

# Record full-year and quarterly earnings

**DBS Group Holdings**  
**4Q 2017 financial results**  
**February 8, 2018**

# Highlights

## Full-year earnings rise 4% to a record \$4.39 billion

- Total income at new high of \$11.9 billion as broad-based loan and fee income growth more than offset lower NIM and trading income
- Underlying loans expand 9% from broad-based growth, with momentum increasing over the course of the year; including ANZ, loan growth was 11%
- Expense growth kept to 3% as digitalisation and cost management initiatives yield productivity gains

## Fourth-quarter earnings up 33% on year to a quarterly high of \$1.22 billion

- Total income up 10% to \$3.06 billion, staying above \$3 billion for second consecutive quarter despite seasonally-lower non-interest income
- Net interest income crosses \$2 billion for first time, underpinned by 4% loan growth on quarter and higher NIM
- Total allowances decline to \$225 million as SP normalises to 25 basis points of loans

## Balance sheet remains strong

- Non-performing assets stable on quarter as new formation declines
- Final CET-1 at 13.9%, LCR at 131%, NSFR above 100%

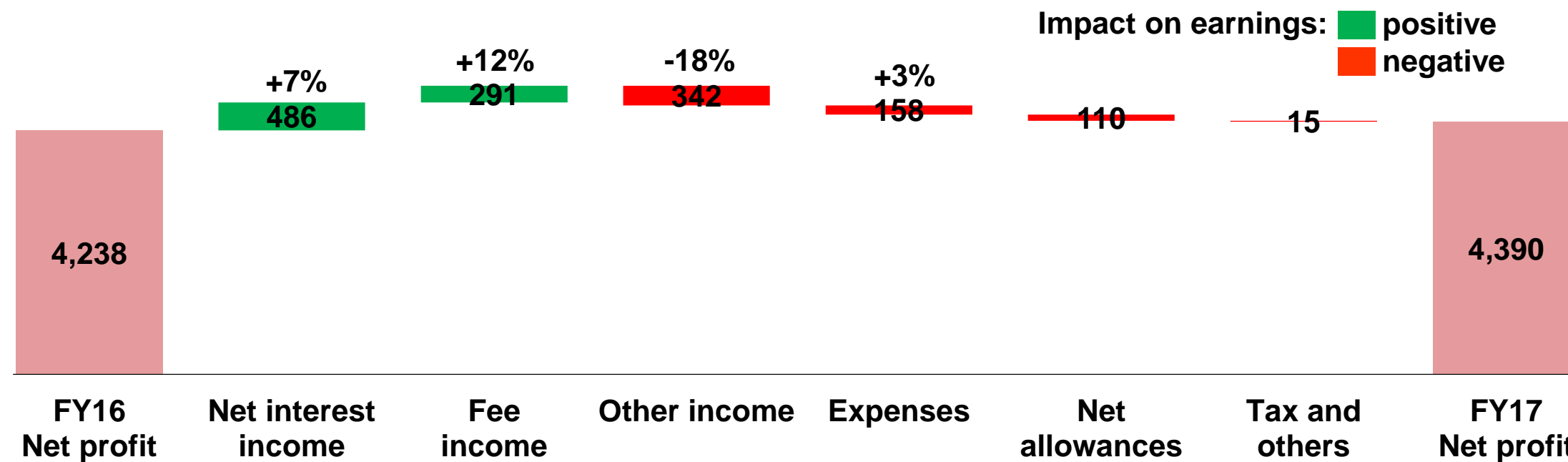
## Full-year ordinary dividend increases 55% to 93 cents, special dividend of 50 cents, scrip dividend suspended

- Finalisation of Basel regulatory requirements provides clarity; impact on capital is benign

# Full-year net profit up 4% to record

(S\$m)		FY17	YoY %
Total income	record	11,924	4
Expenses		5,130	3
Profit before allowances	record	6,794	4
Allowances		1,544	8
Net profit	record	4,390	4

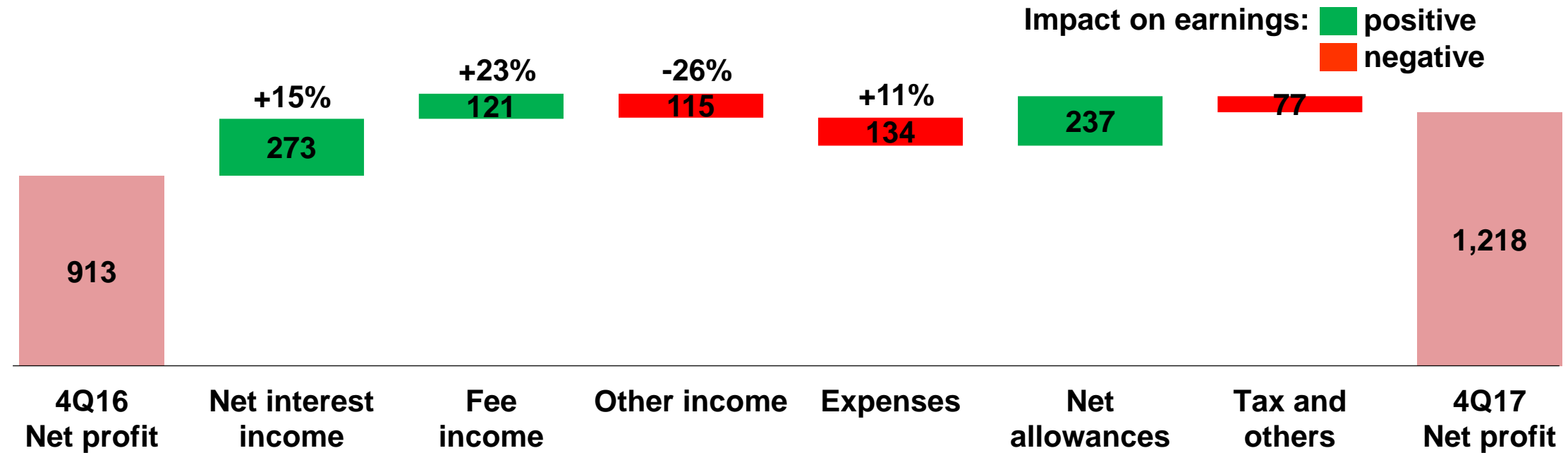
- Total income up 4% to new high as broad-based loan growth and fee income more than offset lower NIM and trading income
- Productivity gains from digitalisation and cost management contain expense growth to 3%
- Profit before allowances up 4% to record



# 4Q income up 10% on year

(S\$m)	4Q17	YoY %
Total income	3,055	10
Expenses	1,357	11
Profit before allowances	1,698	9
Allowances	225	(51)
Net profit	record 1,218	33

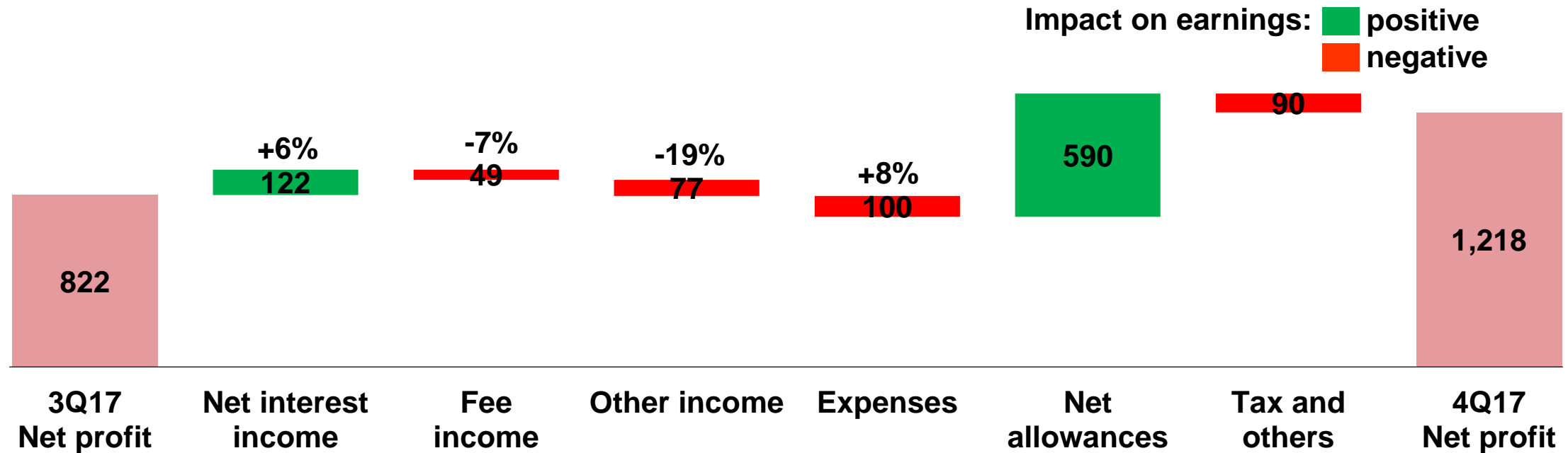
- Net interest income up 15% from higher NIM and loan volumes
- Fee income up 23% from broad-based growth
- Higher expenses due to marketing and technology costs as well as ANZ consolidation
- Profit before allowances up 9%



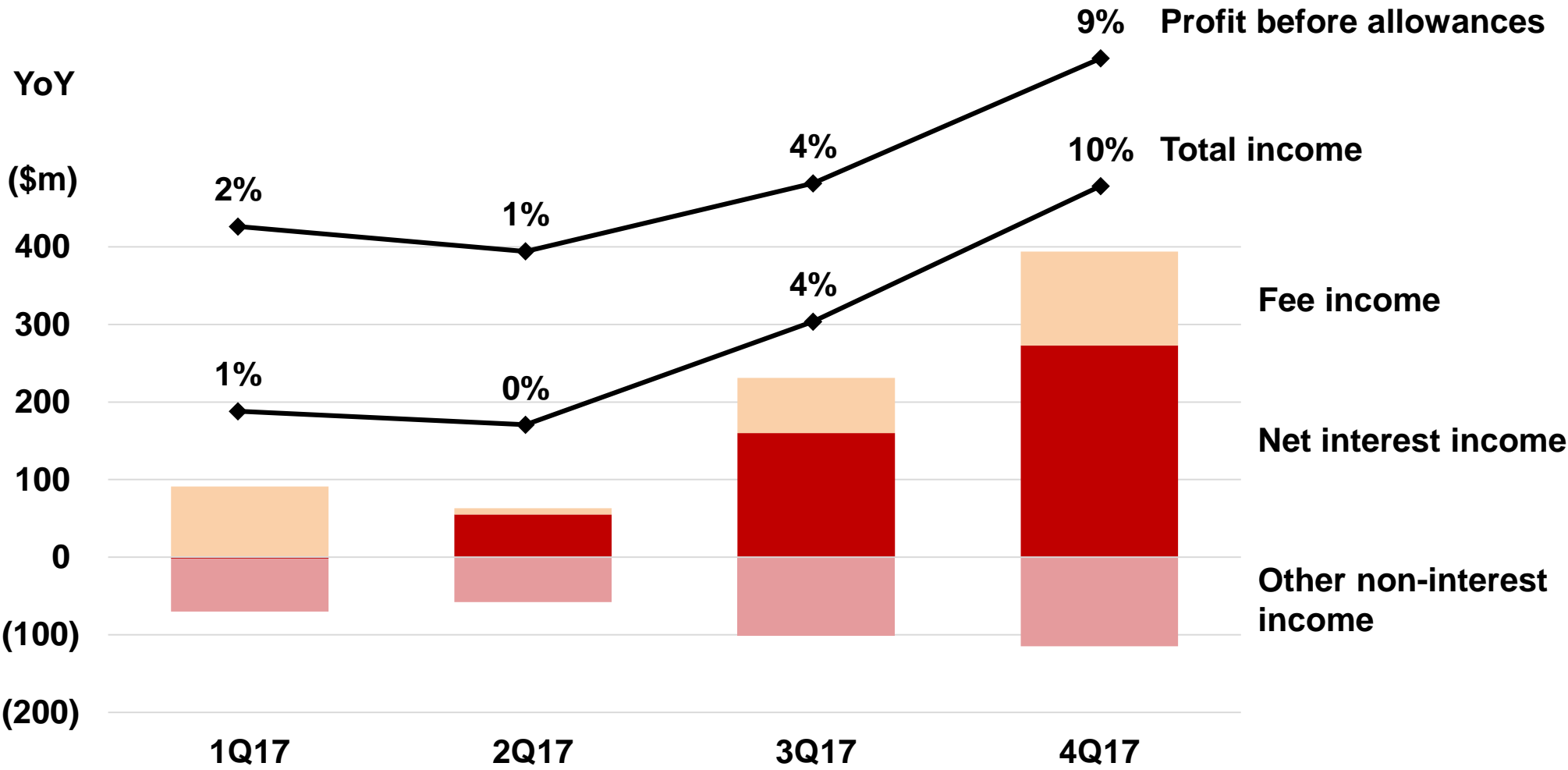
# 4Q earnings up 48% on quarter to new high

(S\$m)	4Q17	QoQ %
Total income	3,055	(0)
Expenses	1,357	8
Profit before allowances	1,698	(6)
Allowances	225	(72)
Net profit	record 1,218	48

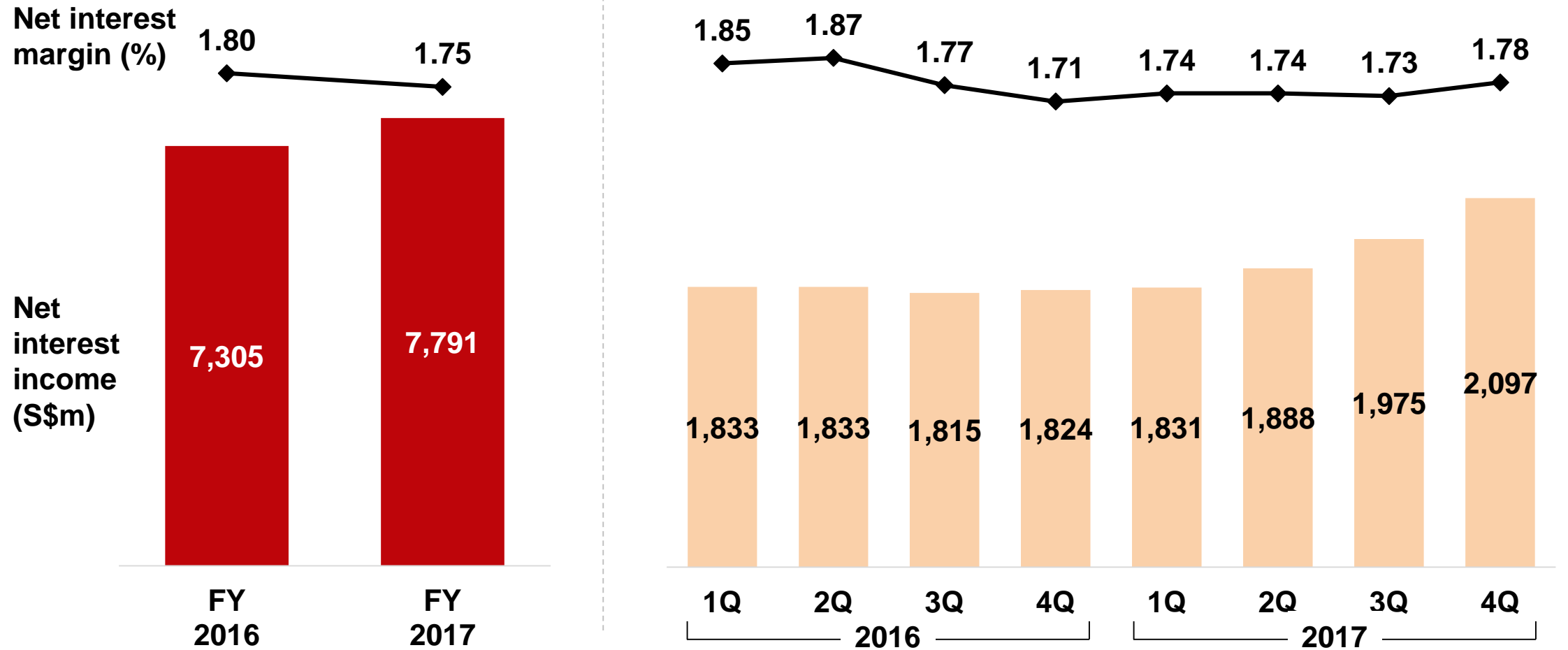
- Total income maintained above \$3bn for second consecutive quarter despite seasonally-lower non-interest income
- Net interest income up 6% from higher NIM and sustained corporate and Singapore housing loan momentum



# Growth in total income and profit before allowances accelerates over course of year

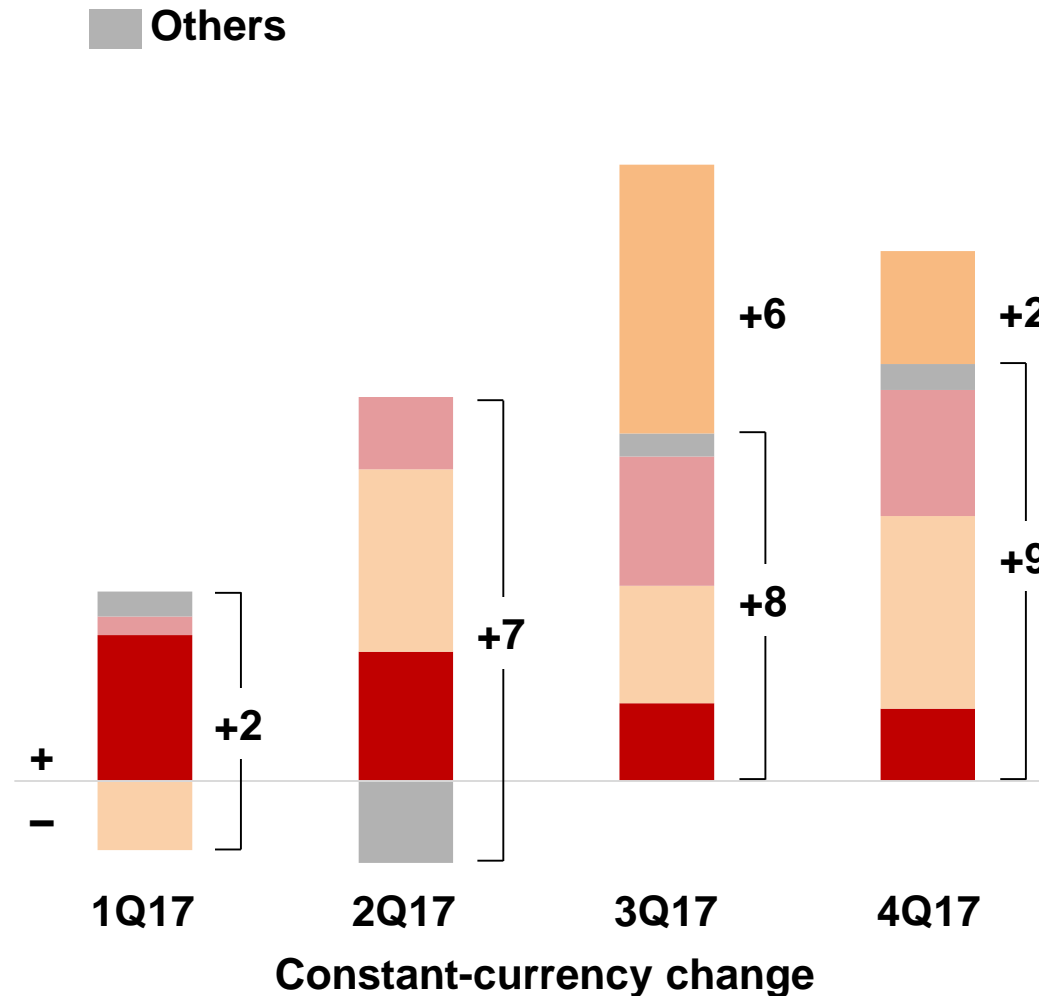
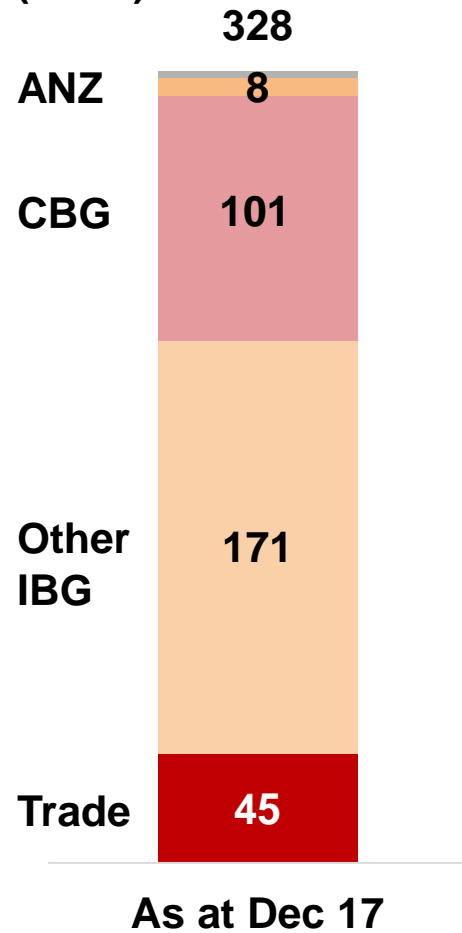


# 4Q net interest income crosses \$2bn, up 6% on quarter from 5 bp rise in NIM and loan growth



# Loans up 4% on quarter, underlying growth at 3% on corporate and Singapore housing loan momentum

(S\$bn)



## In constant-currency terms

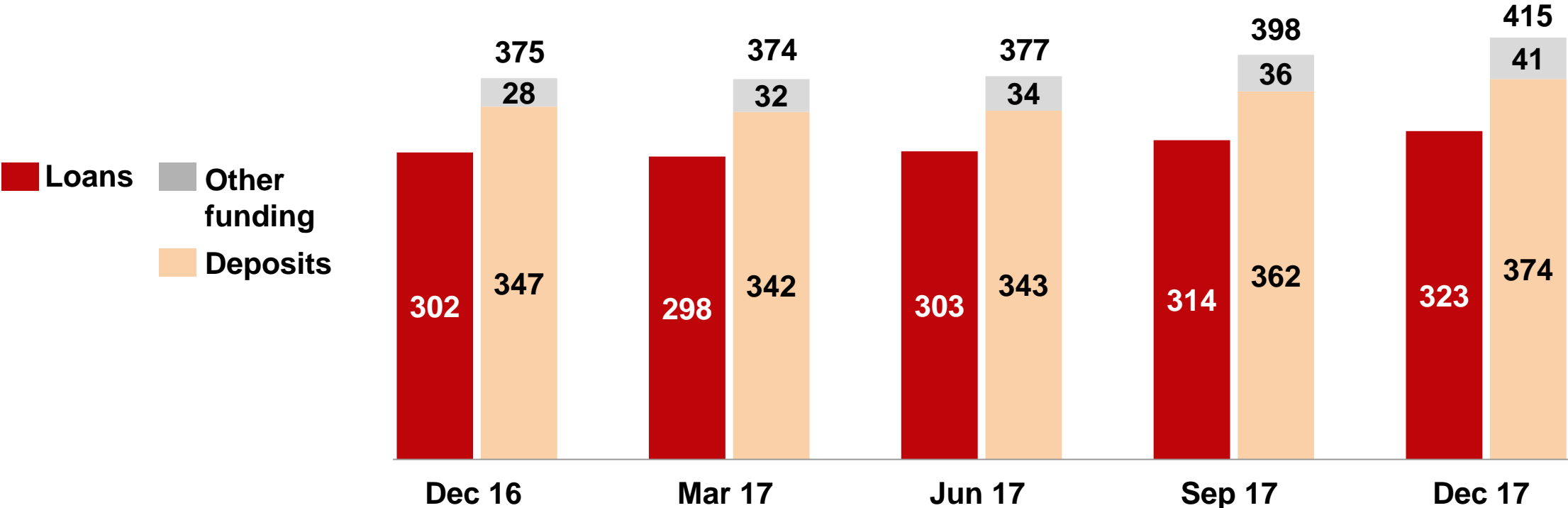
- Gross loans up \$11 billion or 4% on quarter, including \$2 billion from consolidation of ANZ
- Underlying loans up \$9 billion or 3% on quarter, \$25 billion or 9% on year
- Non-trade corporate and consumer loans up \$7 billion or 3% on quarter, \$17 billion or 7% on year
- Trade loans up \$2 billion or 4% on quarter, \$9 billion or 25% on year

Gross loans



# Ample liquidity with LCR at 131%

(S\$bn)



Ratios (%)

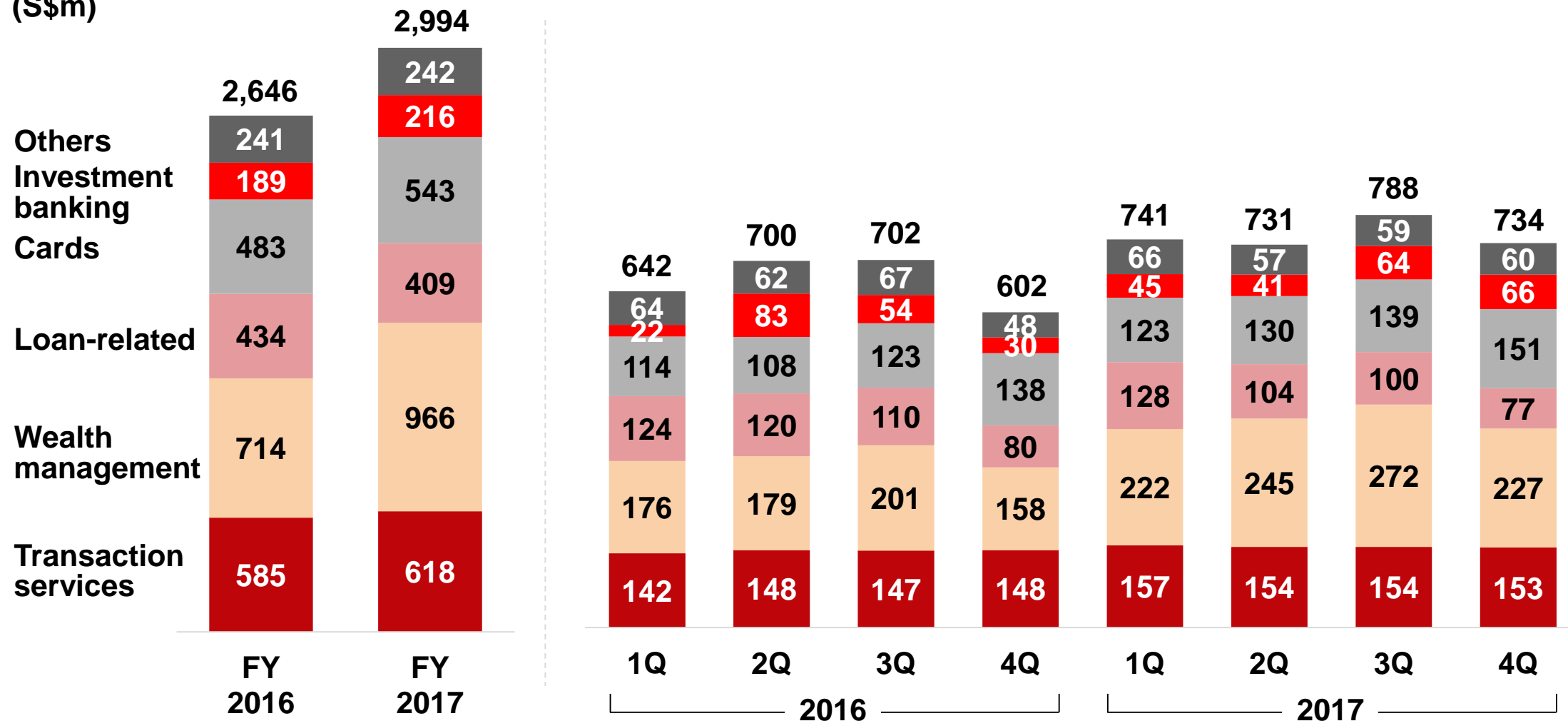
LDR	87	87	88	87	86
LCR	133	138	150	141	131

The consolidation of ANZ added \$8 billion of loans and \$11 billion of deposits as at December 2017  
 Other funding comprises senior medium term notes, commercial papers, negotiable certificates of deposit, other debt securities and covered bonds



# 4Q fee income down 7% from record in previous quarter due to seasonally slower wealth management and loan-related activities

(S\$m)



Gross fee income. Wealth management fees include \$23 million in 2Q17, \$28 million in 3Q17 and \$21 million in 4Q17 that would have been previously classified as other non-interest income. The amount represents income earned from products sold on open architecture platforms. The change in classification has been applied prospectively from 1 April 2017



# Full-year IBG total income and profit before allowances stable

(S\$m)	FY17	FY16	YoY %
<b>Total income</b>	<b>5,275</b>	<b>5,216</b>	<b>1</b>
Corporate	3,561	3,670	(3)
SME	1,714	1,546	11
Loans	2,696	2,816	(4)
Trade	728	738	(1)
Cash / SFS	1,105	835	32
Treasury	576	663	(13)
Investment banking	170	164	4
<b>Expenses</b>	<b>1,755</b>	<b>1,737</b>	<b>1</b>
<b>Profit before allowances</b>	<b>3,520</b>	<b>3,479</b>	<b>1</b>
<b>Assets (S\$bn)</b>	<b>247</b>	<b>232</b>	<b>6</b>
<b>GTS deposits (S\$bn)</b>	<b>142</b>	<b>137</b>	<b>4</b>

- Total income up 1% as 32% increase in cash management income offset by lower contributions from loan-related and treasury activities
- Expenses and profit before allowances also up 1%
- Assets rise \$15 billion or 6% from loan growth
- Cash management deposits up \$5 billion or 4%

# Full-year CBG / Wealth income and earnings rise to new highs

(S\$m)	FY17	FY16	YoY %
<b>Total income</b>	<b>4,671</b>	<b>4,279</b>	<b>9</b>
Retail	2,564	2,598	(1)
Wealth Management	2,107	1,681	25
Loans and deposits	2,631	2,509	5
Investment products	1,375	1,135	21
Cards	619	580	7
Others	62	55	13
<b>Expenses</b>	<b>2,562</b>	<b>2,384</b>	<b>7</b>
<b>Profit before allowances</b>	<b>2,109</b>	<b>1,895</b>	<b>11</b>
<b>AUM (S\$bn)</b>	<b>206</b>	<b>166</b>	<b>24</b>
<b>SGD savings (S\$bn)</b>	<b>115</b>	<b>109</b>	<b>6</b>

- Total income up 9% from broad-based growth led by 21% increase in income from investment products
- Wealth Management segment income rises 25% to \$2.11 billion
- AUM increases 24% to \$206 billion, including \$18 billion from ANZ
- Singapore housing loan market share crosses 30% during year, SGD savings account market share maintained at above 50%

# Weaker 4Q and full-year treasury income

Customer income / Total treasury income (%)

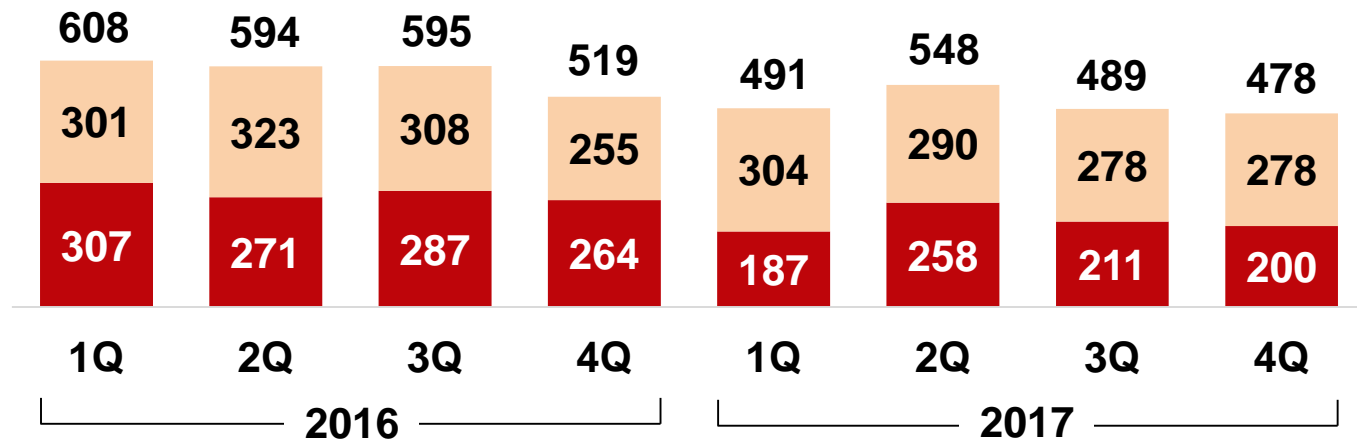
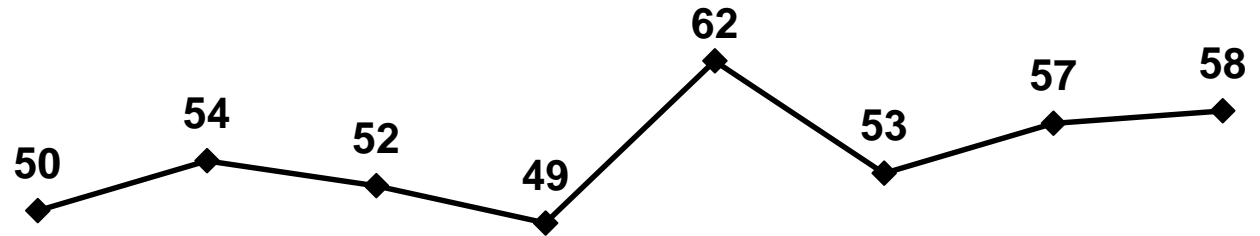
51 → 57

Customer income (S\$m)

2,316 (FY 2016)  
2,006 (FY 2017)

Treasury Markets income (S\$m)

1,129 (FY 2016)  
856 (FY 2017)

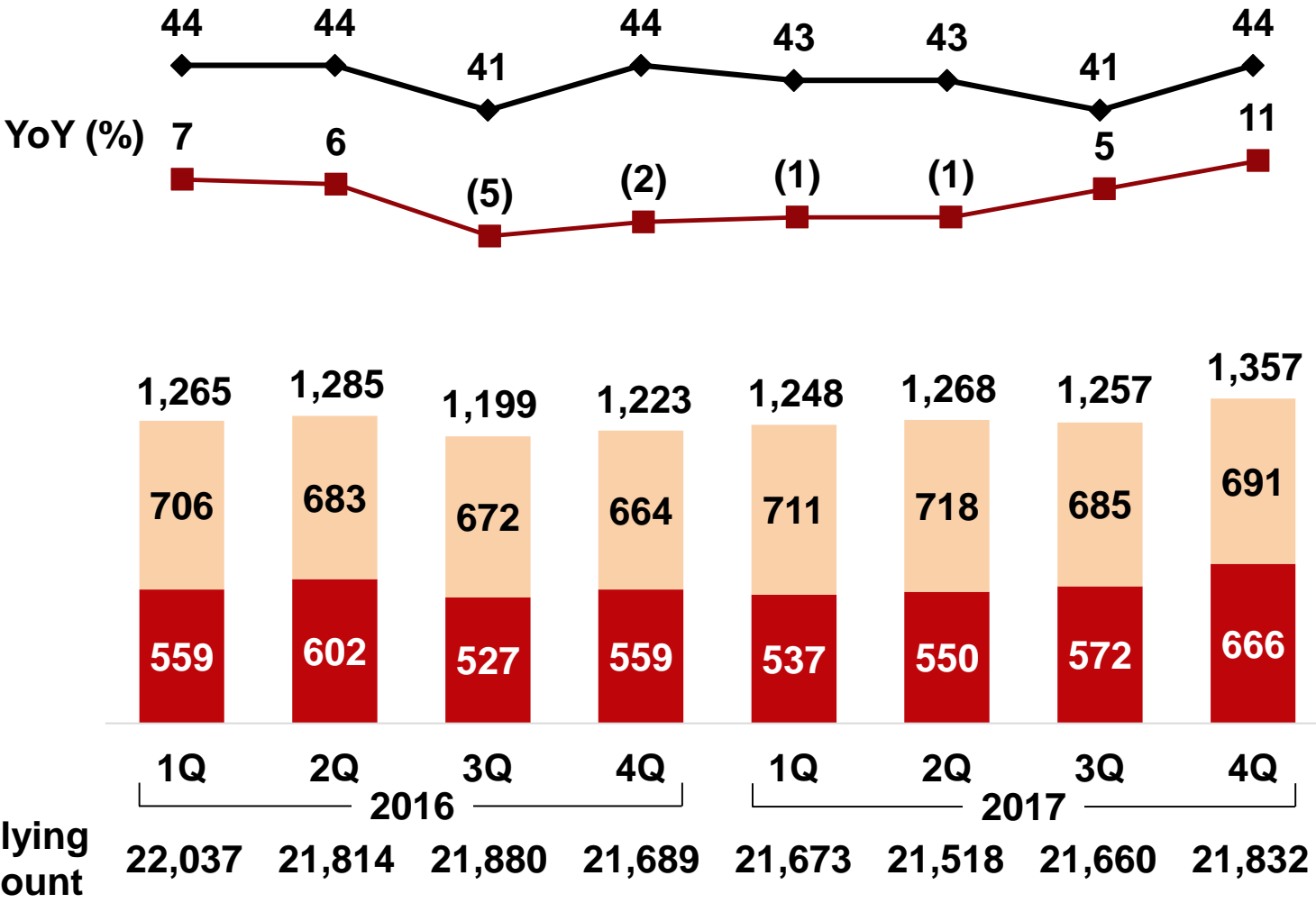
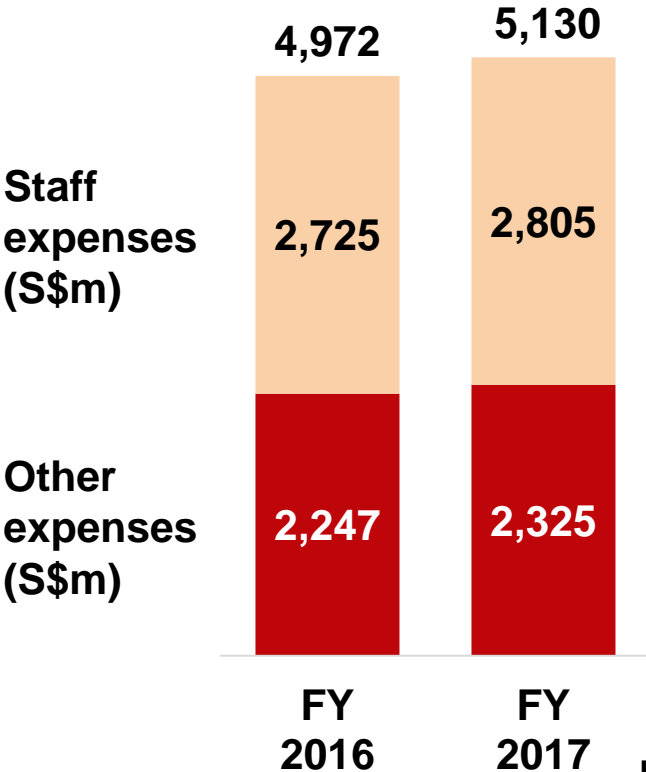


Treasury customer income is included under IBG/CBG segment income. It is included in this chart for a complete product view



# Full-year cost-income ratio at 43%

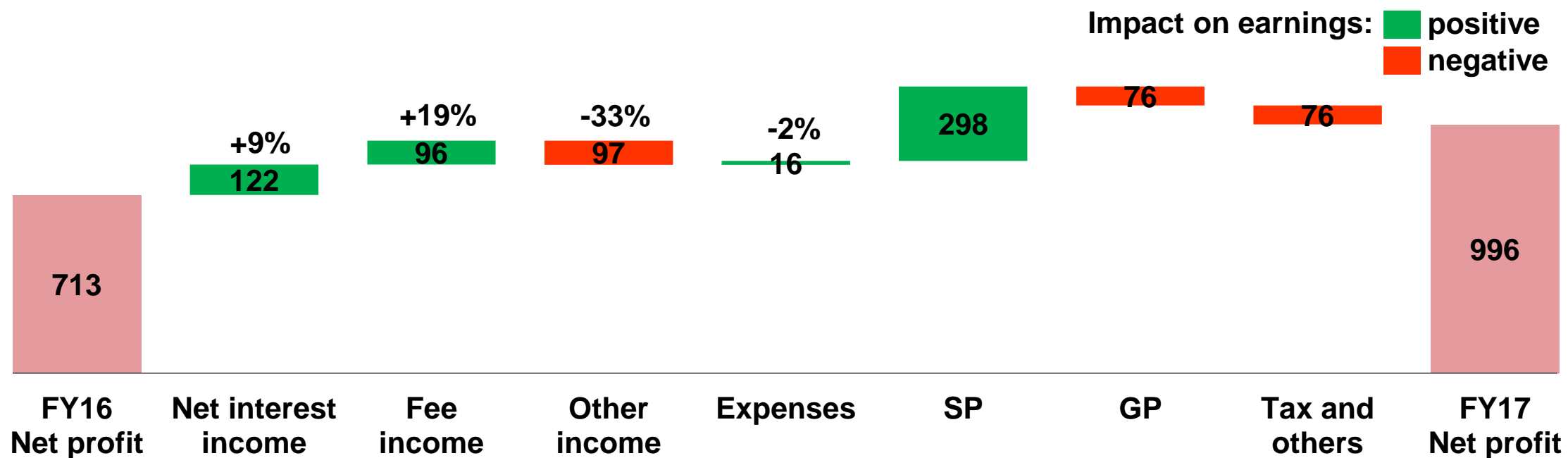
Cost / income (%) 43 43



# Full-year Hong Kong earnings up 40%

(S\$m)	FY17	YoY %	Underlying YoY %
Total income	2,223	6	7
Expenses	945	(2)	0
Profit before allowances	1,278	12	13
Allowances	80	(74)	(73)
Net profit	996	40	41

- Income up 6% as net interest income and fee income growth was partially offset by lower other non-interest income
- Expenses decline 2%
- SP declines from high year-ago base



# New NPAs decline on quarter, NPL stable at 1.7%

(S\$m)	4Q17	3Q17	4Q16
NPAs at start of period	6,127	4,846	4,330
New NPAs	362	2,063	779
Upgrades, recoveries and translation	(298)	(329)	(66)
Write-offs	(187)	(576)	(187)
NPAs at end of period (excluding ANZ)	6,004	6,004	4,856
ANZ consolidation	66	123	-
NPAs at end of period (including ANZ)	6,070	6,127	4,856
NPL ratio (%)	1.7	1.7	1.4

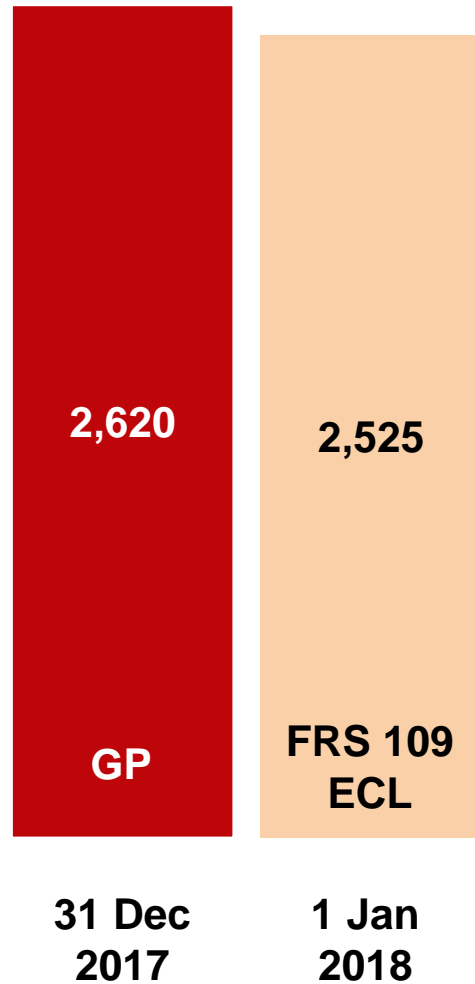


# 4Q credit costs normalise to 25 bp

(S\$m)	4Q17	3Q17	4Q16
<u>Add charges for</u>			
New NPLs	79	943	180
Existing NPLs	199	675	305
	278	1,618	485
<u>Subtract charges for</u>			
Upgrades	-	-	1
Settlements	27	57	34
Recoveries	45	23	18
	72	80	53
<b>Total SP charges for loans</b>	<b>206</b>	<b>1,538</b>	<b>432</b>
<b>SP / loans (bp)</b>	<b>25</b>	<b>195</b>	<b>57</b>

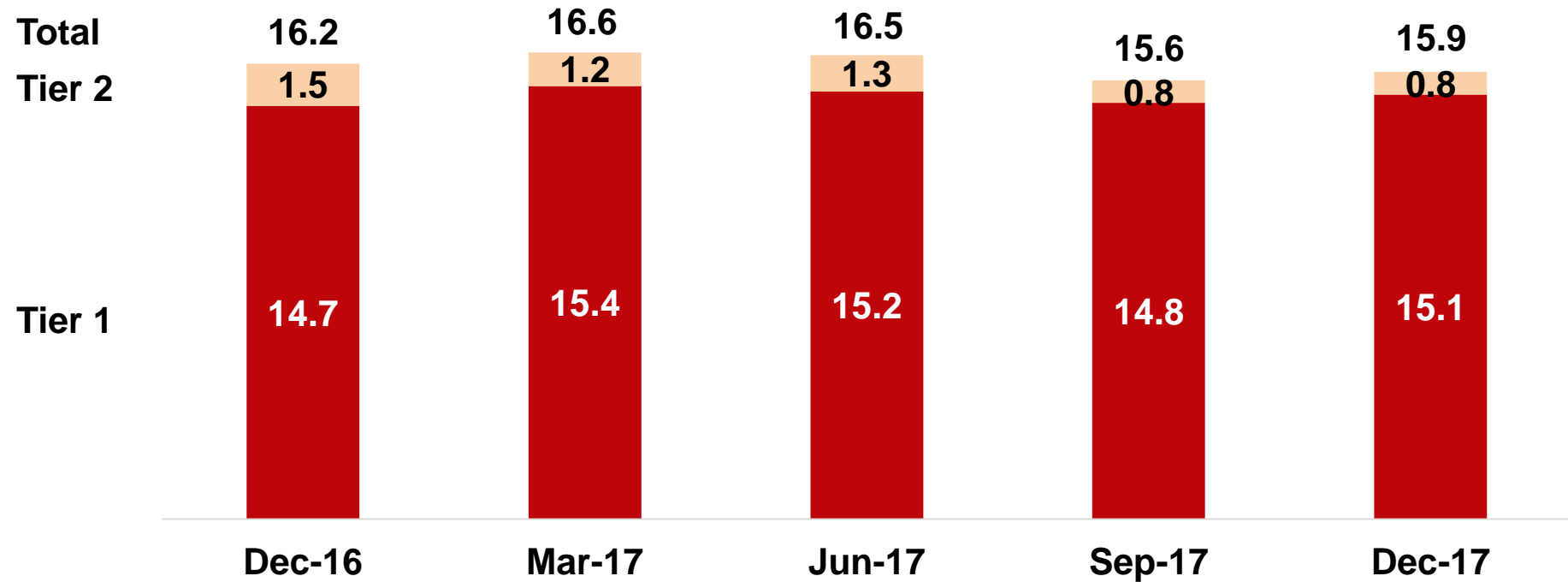
# Impact of transition to FRS 109 ECL

(S\$m)



- GP as at 31 December 2017 of \$2,620m was equal to 1%
- ECL as at 1 January 2018 estimated to be \$2,525m
- Difference of \$95m transferred to Regulatory Loss Allowance Reserves

# Strong CET-1 and leverage ratios

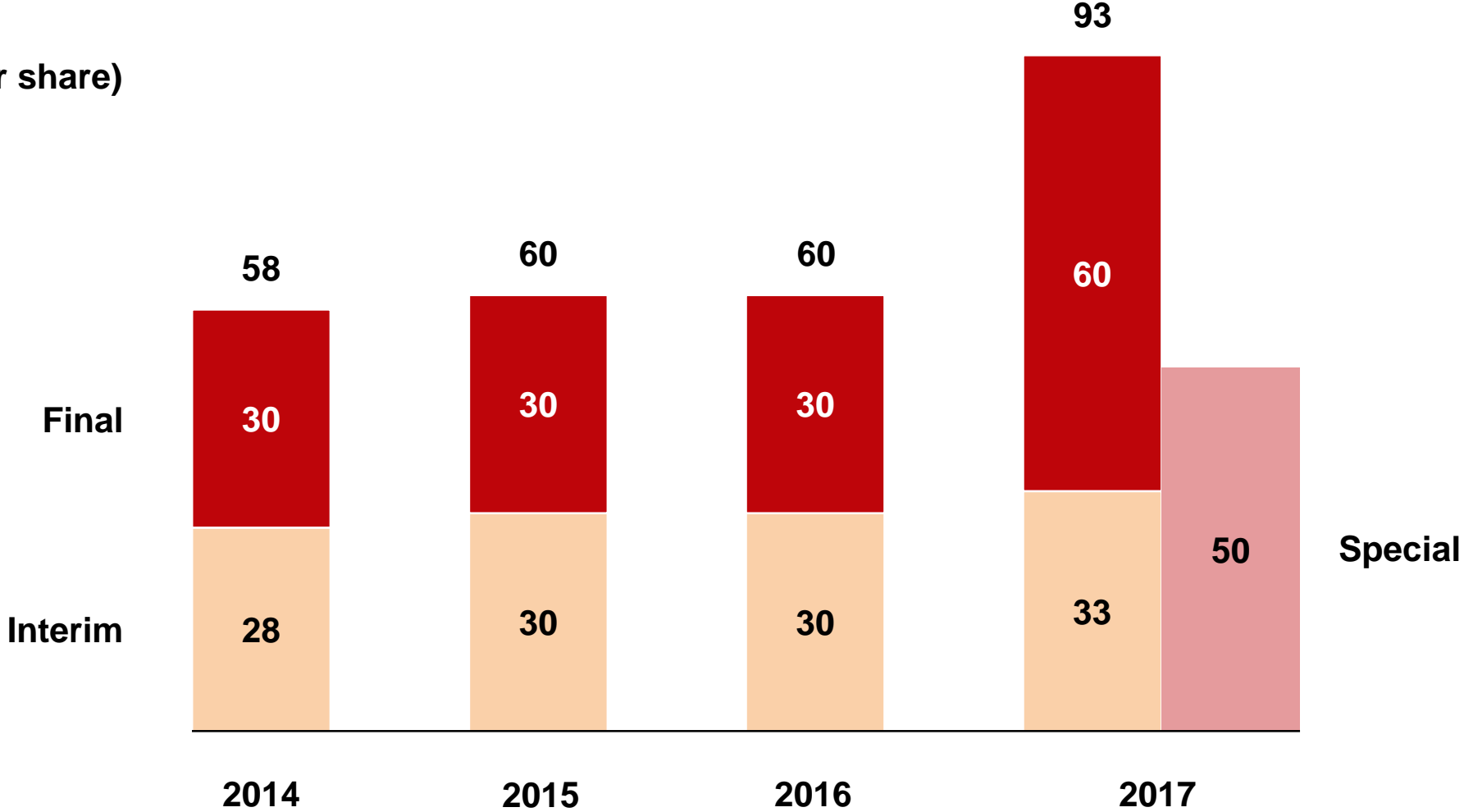


## Common Equity Tier-1 (%)

Transitional	14.1	14.6	14.4	14.0	14.3
Fully phased-in	13.3	14.2	14.0	13.6	13.9
RWA (S\$bn)	279	272	280	286	288
Leverage ratio (%)	7.7	7.9	7.9	7.5	7.6

# Final dividend of 60 cents raises full-year dividend by 55% to 93 cents, special dividend of 50 cents

(S¢ per share)



# **In summary – record full-year and quarterly earnings**

**Strong business momentum drives record performance for full year and fourth quarter**

**Broad-based growth in loans and fee income more than offset impact of lower average interest rates and weaker trading income for full year**

**Digitalisation is structurally improving growth and returns**

**Asset quality benign, credit costs normalise in the fourth quarter**

**Significant dividend increase reflects quality of earnings, strength of balance sheet and improved returns being generated for shareholders**

# Supplementary slides

**DBS Group Holdings  
4Q 2017 financial results  
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# Record full-year earnings

(S\$m)	FY17	FY16	YoY %
<b>Net interest income</b>	<b>7,791</b>	<b>7,305</b>	<b>7</b>
Fee income	2,622	2,331	12
Trading income	1,058	1,357	(22)
Other income	453	496	(9)
<b>Non-interest income</b>	<b>4,133</b>	<b>4,184</b>	<b>(1)</b>
<b>Total income</b>	<b>11,924</b>	<b>11,489</b>	<b>4</b>
Staff expenses	2,805	2,725	3
Other expenses	2,325	2,247	3
<b>Expenses</b>	<b>5,130</b>	<b>4,972</b>	<b>3</b>
<b>Profit before allowances</b>	<b>6,794</b>	<b>6,517</b>	<b>4</b>
General allowances	(855)	(59)	NM
Specific allowances	2,399	1,493	61
<b>Allowances</b>	<b>1,544</b>	<b>1,434</b>	<b>8</b>
<b>Net profit</b>	<b>4,390</b>	<b>4,238</b>	<b>4</b>
One-time items	(19)	0	NM
<b>Net profit incl. one-time items</b>	<b>4,371</b>	<b>4,238</b>	<b>3</b>

# Quarterly total income stays above \$3 billion

(S\$m)	4Q17	4Q16	YoY %	3Q17	QoQ %
<b>Net interest income</b>	<b>2,097</b>	<b>1,824</b>	<b>15</b>	<b>1,975</b>	<b>6</b>
Fee income	636	515	23	685	(7)
Trading income	228	397	(43)	265	(14)
Other income	94	40	>100	134	(30)
<b>Non-interest income</b>	<b>958</b>	<b>952</b>	<b>1</b>	<b>1,084</b>	<b>(12)</b>
<b>Total income</b>	<b>3,055</b>	<b>2,776</b>	<b>10</b>	<b>3,059</b>	<b>(0)</b>
Staff expenses	691	664	4	685	1
Other expenses	666	559	19	572	16
<b>Expenses</b>	<b>1,357</b>	<b>1,223</b>	<b>11</b>	<b>1,257</b>	<b>8</b>
<b>Profit before allowances</b>	<b>1,698</b>	<b>1,553</b>	<b>9</b>	<b>1,802</b>	<b>(6)</b>
General allowances	(5)	0	NM	(850)	NM
Specific allowances	230	462	(50)	1,665	(86)
<b>Allowances</b>	<b>225</b>	<b>462</b>	<b>(51)</b>	<b>815</b>	<b>(72)</b>
<b>Net profit</b>	<b>1,218</b>	<b>913</b>	<b>33</b>	<b>822</b>	<b>48</b>
One-time items	(24)	0	NM	(20)	NM
<b>Net profit incl. one-time items</b>	<b>1,194</b>	<b>913</b>	<b>31</b>	<b>802</b>	<b>49</b>



# Cost-income ratio at 43%

(%)	4Q17	4Q16	3Q17	FY17	FY16
Net interest margin	1.78	1.71	1.73	1.75	1.80
Fee income / total income	21	19	22	22	20
Non-interest income / total income	31	34	35	35	36
Cost / income	44	44	41	43	43
ROE	10.5	8.4	7.1	9.7	10.1
Loan / deposit	86	87	87	86	87
SP / loans (bp)	25	57	195	72	38
NPL ratio	1.7	1.4	1.7	1.7	1.4

# Full-year Hong Kong earnings up 40% on year

Constant-currency terms

(S\$m)	FY17	FY16	YoY %	YoY %
<b>Net interest income</b>	1,439	1,317	9	10
<b>Non-interest income</b>	784	785	(0)	1
<b>Total income</b>	2,223	2,102	6	7
<b>Expenses</b>	945	961	(2)	(0)
<b>Profit before allowances</b>	1,278	1,141	12	13
General allowances	75	(1)	NM	NM
Specific allowances	5	303	(98)	(98)
<b>Allowances</b>	80	302	(74)	(73)
<b>Net profit</b>	996	713	40	41
<b>Net interest margin (%)</b>	1.74	1.73		
<b>Loan growth (%)</b>				16
Non-trade growth (%)				16
Trade growth (%)				19
<b>Deposit growth (%)</b>				19

# 4Q Hong Kong earnings more than double on year

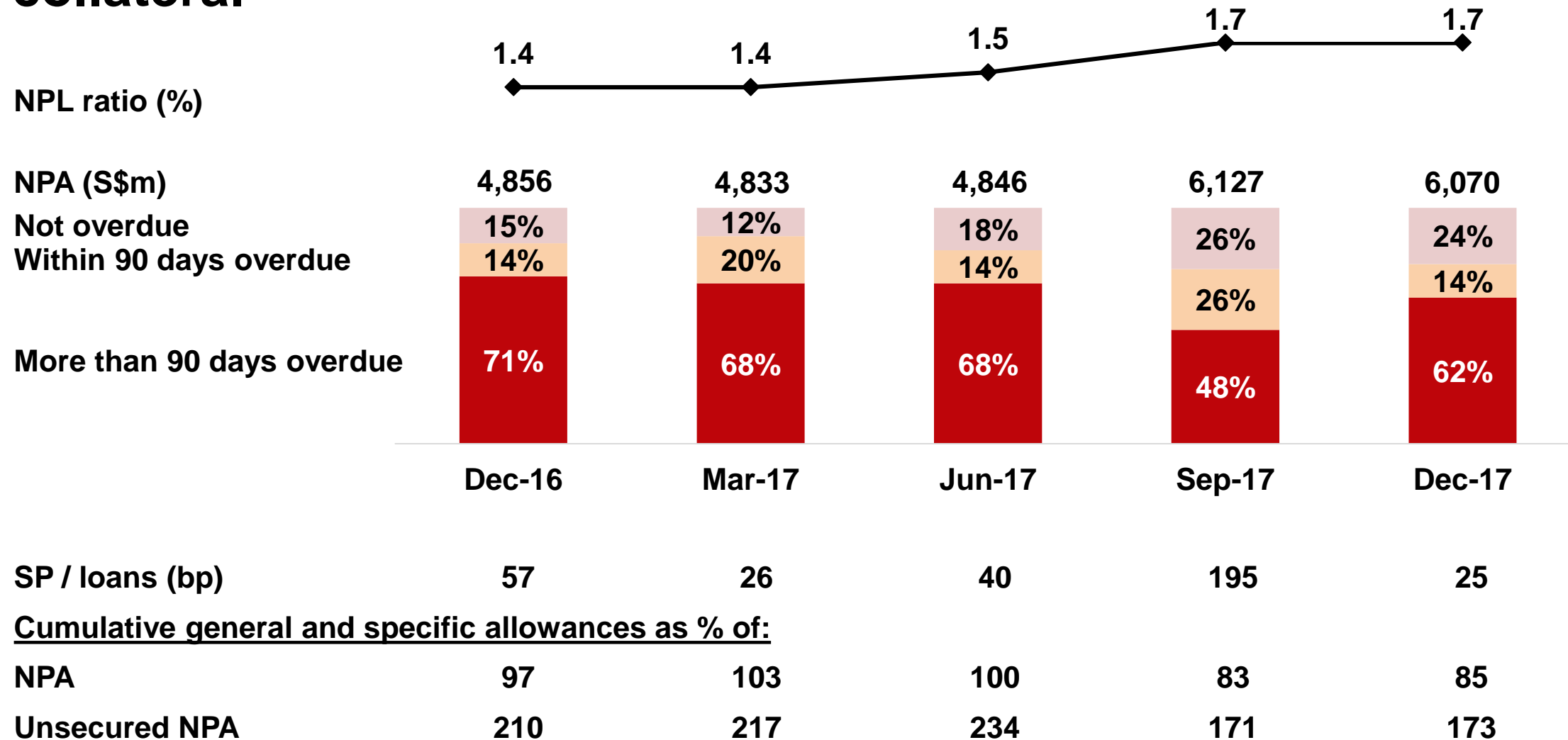
Constant-currency terms

(S\$m)	4Q17	4Q16	YoY %	YoY %	3Q17	QoQ %	QoQ %
Net interest income	391	342	14	21	354	10	11
Non-interest income	209	170	23	30	209	0	1
<b>Total income</b>	<b>600</b>	<b>512</b>	<b>17</b>	<b>24</b>	<b>563</b>	<b>7</b>	<b>7</b>
Expenses	256	273	(6)	(1)	224	14	15
<b>Profit before allowances</b>	<b>344</b>	<b>239</b>	<b>44</b>	<b>52</b>	<b>339</b>	<b>1</b>	<b>2</b>
General allowances	7	0	NM	NM	40	(83)	(80)
Specific allowances	37	107	(65)	(64)	(50)	NM	NM
<b>Allowances</b>	<b>44</b>	<b>107</b>	<b>(59)</b>	<b>(56)</b>	<b>(10)</b>	<b>NM</b>	<b>NM</b>
<b>Net profit</b>	<b>247</b>	<b>111</b>	<b>&gt;100</b>	<b>&gt;100</b>	<b>292</b>	<b>(15)</b>	<b>(14)</b>
<b>Net interest margin (%)</b>	<b>1.78</b>	<b>1.64</b>			<b>1.68</b>		
<b>Loan growth (%)</b>				<b>16</b>			<b>4</b>
Non-trade growth (%)				16			6
Trade growth (%)				19			(2)
<b>Deposit growth (%)</b>				<b>19</b>			<b>5</b>

# Full-year regional performance improves

(S\$m)	FY17	FY16	YoY %
Net interest income	1,251	1,100	14
Non-interest income	652	747	(13)
Total income	1,903	1,847	3
Expenses	1,159	1,140	2
Profit before allowances	744	707	5
Allowances	331	474	(30)
Net profit	328	129	>100

# Allowance coverage prudent at 85% and at 173% with collateral



# AFS duration remains short

(S\$m)

## Government securities

Less than 3 years

3 to 5 years

5 to 10 years

More than 10 years

## Supranational, bank and corporate bonds

## Equities

## Total

## AFS reserves

	Dec-17	Sep-17
<b>Government securities</b>	<b>27,826</b>	<b>28,233</b>
Less than 3 years	15,993	17,957
3 to 5 years	4,704	5,394
5 to 10 years	6,784	4,535
More than 10 years	345	347
<b>Supranational, bank and corporate bonds</b>	<b>14,630</b>	<b>14,460</b>
<b>Equities</b>	<b>1,277</b>	<b>1,415</b>
<b>Total</b>	<b>43,733</b>	<b>44,108</b>
<b>AFS reserves</b>	<b>38</b>	<b>205</b>

Time-banding is based on maturity date from reporting date

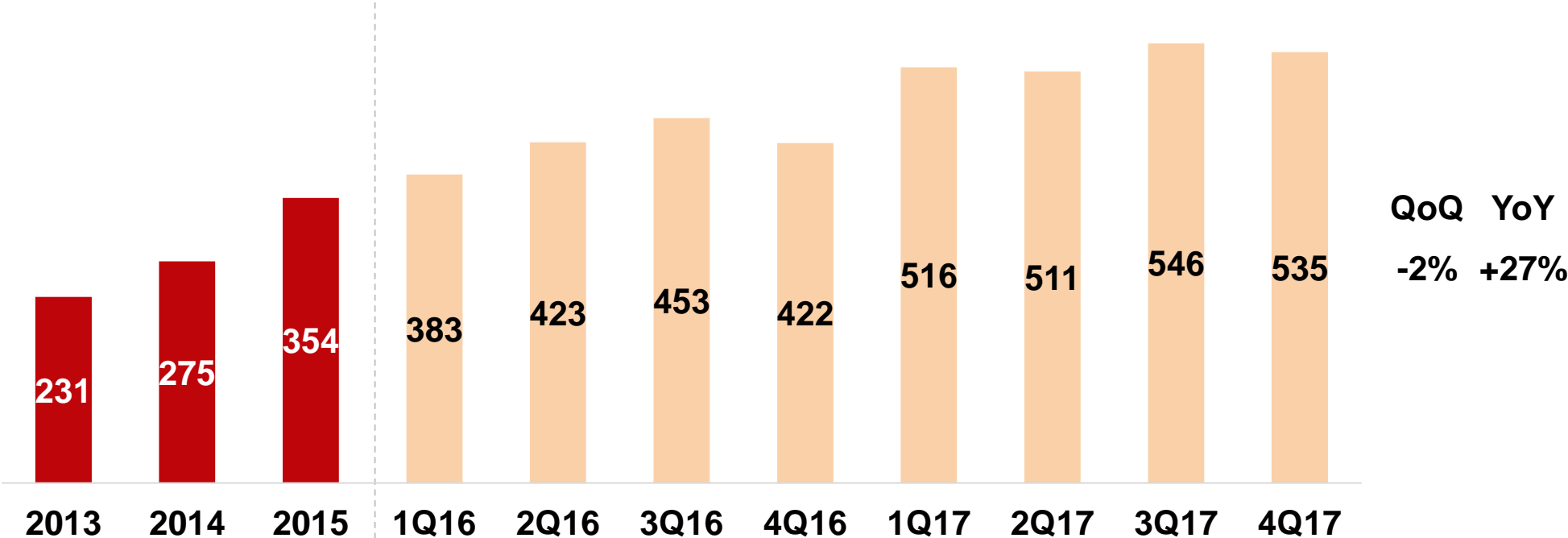
# Deposits up 4% on quarter and up 11% on year in constant-currency terms

	(S\$bn)	QoQ (%)		YoY (%)	
	Dec-17	Reported	Underlying	Reported	Underlying
<b>Deposits</b>	<b>374</b>	<b>3</b>	<b>4</b>	<b>8</b>	<b>11</b>
<b>By product</b>					
Casa	233	3	3	9	11
Fixed deposits	138	4	5	6	11
Other	3	(2)	(1)	15	23
<b>By currency</b>					
Singapore dollar	157	0	0	3	3
US dollar	129	7	9	15	24
HK dollar	35	(0)	1	(3)	6
Chinese yuan	11	(6)	(6)	16	18
Others	42	10	11	12	12
<b>LDR (%)</b>	<b>Dec-17</b>	<b>Sep-17</b>		<b>Dec-16</b>	
<b>Overall</b>	<b>86</b>	<b>87</b>		<b>87</b>	
Singapore dollar	86	84		81	
US dollar	81	84		91	

Deposits as at December 2017 include \$11 billion from ANZ consolidation

# Wealth Management segment

Income  
(S\$m)



QoQ YoY  
-2% +27%

Quarterly average

	2013	2014	2015	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17	3Q17	4Q17	QoQ	YoY
AUM (S\$bn)	109	134	146	147	151	159	166	170	175	195	206	+6%	+24%
Total earning assets (S\$bn)	134	167	180	182	187	196	204	208	213	240	253	+5%	+24%

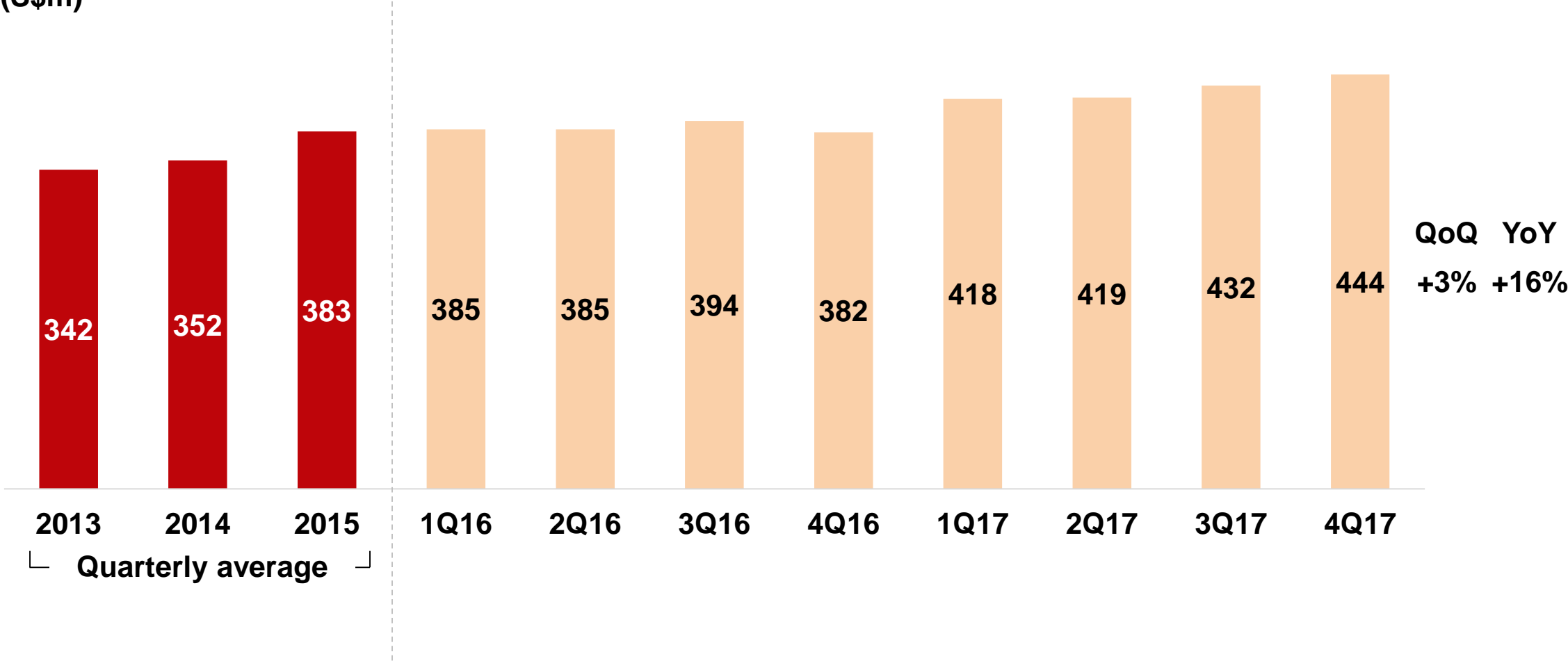
Comprising Treasures, Treasures Private Client and Private Bank  
Total earning assets and AUMs at end of period



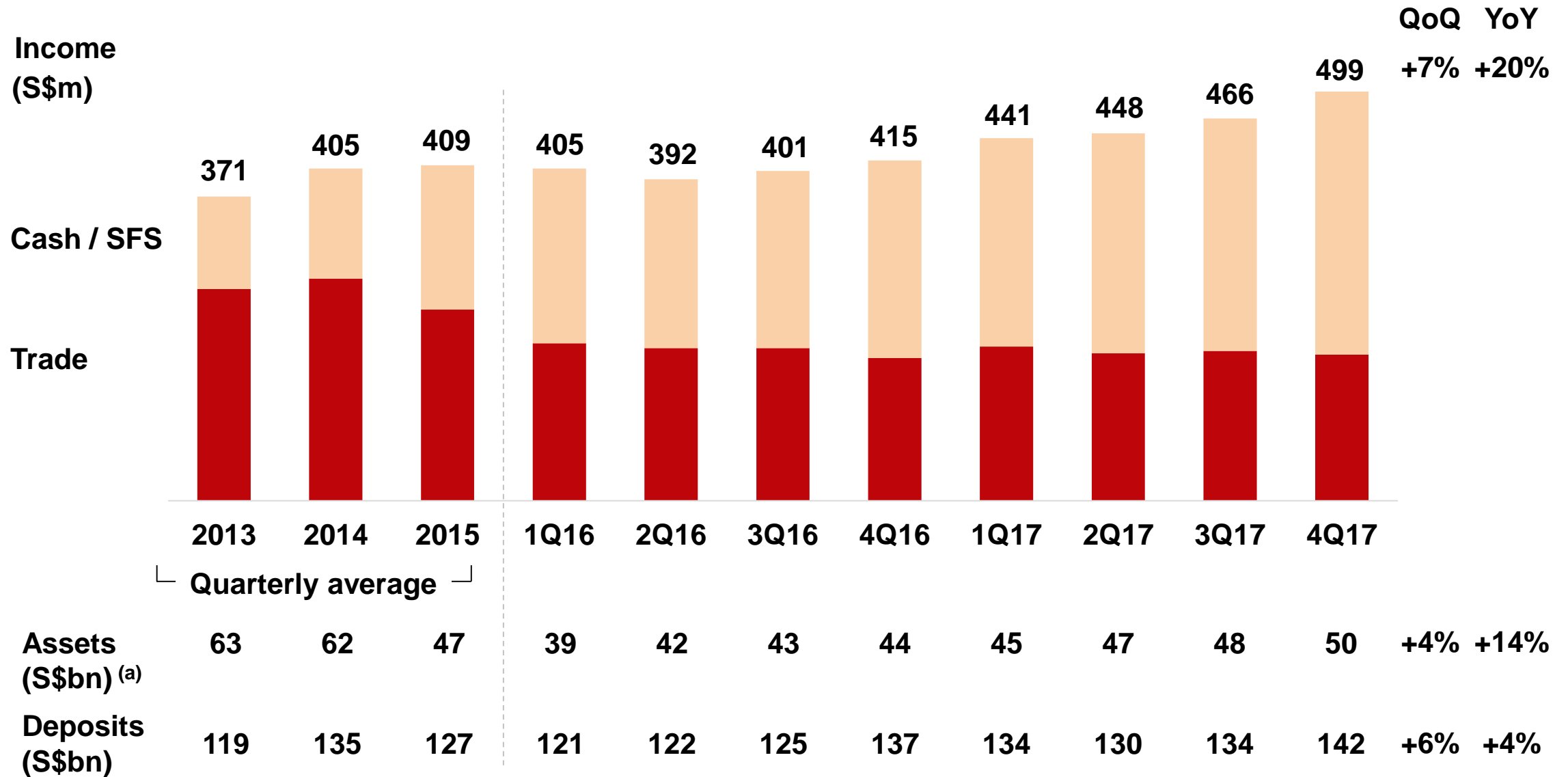


# SME segment

Income  
(S\$m)



# Global transaction services



Assets and deposits at end of period

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

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