HK dollar	33	1	2	(5)	(4)
Chinese yuan	12	(3)	(2)	(7)	(6)
Others	32	1	2	1	2
LDR (%)	Mar 16	Dec 15		Mar 15	
Overall	87	88		87	
Singapore dollar	83	84		78	
US dollar	88	88		102	

Wealth Management segment

Income (\$m)



Record High

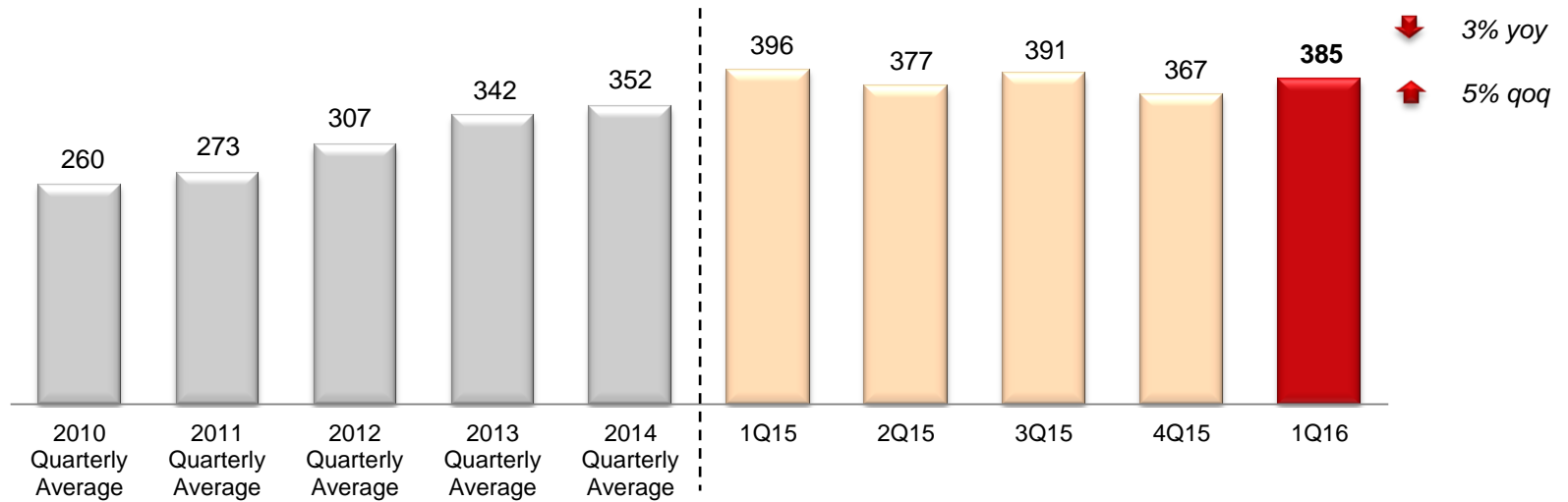
↑ 5% yoy
↑ 14% qoq

AUM (\$b)	78	86	96	109	134	141	143	143	146	147	↑ 5% yoy
											↑ 1% qoq
Total Earning Assets (\$b)	91	103	116	134	167	174	176	178	180	182	↑ 5% yoy
											↑ 1% qoq

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

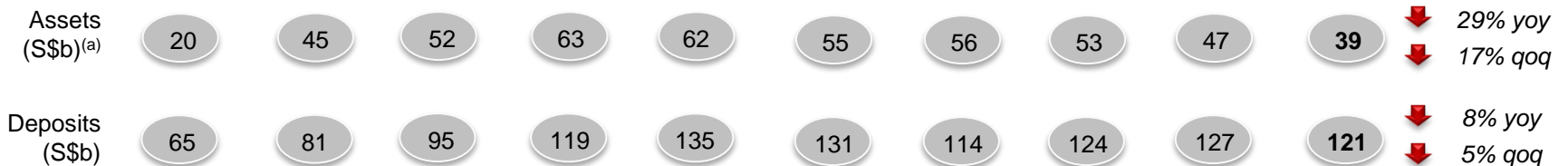
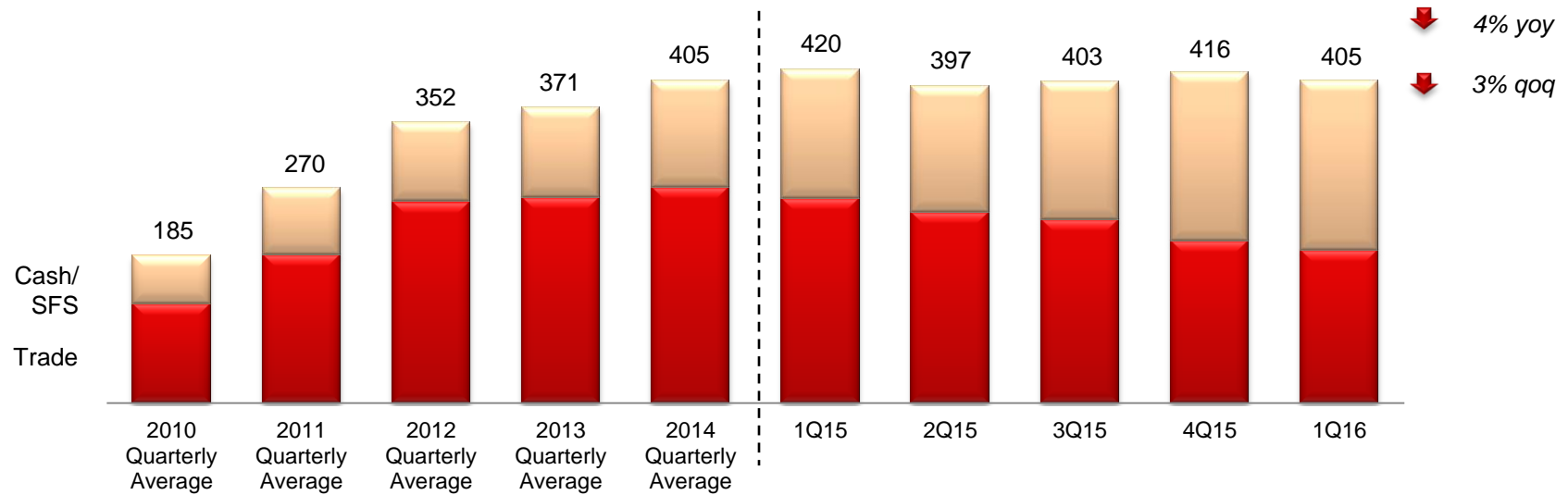
SME segment

Income (S\$m)



Global transaction services

Income (S\$m)

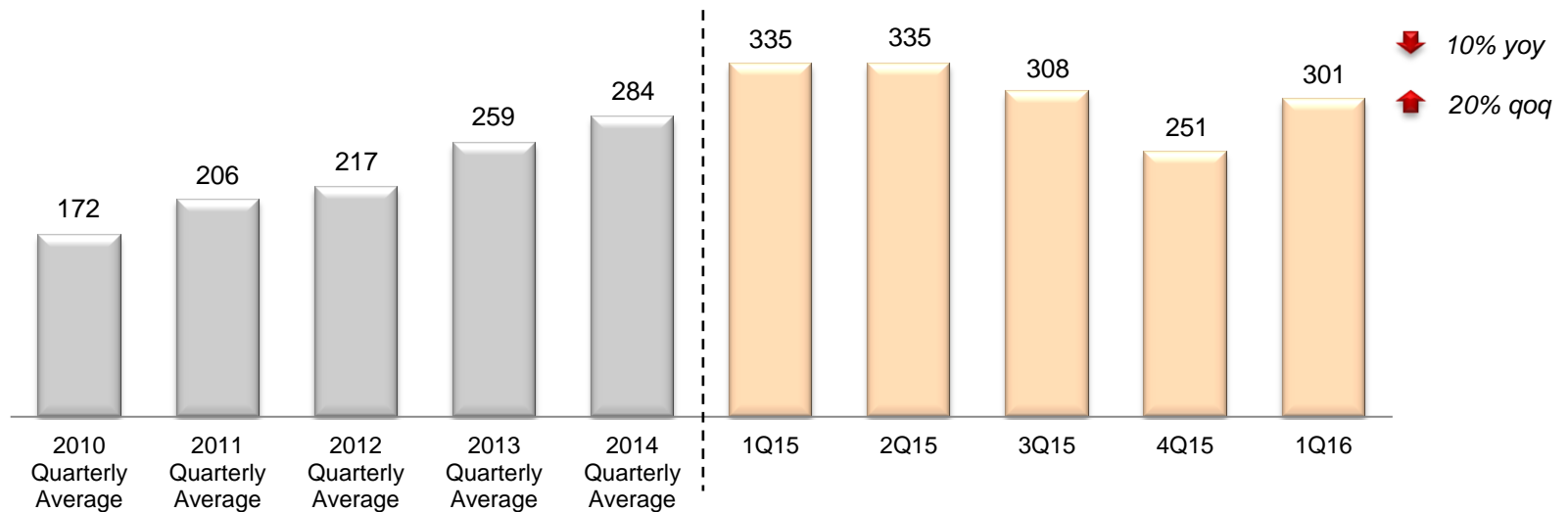


Assets and deposits at end of period

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

Treasury customer flows

Income (S\$m)



1Q16 customer income: 50% of total Treasury income

Record first quarter earnings

DBS Group Holdings
1Q 2016 financial results
May 3, 2016

Disclaimer: The information contained in this document is intended only for use during the presentation and should not be disseminated or distributed to parties outside the presentation. DBS Bank accepts no liability whatsoever with respect to the use of this document or its contents.

