



Live more, Bank less

To: Shareholders

The Board of Directors of DBS Group Holdings Ltd (“DBSH” or “the Company”) reports the following:

**Audited Financial Results for the Year/ Fourth Quarter Ended 31 December 2018**

Details of the financial results are in the accompanying performance summary.

**Dividends**

For the financial year ended 31 December 2018, the Directors have recommended a final one-tier tax exempt dividend of 60 cents for each DBSH ordinary share (“FY18 Final Dividend”), subject to shareholders’ approval at the Annual General Meeting to be held on 25 April 2019.

Details of the proposed dividends, along with interim ones paid during the course of the financial year, are as follows:

<b>In \$ millions</b>	<b>2018</b>	<b>2017</b>
<b>DBSH Ordinary shares</b>		
Interim one-tier tax exempt dividend* of 60 cents (2017: 33 cents)	1,538	843
Final one-tier tax exempt dividend of 60 cents (2017: 60 cents)	1,535	1,538
Special dividend of 50 cents	-	1,282
	<u>3,073</u>	<u>3,663</u>

\* Interim dividends were paid to entitled shareholders during the year

*Ex-dividend Date*

The DBSH ordinary shares will be quoted ex-dividend on 2 May 2019 (Thursday).

*Closure of Books*

The Transfer Books and Register of Members of DBSH will be closed from 5.00 p.m. on 3 May 2019 (Friday) up to (and including) 6 May 2019 (Monday) for the purpose of determining shareholders’ entitlement to the FY18 Final Dividend.

Please refer to the separate announcement titled “Notice of Books Closure and Dividend Payment Date” released by DBSH today.

*Scrip Dividend Scheme*

The DBSH Scrip Dividend Scheme will not be applied to the FY18 Final Dividend.

...DBS/

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Tel: 65.6878 8888

[www.dbs.com](http://www.dbs.com)



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*Payment Date*

The payment date for cash dividends will be on 17 May 2019 (Friday).

By order of the Board

Teoh Chia-Yin  
Group Secretary

18 February 2019  
Singapore

*More information on the above announcement is available at [www.dbs.com/investor](http://www.dbs.com/investor)*

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## **Performance Summary**

Financial Results  
For the Fourth Quarter ended  
31 December 2018 and For the Year 2018

DBS Group Holdings Ltd  
Incorporated in the Republic of Singapore  
Company Registration Number: 199901152M

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## OVERVIEW

Singapore-incorporated companies listed on the Singapore Exchange reporting under Singapore Financial Reporting Standards (FRS) are required to apply Singapore Financial Reporting Standards (International) (SFRS(I)) from 1 January 2018. The convergence had no material impact on the financial statements and on the Group's accounting policies, except for those relating to SFRS(I) 9 Financial Instruments. The aggregate impact from the transition to SFRS(I) 9 was a net increase of \$9 million in the Group shareholders' funds.

More information about the transition to SFRS(I) and transition disclosures for SFRS(I) 9 are provided in the ***Appendix to Performance Summary for First Quarter 2018.***

# DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

	4th Qtr 2018	4th Qtr 2017	% chg	3rd Qtr 2018	% chg	Year 2018	Year 2017	% chg
<b>Selected income statement items (\$m)</b>								
Net interest income	2,330	2,097	11	2,273	3	8,955	7,791	15
Net fee and commission income	635	636	-	695	(9)	2,780	2,622	6
Other non-interest income	280	322	(13)	407	(31)	1,448	1,511	(4)
<b>Total income</b>	<b>3,245</b>	<b>3,055</b>	<b>6</b>	<b>3,375</b>	<b>(4)</b>	<b>13,183</b>	<b>11,924</b>	<b>11</b>
Expenses	1,501	1,357	11	1,481	1	5,798	5,130	13
Profit before allowances	1,744	1,698	3	1,894	(8)	7,385	6,794	9
Allowances for credit and other losses	205	225	(9)	236	(13)	710	1,544	(54)
<b>Profit before tax</b>	<b>1,539</b>	<b>1,473</b>	<b>4</b>	<b>1,658</b>	<b>(7)</b>	<b>6,675</b>	<b>5,250</b>	<b>27</b>
<b>Net profit</b>	<b>1,319</b>	<b>1,218</b>	<b>8</b>	<b>1,413</b>	<b>(7)</b>	<b>5,625</b>	<b>4,390</b>	<b>28</b>
One-time items	-	(24)	NM	-	-	(48)	(19)	(>100)
- ANZ integration costs	-	(30)	NM	-	-	(16)	(75)	79
- Others <sup>1</sup>	-	6	(100)	-	-	(32)	56	NM
<b>Net profit including one-time items</b>	<b>1,319</b>	<b>1,194</b>	<b>10</b>	<b>1,413</b>	<b>(7)</b>	<b>5,577</b>	<b>4,371</b>	<b>28</b>
<b>Selected balance sheet items (\$m)</b>								
Customer loans	345,003	323,099	7	340,375	1	345,003	323,099	7
<i>Constant-currency change</i>			6		2			6
Total assets	550,751	517,711	6	541,524	2	550,751	517,711	6
Customer deposits	393,785	373,634	5	388,295	1	393,785	373,634	5
<i>Constant-currency change</i>			5		2			5
Total liabilities	500,876	467,909	7	493,009	2	500,876	467,909	7
Shareholders' funds	49,045	47,458	3	47,676	3	49,045	47,458	3
<b>Key financial ratios (%) (excluding one-time items)<sup>2</sup></b>								
Net interest margin	1.87	1.78		1.86		1.85	1.75	
Non-interest/total income	28.2	31.4		32.7		32.1	34.7	
Cost/income ratio	46.3	44.4		43.9		44.0	43.0	
Return on assets	0.95	0.94		1.04		1.05	0.89	
Return on equity <sup>3</sup>	11.3	10.5		12.2		12.1	9.7	
Loan/deposit ratio	87.6	86.5		87.7		87.6	86.5	
NPL ratio	1.5	1.7		1.6		1.5	1.7	
ECL <sup>4</sup> Stage 3 (SP) for loans/average loans (bp)	25	25		21		19	72	
Common Equity Tier 1 capital adequacy ratio	13.9	14.3		13.3		13.9	14.3	
Tier 1 capital adequacy ratio	15.1	15.1		14.4		15.1	15.1	
Total capital adequacy ratio	16.9	15.9		16.2		16.9	15.9	
Leverage ratio <sup>5</sup>	7.1	7.6		7.1		7.1	7.6	
Average all-currency liquidity coverage ratio <sup>6</sup>	138	131		132		133	140	
Net stable funding ratio <sup>7</sup>	109	NA		109		109	NA	
<b>Per share data (\$)</b>								
Per basic and diluted share								
- earnings excluding one-time items	2.01	1.86		2.16		2.16	1.69	
- earnings	2.01	1.85		2.16		2.15	1.69	
- net book value <sup>8</sup>	18.12	17.85		17.56		18.12	17.85	

**Notes:**

- 1 One-time items for full year 2018 include a remeasurement of deferred taxes due to a change in the applicable tax rate arising from the conversion of India Branch to a wholly-owned subsidiary
  - 2 Return on assets, return on equity, ECL Stage 3 (SP) for loans/average loans and per share data are computed on an annualised basis
  - 3 Calculated based on net profit attributable to the shareholders net of dividends on preference shares and other equity instruments. Non-controlling interests, preference shares and other equity instruments are not included as equity in the computation of return on equity
  - 4 Refers to expected credit loss
  - 5 Leverage Ratio is computed based on MAS Notice 637
  - 6 Liquidity Coverage Ratio (LCR) is computed based on MAS Notice 649. For average SGD LCR and other disclosures required under MAS Notice 651, refer to <https://www.dbs.com/investor/index.html>
  - 7 Net stable funding ratio (NSFR) is computed based on MAS Notice 652
  - 8 Non-controlling interests are not included as equity in the computation of net book value per share
- NM Not meaningful  
NA Not applicable

Fourth-quarter net profit rose 8% to \$1.32 billion. Total income increased 6% to \$3.25 billion as loan growth and net interest margin progression were moderated by a decline in Treasury Markets income. Compared to the previous quarter, net profit was 7% lower due to weaker non-interest income. Business momentum over the quarter remained healthy as loans rose 2% in constant-currency terms. The combined income of Consumer Banking/ Wealth Management and Institutional Banking rose 16% from a year ago and 1% from the previous quarter to \$2.95 billion. Treasury Markets income fell substantially against both periods.

Net interest income rose 11% from a year ago and 3% from the previous quarter to \$2.33 billion. Loans increased 6% from a year ago and 2% from the previous quarter in constant-currency terms, led by non-trade corporate loan growth. Net interest margin rose nine basis points from a year ago and one basis point from the previous quarter to 1.87%.

Net fee income was stable from a year ago at \$635 million. Higher card, transaction service and loan-related fees were offset by declines in investment banking, wealth management and brokerage fees. Net fee income was 9% below the previous quarter due to lower wealth management and loan-related fees.

Other non-interest income fell 13% from a year ago to \$280 million due to lower gains on investment securities. It was 31% below the previous quarter due to lower trading income.

Expenses rose 11% from a year ago and was little changed from the previous quarter at \$1.50 billion. Six percentage points of the increase from a year ago was due to the consolidation of ANZ. The underlying cost-income ratio excluding Treasury Markets and ANZ was stable from a year ago.

Profit before allowances was 3% higher than a year ago and 8% below the previous quarter at \$1.74 billion.

Non-performing assets declined 4% from the previous quarter to \$5.68 billion while the NPL rate fell from 1.6% to 1.5%. Total allowances of \$205 million for the fourth quarter brought the full-year amount to \$710 million, with full-year specific allowances at 19 basis points of loans. Allowance coverage was at 98% and at 178% if collateral was considered.

The liquidity coverage ratio was at 138% and the net stable funding ratio was at 109%. The Common Equity Tier 1 ratio was at 13.9% while the leverage ratio was at 7.1%. The ratios were comfortably above regulatory requirements.

Net profit for the full year rose 28% to a record \$5.63 billion. Total income increased 11% to \$13.2 billion. Return on equity rose from 9.7% to 12.1%, the highest in more than a decade.

**QUARTERLY BREAKDOWN**

(\$m)	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Full Year
<b>Net interest income</b>					
2017	1,831	1,888	1,975	2,097	7,791
2018	2,128	2,224	2,273	2,330	8,955
% chg	16	18	15	11	15
<b>Non-interest income</b>					
2017	1,055	1,036	1,084	958	4,133
2018	1,232	979	1,102	915	4,228
% chg	17	(6)	2	(4)	2
<b>Total income</b>					
2017	2,886	2,924	3,059	3,055	11,924
2018	3,360	3,203	3,375	3,245	13,183
% chg	16	10	10	6	11
<b>Expenses</b>					
2017	1,248	1,268	1,257	1,357	5,130
2018	1,398	1,418	1,481	1,501	5,798
% chg	12	12	18	11	13
<b>Allowances for credit and other losses</b>					
2017	200	304	815	225	1,544
2018	164	105	236	205	710
% chg	(18)	(65)	(71)	(9)	(54)
<b>Profit before tax</b>					
2017	1,438	1,352	987	1,473	5,250
2018	1,798	1,680	1,658	1,539	6,675
% chg	25	24	68	4	27
<b>Net profit</b>					
2017	1,210	1,140	822	1,218	4,390
2018	1,521	1,372	1,413	1,319	5,625
% chg	26	20	72	8	28
<b>One-time items</b>					
2017	35	(10)	(20)	(24)	(19)
2018	(10)	(38)	-	-	(48)
% chg	NM	(>100)	NM	NM	(>100)
<b>Net profit including one-time items</b>					
2017	1,245	1,130	802	1,194	4,371
2018	1,511	1,334	1,413	1,319	5,577
% chg	21	18	76	10	28

Note:  
NM Not meaningful

Total income and net profit were higher than the year-ago period for all four quarters. The pace of total income growth slowed over the course of the year, due mainly to weakness in non-interest income.

Net interest income grew by double-digit percentages for all four quarters from sustained net interest margin progression and loan growth.

Non-interest income was stable to lower compared to the year-ago period from the second quarter. Treasury Markets income was weaker and fee income growth from financial market activities slowed or became negative. The exception was the first quarter, when there was a property disposal gain and exuberant market sentiment boosted financial market activities.

Except for the first quarter, expenses grew more quickly than income due either to non-recurring cost items or to weaker Treasury Markets income. The underlying cost-income ratio for the full year excluding Treasury Markets and ANZ was stable.

Total allowances were lower for the four quarters. The difference was most significant in the second and third quarters due to charges for weak oil and gas support service exposures a year ago or to write-backs for these exposures in the current year.

Net profit was higher for every quarter. Net profit for first quarter 2018 was a quarterly record.



**NET INTEREST INCOME**

Average balance sheet	4th Qtr 2018			4th Qtr 2017			3rd Qtr 2018		
	Average balance (\$m)	Interest (\$m)	Average rate (%)	Average balance (\$m)	Interest (\$m)	Average rate (%)	Average balance (\$m)	Interest (\$m)	Average rate (%)
<b>Interest-bearing assets</b>									
Customer non-trade loans	298,307	2,496	3.32	273,787	1,885	2.73	291,353	2,331	3.17
Trade assets	45,961	410	3.54	48,990	323	2.62	48,609	412	3.36
Interbank assets <sup>1</sup>	46,773	209	1.77	48,072	192	1.58	42,205	187	1.76
Securities and others	103,209	675	2.59	95,452	542	2.25	102,593	644	2.49
<b>Total</b>	<b>494,250</b>	<b>3,790</b>	<b>3.04</b>	<b>466,301</b>	<b>2,942</b>	<b>2.50</b>	<b>484,760</b>	<b>3,574</b>	<b>2.93</b>
<b>Interest-bearing liabilities</b>									
Customer deposits	390,871	1,025	1.04	366,065	595	0.64	389,407	954	0.97
Other borrowings	76,479	435	2.26	65,449	250	1.52	67,451	347	2.04
<b>Total</b>	<b>467,350</b>	<b>1,460</b>	<b>1.24</b>	<b>431,514</b>	<b>845</b>	<b>0.78</b>	<b>456,858</b>	<b>1,301</b>	<b>1.13</b>
<b>Net interest income/margin<sup>2</sup></b>		<b>2,330</b>	<b>1.87</b>		<b>2,097</b>	<b>1.78</b>		<b>2,273</b>	<b>1.86</b>

Average balance sheet	Year 2018			Year 2017		
	Average balance (\$m)	Interest (\$m)	Average rate (%)	Average balance (\$m)	Interest (\$m)	Average rate (%)
<b>Interest-bearing assets</b>						
Customer non-trade loans	288,656	8,959	3.10	264,022	7,096	2.69
Trade assets	48,471	1,556	3.21	44,794	1,138	2.54
Interbank assets <sup>1</sup>	45,935	819	1.78	47,261	621	1.31
Securities and others	100,328	2,464	2.46	89,013	1,978	2.22
<b>Total</b>	<b>483,390</b>	<b>13,798</b>	<b>2.85</b>	<b>445,090</b>	<b>10,833</b>	<b>2.43</b>
<b>Interest-bearing liabilities</b>						
Customer deposits	384,140	3,488	0.91	351,713	2,180	0.62
Other borrowings	69,868	1,355	1.94	59,822	862	1.44
<b>Total</b>	<b>454,008</b>	<b>4,843</b>	<b>1.07</b>	<b>411,535</b>	<b>3,042</b>	<b>0.74</b>
<b>Net interest income/margin<sup>2</sup></b>		<b>8,955</b>	<b>1.85</b>		<b>7,791</b>	<b>1.75</b>

Notes:

1 Includes non-restricted balances with central banks.

2 Net interest margin is net interest income expressed as a percentage of average interest-bearing assets.

Net interest income rose 11% from a year ago to \$2.33 billion. Net interest margin increased nine basis points to 1.87% from higher interest rates in Singapore and Hong Kong. Asset volumes were also higher, led by growth in loans and securities.

Compared to the previous quarter, net interest income rose 3% from loan growth and a one-basis point increase in net

interest margin. While higher interest rates in Singapore boosted net interest margin by two basis points, the impact was moderated by a lower net interest margin from Treasury Market activities.

For the full year, net interest income rose 15% to \$8.96 billion from asset growth and a 10-basis point increase in net interest margin to 1.85%.

## DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

<b>Volume and rate analysis (\$m)</b> Increase/(decrease) due to change in	4th Qtr 2018 vs 4th Qtr 2017			4th Qtr 2018 vs 3rd Qtr 2018		
	Volume	Rate	Net change	Volume	Rate	Net change
<b>Interest income</b>						
Customer non-trade loans	169	442	611	55	110	165
Trade assets	(20)	107	87	(22)	20	(2)
Interbank assets	(5)	22	17	21	1	22
Securities and others	44	89	133	4	27	31
<b>Total</b>	<b>188</b>	<b>660</b>	<b>848</b>	<b>58</b>	<b>158</b>	<b>216</b>
<b>Interest expense</b>						
Customer deposits	40	390	430	4	67	71
Other borrowings	42	143	185	47	41	88
<b>Total</b>	<b>82</b>	<b>533</b>	<b>615</b>	<b>51</b>	<b>108</b>	<b>159</b>
<b>Net impact on net interest income</b>	<b>106</b>	<b>127</b>	<b>233</b>	<b>7</b>	<b>50</b>	<b>57</b>
Due to change in number of days			-			-
<b>Net Interest Income</b>			<b>233</b>			<b>57</b>

<b>Volume and rate analysis (\$m)</b> Increase/(decrease) due to change in	Year 2018 vs Year 2017		
	Volume	Rate	Net change
<b>Interest income</b>			
Customer non-trade loans	662	1,201	1,863
Trade assets	93	325	418
Interbank assets	(18)	216	198
Securities and others	252	234	486
<b>Total</b>	<b>989</b>	<b>1,976</b>	<b>2,965</b>
<b>Interest expense</b>			
Customer deposits	201	1,107	1,308
Other borrowings	145	348	493
<b>Total</b>	<b>346</b>	<b>1,455</b>	<b>1,801</b>
<b>Net impact on net interest income</b>	<b>643</b>	<b>521</b>	<b>1,164</b>
Due to change in number of days			-
<b>Net Interest Income</b>			<b>1,164</b>

# DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

## NET FEE AND COMMISSION INCOME

(\$m)	4th Qtr 2018	4th Qtr 2017	% chg	3rd Qtr 2018	% chg	Year 2018	Year 2017	% chg
Brokerage	31	39	(21)	36	(14)	154	154	-
Investment banking	29	66	(56)	22	32	128	216	(41)
Transaction services <sup>1</sup>	169	153	10	162	4	647	618	5
Loan-related	90	77	17	110	(18)	390	409	(5)
Cards <sup>2</sup>	202	151	34	185	9	714	543	31
Wealth management <sup>3</sup>	218	227	(4)	292	(25)	1,141	966	18
Others	17	21	(19)	16	6	73	88	(17)
<b>Fee and commission income</b>	<b>756</b>	734	3	823	(8)	<b>3,247</b>	2,994	8
Less: Fee and commission expense	121	98	23	128	(5)	467	372	26
<b>Total</b>	<b>635</b>	636	-	695	(9)	<b>2,780</b>	2,622	6

Notes:

- 1 Includes trade & remittances, guarantees and deposit-related fees
- 2 Net of interchange fees paid
- 3 Includes fees of \$111 million for 2018 (2017: \$72 million) from sales of treasury products that were previously classified as other non-interest income. The change was applied prospectively from 1 April 2017

Net fee income was stable from a year ago at \$635 million. Card fees increased 34% to \$202 million from higher customer transactions in Singapore and the consolidation of ANZ. Loan-related fees rose 17% from a low base to \$90 million. Transaction services fees grew 10% to \$169 million led by higher cash management fees. These increases were offset by declines in investment banking, wealth management and brokerage due to financial market uncertainty.

Net fee income was 9% below the previous quarter. Declines in wealth management and loan-related fees were partially offset by increases in card and transaction service fees.

For the full year, net fee income rose 6% to \$2.78 billion, led by cards and wealth management.

## OTHER NON-INTEREST INCOME

(\$m)	4th Qtr 2018	4th Qtr 2017	% chg	3rd Qtr 2018	% chg	Year 2018	Year 2017	% chg
Net trading income	229	228	-	354	(35)	1,178	1,058	11
Net income from investment securities <sup>1</sup>	31	107	(71)	48	(35)	131	424	(69)
Net gain on fixed assets	5	-	NM	-	NM	91	1	>100
Others <sup>2</sup> (include rental income and share of profits of associates)	15	(13)	NM	5	>100	48	28	71
<b>Total</b>	<b>280</b>	322	(13)	407	(31)	<b>1,448</b>	1,511	(4)

Notes:

- 1 Net income from investment securities includes gains from disposal of debt and equity securities in 2017. With effect from 2018, only the gains from disposal of debt securities is included
- 2 Excludes one-time item
- NM Not meaningful

Other non-interest income fell 13% from a year ago to \$280 million as net income from investment securities declined 71% to \$31 million. Other non-interest income was 31% lower than the previous quarter due to a fall in trading income as a result of financial market uncertainty during the quarter.

For the full year, other non-interest income fell 4% to \$1.45 billion as a decline in net income from investment securities was partially offset by property disposal gains.

# DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

## EXPENSES<sup>1</sup>

(\$m)	4th Qtr 2018	4th Qtr 2017	% chg	3rd Qtr 2018	% chg	Year 2018	Year 2017	% chg
Staff	804	691	16	813	(1)	3,185	2,805	14
Occupancy	122	109	12	111	10	443	408	9
Computerisation	254	241	5	225	13	937	873	7
Revenue-related	92	84	10	89	3	360	292	23
Others	229	232	(1)	243	(6)	873	752	16
<b>Total</b>	<b>1,501</b>	<b>1,357</b>	<b>11</b>	<b>1,481</b>	<b>1</b>	<b>5,798</b>	<b>5,130</b>	<b>13</b>
Staff headcount at period-end	26,857	24,174	11	26,418	2	26,857	24,174	11
Staff headcount at period-end excluding insourcing staff and staff from ANZ integration <sup>2</sup>	22,147	21,099	5	21,780	2	22,147	21,099	5
Included in the above table was:								
Depreciation of properties and other fixed assets	87	78	12	84	4	331	297	11

Note:

1 Excludes one-time item.

2 Comparatives were restated following a re-alignment of headcount classification for support functions.

Expenses rose 11% from a year ago to \$1.50 billion. increase. For the full year, expenses rose 13% to \$5.80 billion.

The underlying cost-income ratios for the fourth quarter and the full year were stable compared to the year-ago period.

## ALLOWANCES FOR CREDIT AND OTHER LOSSES

(\$m)	4th Qtr 2018	4th Qtr 2017	% chg	3rd Qtr 2018	% chg	Year 2018	Year 2017	% chg
<b>ECL<sup>1</sup> Stage 1 and 2 (GP)<sup>2</sup></b>	<b>(24)</b>	<b>(5)</b>	<b>(&gt;100)</b>	<b>9</b>	<b>NM</b>	<b>(1)</b>	<b>(855)</b>	<b>100</b>
ECL <sup>1</sup> Stage 3 (SP) for loans <sup>3</sup>	218	206	6	179	22	657	2,238	(71)
Singapore	89	55	62	66	35	253	1,570	(84)
Hong Kong	33	45	(27)	17	94	64	231	(72)
Rest of Greater China	49	26	88	3	>100	53	57	(7)
South and Southeast Asia	47	70	(33)	90	(48)	271	370	(27)
Rest of the World	-	10	(100)	3	(100)	16	10	60
ECL <sup>1</sup> Stage 3 (SP) for other credit exposures	11	22	(50)	46	(76)	52	146	(64)
<b>Total ECL<sup>1</sup> Stage 3 (SP)</b>	<b>229</b>	<b>228</b>	<b>-</b>	<b>225</b>	<b>-</b>	<b>709</b>	<b>2,384</b>	<b>(70)</b>
<b>Allowances for other assets</b>	<b>-</b>	<b>2</b>	<b>(100)</b>	<b>2</b>	<b>(100)</b>	<b>2</b>	<b>15</b>	<b>(87)</b>
<b>Total</b>	<b>205</b>	<b>225</b>	<b>(9)</b>	<b>236</b>	<b>(13)</b>	<b>710</b>	<b>1,544</b>	<b>(54)</b>

Notes:

1 Refers to expected credit loss.

2 Excludes one-time item.

3 SP for loans by geography are determined according to the location where the borrower is incorporated.

NM Not Meaningful

Specific allowances of \$229 million were little changed from the previous quarter and a year ago. There was a net general allowance write-back of \$24 million, due mainly to transfers to specific allowances.

For the full year, total allowances of \$710 million were half the previous year, when allowances were taken for weak oil and gas support service exposures.

# DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

## PERFORMANCE BY BUSINESS SEGMENTS

(\$m)	Consumer Banking/ Wealth Management	Institutional Banking	Treasury Markets	Others	Total
<b>Selected income statement items</b>					
<b>4th Qtr 2018</b>					
Net interest income	999	1,100	42	189	2,330
Net fee and commission income	353	279	-	3	635
Other non-interest income	97	118	50	15	280
<b>Total income</b>	<b>1,449</b>	<b>1,497</b>	<b>92</b>	<b>207</b>	<b>3,245</b>
Expenses	806	481	150	64	1,501
Allowances for credit and other losses	54	204	(4)	(49)	205
<b>Profit before tax</b>	<b>589</b>	<b>812</b>	<b>(54)</b>	<b>192</b>	<b>1,539</b>
<b>3rd Qtr 2018</b>					
Net interest income	932	1,068	61	212	2,273
Net fee and commission income	406	287	-	2	695
Other non-interest income	108	129	163	7	407
<b>Total income</b>	<b>1,446</b>	<b>1,484</b>	<b>224</b>	<b>221</b>	<b>3,375</b>
Expenses	792	461	153	75	1,481
Allowances for credit and other losses	69	187	(11)	(9)	236
<b>Profit before tax</b>	<b>585</b>	<b>836</b>	<b>82</b>	<b>155</b>	<b>1,658</b>
<b>4th Qtr 2017<sup>1</sup></b>					
Net interest income	751	935	160	251	2,097
Net fee and commission income	346	274	-	16	636
Other non-interest income	101	122	40	59	322
<b>Total income</b>	<b>1,198</b>	<b>1,331</b>	<b>200</b>	<b>326</b>	<b>3,055</b>
Expenses	703	459	156	39	1,357
Allowances for credit and other losses	40	224	1	(40)	225
<b>Profit before tax</b>	<b>455</b>	<b>648</b>	<b>43</b>	<b>327</b>	<b>1,473</b>
<b>Year 2018<sup>1</sup></b>					
Net interest income	3,596	4,116	319	924	8,955
Net fee and commission income	1,627	1,125	-	28	2,780
Other non-interest income	430	519	353	146	1,448
<b>Total income</b>	<b>5,653</b>	<b>5,760</b>	<b>672</b>	<b>1,098</b>	<b>13,183</b>
Expenses	3,031	1,839	602	326	5,798
Allowances for credit and other losses	228	550	(20)	(48)	710
<b>Profit before tax</b>	<b>2,394</b>	<b>3,371</b>	<b>90</b>	<b>820</b>	<b>6,675</b>
<b>Year 2017<sup>1</sup></b>					
Net interest income	2,843	3,623	563	762	7,791
Net fee and commission income	1,408	1,165	-	49	2,622
Other non-interest income	420	487	293	311	1,511
<b>Total income</b>	<b>4,671</b>	<b>5,275</b>	<b>856</b>	<b>1,122</b>	<b>11,924</b>
Expenses	2,562	1,755	572	241	5,130
Allowances for credit and other losses	161	2,326	1	(944)	1,544
<b>Profit before tax</b>	<b>1,948</b>	<b>1,194</b>	<b>283</b>	<b>1,825</b>	<b>5,250</b>

# DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

(\$m)	Consumer Banking/ Wealth Management	Institutional Banking	Treasury Markets	Others	Total
<b>Selected balance sheet and other items<sup>2</sup></b>					
<b>31 Dec 2018</b>					
Total assets before goodwill and intangibles	115,470	263,125	108,646	58,335	545,576
Goodwill and intangibles					5,175
Total assets					550,751
Total liabilities	212,853	191,287	47,641	49,095	500,876
Capital expenditure for 4th Qtr 2018	40	6	2	172	220
Depreciation for 4th Qtr 2018	10	3	1	73	87
<b>30 Sep 2018</b>					
Total assets before goodwill and Intangibles	115,298	260,053	104,048	56,950	536,349
Goodwill and intangibles					5,175
Total assets					541,524
Total liabilities	214,907	189,435	43,644	45,023	493,009
Capital expenditure for 3rd Qtr 2018	25	5	3	82	115
Depreciation for 3rd Qtr 2018	12	3	1	68	84
<b>31 Dec 2017</b>					
Total assets before goodwill and intangibles	110,718	246,863	103,158	51,807	512,546
Goodwill and intangibles					5,165
Total assets					517,711
Total liabilities	207,485	177,418	40,209	42,797	467,909
Capital expenditure for 4th Qtr 2017	27	4	2	89	122
Depreciation for 4th Qtr 2017	14	3	1	60	78

**Notes:**

- 1 Non-interest income, expenses, allowances for credit and other losses and profit before tax exclude one-time items.
- 2 Refer to sections on Customer Loans and Non-Performing Assets and Loss Allowance Coverage for more information on business segments.

The business segment results are prepared based on the Group's internal management reporting, which reflects its management structure. As the activities of the Group are highly integrated, internal allocations have been made in preparing the segment information. Amounts for each business segment are shown after the allocation of certain centralised costs, funding income and the application of transfer pricing, where appropriate. Transactions between segments are recorded within the segment as if they are third party transactions and are eliminated on consolidation.

The various business segments are described below:

### **Consumer Banking/ Wealth Management**

Consumer Banking/ Wealth Management provides individual customers with a diverse range of banking and related financial services. The products and services available to customers include current and savings accounts, fixed deposits, loans and home finance, cards, payments, investment and insurance products.

Compared to a year ago, profit before tax increased 29% to \$589 million as total income rose 21% to a record of \$1.45 billion. Net interest income grew 33% to \$999 million from higher loan and deposit volumes and an improved net interest margin. Non-interest income was stable at \$450 million. Expenses were 15% higher at \$806 million. Total allowances rose 35% to \$54 million partly due to the consolidation of ANZ.

Compared to the previous quarter, profit before tax rose 1%. Total income was stable. Net interest income increased 7% from higher loan and deposit balances and an improved net interest margin. Non-interest income decreased 12% due to lower investment sales. Expenses rose 2% while total allowances decreased 22% from a general allowance writeback.

For the full year, profit before tax was 23% higher at \$2.39 billion. Total income increased 21% to \$5.65 billion. Net interest income grew 26% to \$3.60 billion from loan and deposit volume growth and a higher net interest margin. Non-interest income rose 13% to \$2.06 billion from higher fees from investment products, bancassurance and cards. Expenses increased 18% to \$3.03 billion. Total allowances

were \$67 million higher at \$228 million due to the consolidation of ANZ.

## Institutional Banking

Institutional Banking provides financial services and products to institutional clients, including bank and nonbank financial institutions, government-linked companies, large corporates and small and medium sized businesses. Products and services comprise the full range of credit facilities from short-term working capital financing to specialised lending. It also provides global transactional services such as cash management, trade finance and securities and fiduciary services; treasury and markets products; corporate finance and advisory banking as well as capital markets solutions.

Compared to a year ago, profit before tax rose 25% to \$812 million. Total income rose 12% to \$1.50 billion due to growth in cash management and loan-related income, moderated by declines in equity capital market activities. Expenses rose 5% to \$481 million, while allowances fell to \$204 million from \$224 million a year ago.

Compared to the previous quarter, profit before tax fell 3%. Total income increased 1% from growth in cash management, moderated by treasury, loan-related and equity capital markets activities. Expenses rose 4% and allowances were \$17 million higher.

For the full year, profit before tax tripled to \$3.37 billion. Total income was 9% higher at \$5.76 billion. Record income in cash management was partially offset by lower loan-related and equity capital market activities. Expenses rose 5% to \$1.84 billion.

## Treasury Markets

Treasury Markets' activities primarily include structuring, market-making and trading across a broad range of treasury products.

There was a pre-tax loss of \$54 million for the fourth quarter. Total income declined 54% from a year ago to \$92 million due to lower contributions from equity and credit activities, partially mitigated by higher contributions from interest rate activities. Expenses were 4% lower at \$150 million due to lower staff related expenses.

Compared to the previous quarter, total income declined 59% due to lower contributions across all products. Expenses fell 2% from lower staff related expenses.

For the full year, profit before tax declined 68% to \$90 million. Total income declined 21% to \$672 million due to lower contributions from interest rate, equity and credit activities, partially mitigated by higher contributions from foreign exchange activities. Expenses rose 5% to \$602 million largely due to higher business-related expenses.

Income from sale of treasury products offered to customers of Consumer Banking/Wealth Management and Institutional Banking is not reflected in the Treasury Markets segment, but in the respective customer segments.

Income from treasury customer activities declined 8% from a year ago to \$257 million due to lower income from sales of equity and fixed income products, which were partially offset by higher income from foreign exchange products. Compared to the previous quarter, income from customer activities declined 15% due to lower sales of interest rate and equity products. For the full year, income rose 4% to \$1.20 billion mainly due to higher income from foreign exchange related sales, partially offset by lower income from fixed income products.

## Others

The Others segment encompasses the results of corporate decisions that are not attributed to business segments. It includes earnings on capital deployed into high quality assets, earnings from non-core asset sales and certain other head office items such as centrally raised allowances. DBS Vickers and the Islamic Bank of Asia are also included in this segment.

# DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

## PERFORMANCE BY GEOGRAPHY

(\$m)	S'pore	Hong Kong	Rest of Greater China	South and South-east Asia	Rest of the World	Total
<b>Selected income statement items</b>						
<b>4th Qtr 2018</b>						
Net interest income	1,469	501	160	134	66	2,330
Net fee and commission income	382	148	41	52	12	635
Other non-interest income	160	49	39	19	13	280
<b>Total income</b>	<b>2,011</b>	<b>698</b>	<b>240</b>	<b>205</b>	<b>91</b>	<b>3,245</b>
Expenses	872	273	177	153	26	1,501
Allowances for credit and other losses	109	31	6	36	23	205
<b>Profit before tax</b>	<b>1,030</b>	<b>394</b>	<b>57</b>	<b>16</b>	<b>42</b>	<b>1,539</b>
Income tax expense	117	65	9	4	16	211
<b>Net profit</b>	<b>904</b>	<b>329</b>	<b>48</b>	<b>12</b>	<b>26</b>	<b>1,319</b>
<b>3rd Qtr 2018</b>						
Net interest income	1,417	487	172	133	64	2,273
Net fee and commission income	430	148	46	53	18	695
Other non-interest income	255	37	84	13	18	407
<b>Total income</b>	<b>2,102</b>	<b>672</b>	<b>302</b>	<b>199</b>	<b>100</b>	<b>3,375</b>
Expenses	818	296	193	146	28	1,481
Allowances for credit and other losses	137	28	31	53	(13)	236
<b>Profit before tax</b>	<b>1,147</b>	<b>348</b>	<b>78</b>	<b>-</b>	<b>85</b>	<b>1,658</b>
Income tax expense	141	55	21	-	19	236
<b>Net profit</b>	<b>997</b>	<b>293</b>	<b>57</b>	<b>-</b>	<b>66</b>	<b>1,413</b>
<b>4th Qtr 2017<sup>1</sup></b>						
Net interest income	1,369	391	158	114	65	2,097
Net fee and commission income	414	147	28	32	15	636
Other non-interest income	197	62	40	19	4	322
<b>Total income</b>	<b>1,980</b>	<b>600</b>	<b>226</b>	<b>165</b>	<b>84</b>	<b>3,055</b>
Expenses	800	256	162	116	23	1,357
Allowances for credit and other losses	39	44	65	66	11	225
<b>Profit before tax</b>	<b>1,141</b>	<b>300</b>	<b>(1)</b>	<b>(17)</b>	<b>50</b>	<b>1,473</b>
Income tax expense	161	53	5	(13)	18	224
<b>Net profit</b>	<b>949</b>	<b>247</b>	<b>(6)</b>	<b>(4)</b>	<b>32</b>	<b>1,218</b>



# DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

(\$m)	S'pore	Hong Kong	Rest of Greater China	South and South-east Asia	Rest of the World	Total
<b>Year 2018<sup>1</sup></b>						
Net interest income	5,664	1,830	675	530	256	8,955
Net fee and commission income	1,722	617	175	206	60	2,780
Other non-interest income	788	294	270	56	40	1,448
<b>Total income</b>	<b>8,174</b>	<b>2,741</b>	<b>1,120</b>	<b>792</b>	<b>356</b>	<b>13,183</b>
Expenses	3,355	1,056	719	562	106	5,798
Allowances for credit and other losses	408	72	44	183	3	710
<b>Profit before tax</b>	<b>4,411</b>	<b>1,613</b>	<b>357</b>	<b>47</b>	<b>247</b>	<b>6,675</b>
Income tax expense	572	251	82	4	65	974
<b>Net profit</b>	<b>3,763</b>	<b>1,362</b>	<b>275</b>	<b>43</b>	<b>182</b>	<b>5,625</b>
<b>Year 2017<sup>1</sup></b>						
Net interest income	5,101	1,439	545	457	249	7,791
Net fee and commission income	1,694	591	139	138	60	2,622
Other non-interest income	1,003	193	171	101	43	1,511
<b>Total income</b>	<b>7,798</b>	<b>2,223</b>	<b>855</b>	<b>696</b>	<b>352</b>	<b>11,924</b>
Expenses	3,026	945	613	447	99	5,130
Allowances for credit and other losses	1,133	80	131	184	16	1,544
<b>Profit before tax</b>	<b>3,639</b>	<b>1,198</b>	<b>111</b>	<b>65</b>	<b>237</b>	<b>5,250</b>
Income tax expense	441	202	29	(9)	64	727
<b>Net profit</b>	<b>3,066</b>	<b>996</b>	<b>82</b>	<b>73</b>	<b>173</b>	<b>4,390</b>
<b>Selected balance sheet items</b>						
<b>31 Dec 2018</b>						
Total assets before goodwill and intangibles	349,941	90,523	51,283	23,612	30,217	545,576
Goodwill and intangibles	5,137	30	-	8	-	5,175
Total assets	355,078	90,553	51,283	23,620	30,217	550,751
Non-current assets <sup>2</sup>	1,633	362	145	144	4	2,288
Gross customer loans	218,513	65,202	30,267	13,361	22,302	349,645
<b>30 Sep 2018</b>						
Total assets before goodwill and intangibles	343,956	92,347	50,096	23,100	26,850	536,349
Goodwill and intangibles	5,136	30	-	9	-	5,175
Total assets	349,092	92,377	50,096	23,109	26,850	541,524
Non-current assets <sup>2</sup>	1,551	328	142	136	4	2,161
Gross customer loans	216,798	65,866	29,913	13,574	18,950	345,101
<b>31 Dec 2017</b>						
Total assets before goodwill and intangibles	335,902	79,361	49,966	19,731	27,586	512,546
Goodwill and intangibles	5,136	29	-	-	-	5,165
Total assets	341,038	79,390	49,966	19,731	27,586	517,711
Non-current assets <sup>2</sup>	1,487	338	118	69	4	2,016
Gross customer loans	211,463	57,987	28,484	11,498	18,337	327,769

**Notes:**

- 1 Non-interest income, expenses, allowances for credit and other losses, profit before tax and tax expense exclude one-time items.
- 2 Includes investments in associates, properties and other fixed assets.

The performance by geography is classified based on the location in which income and assets are recorded. Hong Kong comprises mainly DBS Bank (HK) Limited and DBS HK branch. Rest of Greater China comprises mainly DBS Bank (China) Ltd, DBS Bank (Taiwan) Ltd and DBS Taipei branch. South and Southeast Asia comprises mainly PT Bank DBS Indonesia, DBS India branches and DBS Labuan branch. All results are prepared in accordance with Singapore Financial Reporting Standards (International).

### **Singapore**

Net profit declined 5% from a year ago to \$904 million. Total income grew 2% to \$2.01 billion. Net interest income rose 7% to \$1.47 billion from loan growth and a higher net interest margin. Fee income fell 8% to \$382 million due to a decline in investment banking and brokerage fees. Other non-interest income declined 19% to \$160 million due to lower gains from investment securities. Expenses grew 9% to \$872 million. Allowances rose \$70 million due to higher specific and general allowances.

Compared to the previous quarter, net profit was 9% lower. Total income fell 4%, as a 4% increase in net interest income from loan growth and a higher net interest margin was more than offset by lower non-interest income. Fee income decreased 11% due to lower wealth management, loan-related and brokerage fees. Other non-interest income fell 37% due to lower trading income. Expenses rose 7%. Allowances declined \$28 million due to lower specific allowances.

For the full year, net profit rose 23% to \$3.76 billion as total allowances declined two-thirds to \$408 million. Total income increased 5% to \$8.17 billion from higher net interest margin, loan volumes and wealth management and card fees. These increases were offset by a decline in gains from investment securities. Expenses rose 11% to \$3.36 billion, resulting in a marginal increase in profit before allowances to \$4.82 billion.

### **Hong Kong**

Net profit of \$329 million was 33% more than a year ago. Total income grew 16% to \$698 million. Net interest income rose 28% to \$501 million from loan growth and a 28-basis point increase in net interest margin to 2.06%. Fee income was stable at \$148 million as higher fees from loan-related activities, bancassurance and cash management were offset by declines in wealth management investment product sales, brokerage and investment banking activities. Other non-interest income declined 21% to \$49 million as trading gains fell. Expenses increased 7% to \$273 million. Total allowances fell 30% to \$31 million.

Compared to the previous quarter, net profit was 12% higher. Total income increased 4%. Net interest income rose 3% from an increase in average loans and deposits. Fee income was flat as an increase in loan-

related fees was offset by lower wealth management investment product sales and brokerage income. Other non-interest income grew 32%, mainly due to higher treasury customer income. Expenses declined 8%. Total allowances increased 11% due to an increase in specific allowances.

For the full year, net profit rose 37% to \$1.36 billion. Total income increased 23% to \$2.74 billion. Both were at record highs. Net interest income grew 27% to \$1.83 billion from an 11% growth in loan volumes and a 27-basis point increase in net interest margin to 2.01%. Non-interest income was 16% higher at \$911 million as fees rose 4% to \$617 million and other non-interest income increased 52% to \$294 million. Expenses grew 12% to \$1.06 billion from higher business volumes as well as investments for future growth. Total allowances fell 10% to \$72 million.

### **Rest of Greater China**

Net profit was \$48 million compared to a loss of \$6 million a year ago as allowances declined from \$65 million to \$6 million. Total income rose 6% to \$240 million from higher loan and deposit volumes as well as the consolidation of ANZ, which were partially offset by lower treasury customer income. Expenses increased 9% to \$177 million, resulting in a 2% decline in profit before allowances to \$63 million.

Compared to the previous quarter, net profit was 16% lower as total income declined more than expenses. Total income fell 21% mainly due to lower income from trading and treasury customer sales, while expenses declined 8%. Total allowances fell \$25 million from a general allowance write-back, which more than offset an increase in specific allowances.

For the full year, net profit more than tripled to \$275 million. Total income grew 31% to \$1.12 billion from higher treasury customer sales, an improved net interest margin and the consolidation of ANZ. Expenses increased 17%. Allowances fell two-thirds to \$44 million due to lower specific allowances and a general allowance write-back.

## South and Southeast Asia

South and Southeast Asia recorded a net profit of \$12 million compared to a loss of \$4 million a year ago as total allowances halved to \$36 million due to a decline in specific allowances. Total income rose 24% to \$205 million from higher net interest income and fee income, while expenses increased 32% to \$153 million.

Compared to the previous quarter, profit before allowances was little changed as total income increased as much as expenses. Total allowances fell 32% as specific allowances declined, which resulted in net profit of \$12 million from breakeven.

For the full year, total income rose 14% to \$792 million from a higher net interest margin and growth in card and wealth management income. An increase in net interest income and fee income was partially offset by a decline in treasury customer sales. Expenses rose 26% to \$562 million mainly due to the consolidation of ANZ in Indonesia. Allowances were stable. As total income grew less than expenses, net profit declined 41% to \$43 million.

## Rest of the World

Net profit of \$26 million was 19% lower than a year ago as general allowances increased. Total income grew 8% to \$91 million from higher loan and deposit volumes as well as gains from investment securities, which were partially offset by lower fee income. Expenses grew 13% to \$26 million, resulting in a 7% increase in profit before allowances to \$65 million.

Compared to the previous quarter, net profit was 61% lower mainly due to a total allowance charge of \$23 million compared to a net write-back of \$13 million. Total income fell 9% from lower fee and trading income, partially offset by net interest income growth from higher loan and deposit volumes. As total income declined while expenses were stable, profit before allowances was 10% lower.

For the full year, net profit grew 5% to \$182 million, largely due to a four-fifths decline in allowances to \$3 million from lower general allowances and a specific allowance write-back. Total income increased \$4 million to \$356 million from higher loan and deposit growth, partially offset by lower income from trading and treasury customer sales. Expenses of \$106 million were \$7 million higher than a year ago, resulting in a slight decline in profit before allowances to \$250 million.

# DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

## CUSTOMER LOANS

(\$m)	31 Dec 2018	30 Sep 2018	31 Dec 2017
Gross	349,645	345,101	327,769
Less:			
ECL <sup>1</sup> Stage 3 (SP) <sup>2</sup>	2,440	2,432	2,276
ECL <sup>1</sup> Stage 1 & 2 (GP) <sup>2</sup>	2,202	2,294	2,394
<b>Net total</b>	<b>345,003</b>	<b>340,375</b>	<b>323,099</b>
<b>By business unit</b>			
Consumer Banking/Wealth Management	112,672	112,698	108,847
Institutional Banking	234,467	230,123	216,317
Others	2,506	2,280	2,605
<b>Total (Gross)</b>	<b>349,645</b>	<b>345,101</b>	<b>327,769</b>
<b>By geography<sup>3</sup></b>			
Singapore	163,449	160,978	155,299
Hong Kong	54,333	55,405	51,017
Rest of Greater China	50,925	52,009	53,020
South and Southeast Asia	28,377	29,043	24,474
Rest of the World	52,561	47,666	43,959
<b>Total (Gross)</b>	<b>349,645</b>	<b>345,101</b>	<b>327,769</b>
<b>By industry</b>			
Manufacturing	36,868	35,461	32,636
Building and construction	76,532	73,019	64,520
Housing loans	75,011	74,485	73,293
General commerce	47,470	50,764	51,119
Transportation, storage & communications	30,549	30,474	30,480
Financial institutions, investment & holding companies	25,022	21,506	17,221
Professionals & private individuals (excluding housing loans)	30,590	31,349	29,393
Others	27,603	28,043	29,107
<b>Total (Gross)</b>	<b>349,645</b>	<b>345,101</b>	<b>327,769</b>
<b>By currency</b>			
Singapore dollar	141,838	139,526	134,558
US dollar	110,086	109,460	103,943
Hong Kong dollar	40,898	41,366	38,891
Chinese yuan	12,481	12,166	11,055
Others	44,342	42,583	39,322
<b>Total (Gross)</b>	<b>349,645</b>	<b>345,101</b>	<b>327,769</b>

Notes:

- 1 Refers to expected credit loss.
- 2 2017 balances refer to SP and GP as prescribed by MAS Notice 612, which has modified the requirements of FRS 39. 2018 balances refer to expected credit losses following the transition to SFRS(I) 9.
- 3 Loans by geography are determined according to the location where the borrower, or the issuing bank in the case of bank backed export financing is incorporated.

Gross customer loans rose 2% the previous quarter and 6% from a year ago in constant-currency terms to \$350 billion. The growth over both periods was led by non-trade corporate loans across industries and regions. Trade loans fell during the year due to unattractive pricing, which partially offset the growth in non-trade loans.

Consumer loan growth was muted, particularly in the second half, by Singapore housing cooling measures and by financial market uncertainty.

# DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

## NON-PERFORMING ASSETS AND LOSS ALLOWANCE COVERAGE

	31 Dec 2018			30 Sep 2018			31 Dec 2017		
	NPA (\$m)	NPL (% of loans)	SP <sup>4</sup> (\$m)	NPA (\$m)	NPL (% of loans)	SP <sup>4</sup> (\$m)	NPA (\$m)	NPL (% of loans)	SP <sup>4</sup> (\$m)
<b>By business unit</b>									
Consumer Banking/ Wealth Management	678	0.6	140	687	0.6	139	676	0.6	130
Institutional Banking and Others	4,573	1.9	2,300	4,681	2.0	2,293	4,841	2.2	2,146
Total non-performing loans (NPL)	5,251	1.5	2,440	5,368	1.6	2,432	5,517	1.7	2,276
Debt securities, contingent liabilities & others	433	-	172	534	-	167	553	-	243
Total non-performing assets (NPA)	5,684	-	2,612	5,902	-	2,599	6,070	-	2,519
<b>By geography<sup>1</sup></b>									
Singapore	3,335	2.0	1,488	3,375	2.1	1,481	3,191	2.1	1,322
Hong Kong	511	0.9	258	540	1.0	271	625	1.2	279
Rest of Greater China	411	0.8	130	387	0.7	116	436	0.8	131
South and Southeast Asia	908	3.2	521	976	3.4	520	1,078	4.4	489
Rest of the World	86	0.2	43	90	0.2	44	187	0.4	55
Total non-performing loans (NPL)	5,251	1.5	2,440	5,368	1.6	2,432	5,517	1.7	2,276
Debt securities, contingent liabilities & others	433	-	172	534	-	167	553	-	243
Total non-performing assets (NPA)	5,684	-	2,612	5,902	-	2,599	6,070	-	2,519
<b>Loss Allowance Coverage</b>									
ECL <sup>2</sup> Stage 3 (SP)			2,612			2,599			2,519
ECL <sup>2</sup> Stage 1 and 2 (GP)			2,569			2,592			2,620
Total allowances			5,181			5,191			5,139
(Total allowances+RLAR) / NPA <sup>3</sup>			98%			93%			85%
(Total allowances+RLAR) / unsecured NPA <sup>3</sup>			178%			174%			173%

Notes:

- 1 NPLs by geography are determined according to the location where the borrower is incorporated.
- 2 Refers to expected credit loss.
- 3 Computation for 2018 includes regulatory loss allowance reserves (RLAR) of \$376 million for 31 Dec'18 (30 Sep'18: \$311 million) as part of total allowances.
- 4 Refers to Expected Credit Loss Stage 3.

## DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

(\$m)	31 Dec 2018		30 Sep 2018		31 Dec 2017	
	NPA	SP <sup>1</sup>	NPA	SP <sup>1</sup>	NPA	SP <sup>1</sup>
<b>By industry</b>						
Manufacturing	572	302	614	308	817	358
Building and construction	248	127	249	138	229	96
Housing loans	182	10	180	8	167	7
General commerce	645	268	639	258	623	231
Transportation, storage & communications	2,869	1,506	2,944	1,498	2,824	1,350
Financial institutions, investment & holding companies	48	18	50	17	66	22
Professionals & private individuals (excluding housing loans)	504	129	506	129	491	121
Others	183	80	186	76	300	91
Total non-performing loans	5,251	2,440	5,368	2,432	5,517	2,276
Debt securities, contingent liabilities & others	433	172	534	167	553	243
<b>Total non-performing assets</b>	<b>5,684</b>	<b>2,612</b>	<b>5,902</b>	<b>2,599</b>	<b>6,070</b>	<b>2,519</b>

(\$m)	31 Dec 2018		30 Sep 2018		31 Dec 2017	
	NPA	SP <sup>1</sup>	NPA	SP <sup>1</sup>	NPA	SP <sup>1</sup>
<b>By loan grading</b>						
<b>Non-performing assets</b>						
Substandard	3,010	400	3,214	384	3,561	397
Doubtful	1,166	704	1,279	806	1,216	829
Loss	1,508	1,508	1,409	1,409	1,293	1,293
<b>Total</b>	<b>5,684</b>	<b>2,612</b>	<b>5,902</b>	<b>2,599</b>	<b>6,070</b>	<b>2,519</b>
<b>Of which: restructured assets</b>						
Substandard	744	105	740	97	545	76
Doubtful	302	126	400	208	256	182
Loss	510	510	516	516	47	47
<b>Total</b>	<b>1,556</b>	<b>741</b>	<b>1,656</b>	<b>821</b>	<b>848</b>	<b>305</b>

(\$m)	31 Dec 2018	30 Sep 2018	31 Dec 2017
	NPA	NPA	NPA
<b>By collateral type</b>			
Unsecured non-performing assets	3,127	3,166	2,978
Secured non-performing assets by collateral type			
Properties	799	802	959
Shares and debentures	185	196	224
Cash deposits	22	173	33
Others	1,551	1,565	1,876
<b>Total</b>	<b>5,684</b>	<b>5,902</b>	<b>6,070</b>

Note:

1 Refers to Expected Credit Loss Stage 3.

## DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

(\$m)	31 Dec 2018 NPA	30 Sep 2018 NPA	31 Dec 2017 NPA
<b>By period overdue</b>			
Not overdue	1,271	1,416	1,448
Within 90 days	432	461	865
Over 90 to 180 days	436	310	1,097
Over 180 days	3,545	3,715	2,660
<b>Total</b>	<b>5,684</b>	<b>5,902</b>	<b>6,070</b>

Non-performing assets fell 4% from the previous quarter to \$5.68 billion. New non-performing loan formation was in line with recent periods.

The reduction in non-performing assets resulted in an increase in allowance coverage to 98% from 93% in the previous quarter. Allowance coverage was 178% when collateral was taken into account.

**CUSTOMER DEPOSITS**

(\$m)	31 Dec 2018	30 Sep 2018	31 Dec 2017
<b>By currency and product</b>			
Singapore dollar	158,778	156,764	156,893
Fixed deposits	17,031	15,125	15,153
Savings accounts	114,952	116,806	114,865
Current accounts	26,686	24,664	26,710
Others	109	169	165
US dollar	138,153	133,402	128,586
Fixed deposits	84,915	81,515	72,327
Savings accounts	21,280	20,656	20,671
Current accounts	30,006	29,427	34,072
Others	1,952	1,804	1,516
Hong Kong dollar	37,054	38,306	35,208
Fixed deposits	18,163	16,344	14,870
Savings accounts	8,368	9,480	9,505
Current accounts	10,345	12,100	10,272
Others	178	382	561
Chinese yuan	13,073	11,887	11,402
Fixed deposits	7,539	7,675	7,029
Savings accounts	1,134	955	1,056
Current accounts	3,458	2,345	2,699
Others	942	912	618
Others	46,727	47,936	41,545
Fixed deposits	31,401	33,849	28,317
Savings accounts	7,709	7,441	6,640
Current accounts	6,645	6,342	6,390
Others	972	304	198
<b>Total</b>	<b>393,785</b>	<b>388,295</b>	<b>373,634</b>
Fixed deposits	159,049	154,508	137,696
Savings accounts	153,443	155,338	152,737
Current accounts	77,140	74,878	80,143
Others	4,153	3,571	3,058

Customer deposits rose 2% from the previous quarter and 5% from a year ago in constant-currency terms to \$394

billion, with fixed deposits accounting for the increase in line with industry trends.

**DEBTS ISSUED**

(\$m)	31 Dec 2018	30 Sep 2018	31 Dec 2017
Subordinated term debts <sup>1</sup>	3,599	3,619	1,138
Senior medium term notes <sup>1</sup>	11,577	9,947	8,197
Commercial papers <sup>1</sup>	16,986	15,617	17,696
Negotiable certificates of deposit <sup>1</sup>	4,147	3,544	3,793
Other debt securities <sup>1</sup>	7,734	8,495	6,002
Covered bonds <sup>2</sup>	5,268	3,589	5,028
<b>Total</b>	<b>49,311</b>	<b>44,811</b>	<b>41,854</b>
Due within 1 year	31,870	28,299	27,851
Due after 1 year	17,441	16,512	14,003
<b>Total</b>	<b>49,311</b>	<b>44,811</b>	<b>41,854</b>

Notes:

1 Unsecured

2 Secured



**CAPITAL ADEQUACY**

(\$m)	31 Dec 2018	30 Sep 2018	31 Dec 2017
Share capital	11,205	11,205	11,205
Disclosed reserves and others	34,658	33,354	34,455
Total regulatory adjustments to Common Equity Tier 1 capital	(5,622)	(5,468)	(4,490)
Common Equity Tier 1 capital	40,241	39,091	41,170
Additional Tier 1 capital instruments <sup>1</sup>	3,394	3,417	3,375
Total regulatory adjustments to Additional Tier 1 capital	-	-	(1,120)
Tier 1 capital	43,635	42,508	43,425
Total allowances eligible as Tier 2 capital	1,605	1,606	961
Tier 2 capital instruments <sup>1</sup>	3,628	3,648	1,212
Total capital	48,868	47,762	45,598
<b>Risk-Weighted Assets ("RWA")</b>			
Credit RWA	242,526	243,779	229,238
Market RWA	26,170	30,313	38,670
Operational RWA	20,940	20,675	19,681
Total RWA	289,636	294,767	287,589
<b>Capital Adequacy Ratio ("CAR") (%)</b>			
Basel III fully phased-in Common Equity Tier 1 <sup>2</sup>	13.9	13.3	13.9
Common Equity Tier 1	13.9	13.3	14.3
Tier 1	15.1	14.4	15.1
Total	16.9	16.2	15.9
<b>Minimum CAR including Buffer Requirements (%)<sup>3</sup></b>			
Common Equity Tier 1	8.7	8.7	8.0
Effective Tier 1	10.2	10.2	9.5
Effective Total	12.2	12.2	11.5
<b>Of which: Buffer Requirements (%)</b>			
Capital Conservation Buffer	1.875	1.875	1.25
Countercyclical Capital Buffer	0.3	0.3	0.2

**Notes:**

- As part of the Basel III transition arrangements, regulatory capital recognition of outstanding Additional Tier 1 and Tier 2 capital instruments that no longer meet the minimum criteria is gradually being phased out. Fixing the base at the nominal amount of such instruments outstanding on 1 January 2013, their recognition was capped at 90% in 2013, with this cap decreasing by 10 percentage points in each subsequent year. To the extent a capital instrument is redeemed or amortised after 1 January 2013, the nominal amount serving as the base is not reduced.
- Calculated by dividing Common Equity Tier 1 capital after all regulatory adjustments (e.g., for goodwill) applicable from 1 January 2018 by RWA as at each reporting date. The transition period for regulatory adjustments ended on 1 January 2018, which means the disclosed CET1 ratio will henceforth be the same as the fully phased-in ratios.
- Includes minimum Common Equity Tier 1, Tier 1 and Total CAR of 6.5%, 8.0% and 10.0% respectively.

Compared to the previous quarter, capital adequacy ratios improved with net profit accretion as well as lower credit and market risk-weighted assets. The Group's leverage ratio stood at 7.1%, well above the 3% minimum requirement.

### PILLAR 3, LIQUIDITY COVERAGE RATIO AND NET STABLE FUNDING RATIO DISCLOSURES

The Group's combined Pillar 3, Liquidity Coverage Ratio and Net Stable Funding Ratio disclosures document and Main Features of Capital Instruments document are published in the Investor Relations section of the Group's website (<http://www.dbs.com/investor/index.html>) and (<https://www.dbs.com/investor/capital-disclosures.html>) respectively. These disclosures are pursuant to MAS's Notices to Banks No. 637 "Notice on Risk Based Capital Adequacy Requirements for Banks incorporated in Singapore", No. 651 "Liquidity Coverage Ratio ("LCR") Disclosure" and No. 653 "Net Stable Funding Ratio ("NSFR") Disclosure".

### UNREALISED PROPERTY VALUATION SURPLUS

The unrealised property valuation surplus as at 31 December 2018 was approximately \$1,678 million.

# DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

## AUDITED CONSOLIDATED INCOME STATEMENT

In \$ millions	4th Qtr 2018 <sup>1</sup>	4th Qtr 2017 <sup>1</sup>	+/(-) %	3rd Qtr 2018 <sup>1</sup>	+/(-) %	Year 2018	Year 2017	+/(-) %
<b>Income</b>								
Interest income	3,790	2,942	29	3,574	6	13,798	10,833	27
Interest expense	1,460	845	73	1,301	12	4,843	3,042	59
<b>Net interest income</b>	<b>2,330</b>	<b>2,097</b>	<b>11</b>	<b>2,273</b>	<b>3</b>	<b>8,955</b>	<b>7,791</b>	<b>15</b>
Net fee and commission income	635	636	-	695	(9)	2,780	2,622	6
Net trading income	229	228	-	354	(35)	1,178	1,058	11
Net income from investment securities	31	107	(71)	48	(35)	131	424	(69)
Other income	20	(13)	NM	5	>100	139	379	(63)
<b>Non-interest income</b>	<b>915</b>	<b>958</b>	<b>(4)</b>	<b>1,102</b>	<b>(17)</b>	<b>4,228</b>	<b>4,483</b>	<b>(6)</b>
<b>Total income</b>	<b>3,245</b>	<b>3,055</b>	<b>6</b>	<b>3,375</b>	<b>(4)</b>	<b>13,183</b>	<b>12,274</b>	<b>7</b>
Employee benefits	804	694	16	813	(1)	3,188	2,825	13
Other expenses	697	693	1	668	4	2,626	2,380	10
<b>Total expenses</b>	<b>1,501</b>	<b>1,387</b>	<b>8</b>	<b>1,481</b>	<b>1</b>	<b>5,814</b>	<b>5,205</b>	<b>12</b>
<b>Profit before allowances</b>	<b>1,744</b>	<b>1,668</b>	<b>5</b>	<b>1,894</b>	<b>(8)</b>	<b>7,369</b>	<b>7,069</b>	<b>4</b>
Allowances for credit and other losses	205	225	(9)	236	(13)	710	1,894	(63)
<b>Profit before tax</b>	<b>1,539</b>	<b>1,443</b>	<b>7</b>	<b>1,658</b>	<b>(7)</b>	<b>6,659</b>	<b>5,175</b>	<b>29</b>
Income tax expense	211	218	(3)	236	(11)	1,006	671	50
<b>Net profit</b>	<b>1,328</b>	<b>1,225</b>	<b>8</b>	<b>1,422</b>	<b>(7)</b>	<b>5,653</b>	<b>4,504</b>	<b>26</b>
Attributable to:								
<b>Shareholders</b>	<b>1,319</b>	<b>1,194</b>	<b>10</b>	<b>1,413</b>	<b>(7)</b>	<b>5,577</b>	<b>4,371</b>	<b>28</b>
Non-controlling interests	9	31	(71)	9	-	76	133	(43)
	<b>1,328</b>	<b>1,225</b>	<b>8</b>	<b>1,422</b>	<b>(7)</b>	<b>5,653</b>	<b>4,504</b>	<b>26</b>

Note:

1 Unaudited

# DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

## AUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

In \$ millions	4th Qtr 2018 <sup>2</sup>	4th Qtr 2017 <sup>2</sup>	+ /(-) %	3rd Qtr 2018 <sup>2</sup>	+ /(-) %	Year 2018	Year 2017	+ /(-) %
<b>Net profit</b>	<b>1,328</b>	1,225	8	1,422	(7)	<b>5,653</b>	4,504	26
<b>Other comprehensive income</b>								
<b>Items that may be reclassified subsequently to income statement:</b>								
Translation differences for foreign operations	<b>(37)</b>	19	NM	(113)	67	<b>(94)</b>	(178)	47
Other comprehensive income of associates	<b>1</b>	1	-	-	NM	<b>3</b>	(4)	NM
Gains (losses) on debt instruments classified at fair value through other comprehensive income <sup>1</sup> / available-for-sale financial assets and others								
Net valuation taken to equity	<b>240</b>	(48)	NM	(2)	NM	<b>(105)</b>	391	NM
Transferred to income statement	<b>(43)</b>	(109)	61	(68)	37	<b>(151)</b>	(365)	59
Taxation relating to components of other comprehensive income	<b>(19)</b>	13	NM	-	NM	<b>16</b>	4	>100
<b>Items that will not be reclassified to income statement:</b>								
Gains (losses) on equity instruments classified at fair value through other comprehensive income (net of tax) <sup>1</sup>	<b>(96)</b>	-	NM	(18)	(>100)	<b>(154)</b>	-	NM
Fair value change from own credit risk on financial liabilities designated at fair value (net of tax)	<b>71</b>	(7)	NM	5	>100	<b>111</b>	(109)	NM
<b>Other comprehensive income, net of tax</b>	<b>117</b>	(131)	NM	(196)	NM	<b>(374)</b>	(261)	(43)
<b>Total comprehensive income</b>	<b>1,445</b>	1,094	32	1,226	18	<b>5,279</b>	4,243	24
Attributable to:								
<b>Shareholders</b>	<b>1,435</b>	1,065	35	1,217	18	<b>5,201</b>	4,114	26
Non-controlling interests	<b>10</b>	29	(66)	9	11	<b>78</b>	129	(40)
	<b>1,445</b>	1,094	32	1,226	18	<b>5,279</b>	4,243	24

Notes:

1 Arising from the adoption of SFRS(I) 9 on 1 Jan 2018, realised gains or losses on equity instruments classified as "Fair Value through Other Comprehensive Income" is not reclassified to the income statement. Previously, FRS 39 required realised gains or losses on available-for-sale equity instruments to be reclassified to the income statement.

2 Unaudited

NM Not Meaningful

# DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

## AUDITED BALANCE SHEETS<sup>1</sup>

In \$ millions	The Group			The Company		
	31 Dec 2018	30 Sep 2018 <sup>2</sup>	31 Dec 2017	31 Dec 2018	30 Sep 2018 <sup>2</sup>	31 Dec 2017
<b>Assets</b>						
Cash and balances with central banks	22,185	20,096	26,463			
Government securities and treasury bills	47,278	49,934	39,753			
Due from banks	40,178	34,302	35,975	24	36	13
Derivatives	17,029	18,760	17,585	54	29	36
Bank and corporate securities	58,197	55,533	55,589			
Loans and advances to customers	345,003	340,375	323,099			
Other assets	13,418	15,188	12,066	5	7	2
Associates	838	835	783			
Subsidiaries	-	-	-	28,153	28,269	24,357
Properties and other fixed assets	1,450	1,326	1,233			
Goodwill and intangibles	5,175	5,175	5,165			
<b>Total assets</b>	<b>550,751</b>	<b>541,524</b>	<b>517,711</b>	<b>28,236</b>	<b>28,341</b>	<b>24,408</b>
<b>Liabilities</b>						
Due to banks	22,648	20,888	17,803			
Deposits and balances from customers	393,785	388,295	373,634			
Derivatives	16,692	18,344	18,003	18	34	28
Other liabilities	18,440	20,671	16,615	100	118	66
Other debt securities	45,712	41,192	40,716	4,141	4,140	4,078
Subordinated term debts	3,599	3,619	1,138	3,599	3,619	630
<b>Total liabilities</b>	<b>500,876</b>	<b>493,009</b>	<b>467,909</b>	<b>7,858</b>	<b>7,911</b>	<b>4,802</b>
<b>Net assets</b>	<b>49,875</b>	<b>48,515</b>	<b>49,802</b>	<b>20,378</b>	<b>20,430</b>	<b>19,606</b>
<b>Equity</b>						
Share capital	10,898	10,974	11,082	10,900	10,976	11,092
Other equity instruments	2,812	2,812	1,812	2,812	2,812	1,812
Other reserves	3,701	3,606	4,256	180	127	170
Revenue reserves	31,634	30,284	30,308	6,486	6,515	6,532
<b>Shareholders' funds</b>	<b>49,045</b>	<b>47,676</b>	<b>47,458</b>	<b>20,378</b>	<b>20,430</b>	<b>19,606</b>
Non-controlling interests	830	839	2,344			
<b>Total equity</b>	<b>49,875</b>	<b>48,515</b>	<b>49,802</b>	<b>20,378</b>	<b>20,430</b>	<b>19,606</b>
<b>Other Information</b>						
Net book value per share (\$)						
(i) Basic and diluted	18.12	17.56	17.85	6.88	6.90	6.96

### Notes:

1 The Group's and the Company's SFRS(I) opening balance sheets on 1 January 2017 are not presented above as there were no material changes from the transition of FRS to SFRS(I).

2 Unaudited

# DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

## AUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2018

The Group	Attributable to shareholders of the Company						
In \$ millions	Share Capital	Other equity instruments	Other reserves	Revenue reserves	Total Shareholders' funds	Non- controlling interests	Total equity
<b>Balance at 1 January 2018</b>	11,082	1,812	4,256	30,308	47,458	2,344	49,802
Impact of adopting SFRS(I) 9 on 1 January 2018			(86)	95	9		9
<b>Balance at 1 January 2018 after adoption of SFRS(I) 9</b>	11,082	1,812	4,170	30,403	47,467	2,344	49,811
Purchase of treasury shares	(303)				(303)		(303)
Draw-down of reserves upon vesting of performance shares	119		(119)		-		-
Issue of perpetual capital securities		1,000			1,000		1,000
Cost of share-based payments			112		112		112
Dividends paid to shareholders <sup>1</sup>				(4,432)	(4,432)		(4,432)
Dividends paid to non-controlling interests					-	(85)	(85)
Change in non-controlling interests					-	(7)	(7)
Redemption of preference shares issued by a subsidiary					-	(1,500)	(1,500)
Total comprehensive income			(462)	5,663	5,201	78	5,279
<b>Balance at 31 December 2018</b>	10,898	2,812	3,701	31,634	49,045	830	49,875
<b>Balance at 1 January 2017</b>	10,670	1,812	4,322	27,805	44,609	2,361	46,970
Draw-down of reserves upon vesting of performance shares	106		(106)		-		-
Issue of shares pursuant to Scrip Dividend Scheme	306				306		306
Cost of share-based payments			110		110		110
Transfers			78	(78)	-		-
Dividends paid to shareholders <sup>1</sup>				(1,681)	(1,681)		(1,681)
Dividends paid to non-controlling interests					-	(123)	(123)
Change in non-controlling interests					-	(23)	(23)
Total comprehensive income			(148)	4,262	4,114	129	4,243
<b>Balance at 31 December 2017</b>	11,082	1,812	4,256	30,308	47,458	2,344	49,802

Note:

<sup>1</sup> Includes distributions of \$74 million paid on capital securities classified as equity (2017: \$75 million)

## DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

### UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE THREE MONTHS ENDED 31 December 2018

The Group	Attributable to shareholders of the Company						
In \$ millions	Share Capital	Other equity instruments	Other reserves	Revenue reserves	Total Shareholders' funds	Non- controlling interests	Total equity
<b>Balance at 1 October 2018</b>	10,974	2,812	3,606	30,284	47,676	839	48,515
Purchase of treasury shares	(76)				(76)		(76)
Cost of share-based payments			29		29		29
Dividends paid to shareholders <sup>1</sup>				(19)	(19)		(19)
Dividends paid to non-controlling interests					-	(19)	(19)
Total comprehensive income			66	1,369	1,435	10	1,445
<b>Balance at 31 December 2018</b>	<b>10,898</b>	<b>2,812</b>	<b>3,701</b>	<b>31,634</b>	<b>49,045</b>	<b>830</b>	<b>49,875</b>
<b>Balance at 1 October 2017</b>	11,082	1,812	4,351	29,140	46,385	2,376	48,761
Cost of share-based payments			27		27		27
Dividends paid to shareholders <sup>1</sup>				(19)	(19)		(19)
Dividends paid to non-controlling interests					-	(61)	(61)
Total comprehensive income			(122)	1,187	1,065	29	1,094
<b>Balance at 31 December 2017</b>	<b>11,082</b>	<b>1,812</b>	<b>4,256</b>	<b>30,308</b>	<b>47,458</b>	<b>2,344</b>	<b>49,802</b>

Note:

<sup>1</sup> Includes distributions of \$19 million paid on capital securities classified as equity (4<sup>th</sup> Qtr 2017: \$19 million)

## DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

### AUDITED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2018

#### The Company

In \$ millions	Share capital	Other equity instruments	Other reserves	Revenue reserves	Total equity
<b>Balance at 1 January 2018</b>	<b>11,092</b>	<b>1,812</b>	<b>170</b>	<b>6,532</b>	<b>19,606</b>
Purchase of treasury shares	(303)				(303)
Transfer of treasury shares	111				111
Draw-down of reserves upon vesting of performance shares			(119)		(119)
Issue of perpetual capital securities		1,000			1,000
Cost of share-based payments			112		112
Dividends paid to shareholders <sup>1</sup>				(4,432)	(4,432)
Total comprehensive income			17	4,386	4,403
<b>Balance at 31 December 2018</b>	<b>10,900</b>	<b>2,812</b>	<b>180</b>	<b>6,486</b>	<b>20,378</b>
<b>Balance at 1 January 2017</b>	<b>10,690</b>	<b>1,812</b>	<b>168</b>	<b>6,545</b>	<b>19,215</b>
Transfer of treasury shares	96				96
Draw-down of reserves upon vesting of performance shares			(106)		(106)
Issue of shares pursuant to Scrip Dividend Scheme	306				306
Cost of share-based payments			110		110
Dividends paid to shareholders <sup>1</sup>				(1,681)	(1,681)
Total comprehensive income			(2)	1,668	1,666
<b>Balance at 31 December 2017</b>	<b>11,092</b>	<b>1,812</b>	<b>170</b>	<b>6,532</b>	<b>19,606</b>

Note:

1 Includes distributions of \$74 million paid on capital securities classified as equity (2017: \$75 million)



## DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

### UNAUDITED STATEMENT OF CHANGES IN EQUITY FOR THE THREE MONTHS ENDED 31 DECEMBER 2018

#### The Company

In \$ millions	Share capital	Other equity instruments	Other reserves	Revenue reserves	Total equity
<b>Balance at 1 October 2018</b>	<b>10,976</b>	<b>2,812</b>	<b>127</b>	<b>6,515</b>	<b>20,430</b>
Purchase of treasury shares	(76)				(76)
Cost of share-based payments			29		29
Dividends paid to shareholders <sup>1</sup>				(19)	(19)
Total comprehensive income			24	(10)	14
<b>Balance at 31 December 2018</b>	<b>10,900</b>	<b>2,812</b>	<b>180</b>	<b>6,486</b>	<b>20,378</b>
<b>Balance at 1 October 2017</b>	<b>11,092</b>	<b>1,812</b>	<b>143</b>	<b>6,549</b>	<b>19,596</b>
Cost of share-based payments			27		27
Dividends paid to shareholders <sup>1</sup>				(19)	(19)
Total comprehensive income				2	2
<b>Balance at 31 December 2017</b>	<b>11,092</b>	<b>1,812</b>	<b>170</b>	<b>6,532</b>	<b>19,606</b>

Note:

1 Includes distributions of \$19 million paid on capital securities classified as equity (4<sup>th</sup> Qtr 2017: \$19 million)

# DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

## AUDITED CONSOLIDATED CASH FLOW STATEMENT

In \$ millions	Year 2018	Year 2017	4th Qtr 2018 <sup>3</sup>	4th Qtr 2017 <sup>3</sup>
<b>Cash flows from operating activities</b>				
Profit before tax	6,659	5,175	1,539	1,443
<b>Adjustments for non-cash and other items:</b>				
Allowances for credit and other losses	710	1,894	205	225
Depreciation of properties and other fixed assets	331	297	87	78
Share of profits or losses of associates	(29)	(11)	(10)	12
Net (gain)/ loss on disposal, net of write-off of properties and other fixed assets	(86)	18	(2)	14
Net gain on investment of subsidiary	-	(350)	-	-
Net loss on disposal of interest in associate	-	7	-	7
Net income from investment securities	(131)	(424)	(31)	(107)
Cost of share-based payments	112	110	29	27
Interest expense on subordinated term debts	47	62	15	8
Profit before changes in operating assets & liabilities	7,613	6,778	1,832	1,707
<b>Increase/(Decrease) in:</b>				
Due to banks	5,037	1,993	1,708	(5,211)
Deposits and balances from customers	19,598	18,121	5,988	10,640
Other liabilities	1,498	(2,118)	(3,821)	(2,041)
Other debt securities and borrowings	5,351	13,019	4,692	5,284
<b>(Increase)/Decrease in:</b>				
Restricted balances with central banks	(276)	(1,118)	89	(531)
Government securities and treasury bills	(7,878)	(6,700)	2,810	3,884
Due from banks	(4,488)	(6,153)	(5,866)	(2,969)
Bank and corporate securities	(2,817)	(10,394)	(2,747)	(2,322)
Loans and advances to customers	(22,854)	(19,685)	(5,383)	(7,772)
Other assets	(1,176)	3,844	3,639	(765)
Tax paid	(891)	(709)	(375)	(224)
<b>Net cash (used in)/ generated from operating activities (1)</b>	<b>(1,283)</b>	<b>(3,122)</b>	<b>2,566</b>	<b>(320)</b>
<b>Cash flows from investing activities</b>				
Dividends from associates	25	38	5	9
Proceeds from disposal of interest in associate	11	74	3	72
Acquisition of interest in associate	(69)	-	-	-
Proceeds from disposal of properties and other fixed assets	105	1	6	-
Purchase of properties and other fixed assets	(533)	(360)	(220)	(122)
Proceeds from divestment of subsidiary	-	735	-	-
Proceeds from acquisition of business	262	4,783	-	(429)
Change in non-controlling interests	(7)	(23)	-	-
<b>Net cash (used in)/ generated from investing activities (2)</b>	<b>(206)</b>	<b>5,248</b>	<b>(206)</b>	<b>(470)</b>
<b>Cash flows from financing activities</b>				
Issue of perpetual capital securities	1,000	-	-	-
Issue of subordinated term debts	3,013	-	-	-
Interest paid on subordinated term debts	(56)	(74)	(32)	(1)
Redemption/purchase of subordinated term debts	(508)	(1,897)	-	-
Redemption of preference shares issued by a subsidiary	(1,500)	-	-	-
Purchase of treasury shares	(303)	-	(76)	-
Dividends paid to non-controlling interests	(85)	(123)	(19)	(61)
Dividends paid to shareholders of the Company, net of scrip dividends <sup>1</sup>	(4,432)	(1,375)	(19)	(19)
<b>Net cash used in financing activities (3)</b>	<b>(2,871)</b>	<b>(3,469)</b>	<b>(146)</b>	<b>(81)</b>
Exchange translation adjustments (4)	(109)	(96)	(53)	(14)
<b>Net change in cash and cash equivalents<sup>2</sup> (1)+(2)+(3)+(4)</b>	<b>(4,469)</b>	<b>(1,439)</b>	<b>2,161</b>	<b>(885)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>18,693</b>	<b>20,132</b>	<b>12,060</b>	<b>19,578</b>
<b>Impact of adopting SFRS(I) 9 on 1 January 2018</b>	<b>(3)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cash and cash equivalents at end of period</b>	<b>14,221</b>	<b>18,693</b>	<b>14,221</b>	<b>18,693</b>

Notes:

1 Includes distributions paid on capital securities classified as equity

2 Cash and cash equivalents refer to cash and non-restricted balances with central banks

3 Unaudited

**OTHER FINANCIAL INFORMATION**

**1. Off-balance Sheet Items**

<b>In \$ millions</b>	<b>31 Dec 2018</b>	<b>30 Sep 2018</b>	<b>31 Dec 2017</b>
Contingent liabilities	<b>24,603</b>	26,001	20,819
Commitments <sup>1</sup>	<b>273,246</b>	268,919	245,264
Financial Derivatives	<b>2,063,378</b>	2,141,200	1,975,967

Note:

1 Includes commitments that are unconditionally cancellable at any time of \$230,291 million (Sep'18: \$223,019 million, Dec'17: \$204,338 million).

**ADDITIONAL INFORMATION**
**SHARE CAPITAL**

(a) The movement in the number of issued and fully paid-up ordinary shares is as follows:

<b>Number of shares</b>	<b>Year 2018</b>	<b>Year 2017</b>	<b>4th Qtr 2018</b>	<b>4th Qtr 2017</b>
<b>Issued Ordinary shares</b>				
Balance at beginning of period	<b>2,563,936,434</b>	2,548,962,085	<b>2,563,936,434</b>	2,563,936,434
Shares issued pursuant to Scrip Dividend Scheme	-	14,974,349	-	-
Balance at end of period	<b>2,563,936,434</b>	2,563,936,434	<b>2,563,936,434</b>	2,563,936,434
<b>Treasury shares</b>				
Balance at beginning of period	<b>(6,303,700)</b>	(11,727,700)	<b>(9,120,500)</b>	(6,303,700)
Purchase of treasury shares	<b>(12,254,800)</b>	-	<b>(3,200,000)</b>	-
Shares transferred to trust holding shares pursuant to DBSH Share Plan/ DBSH Employee Share Plan	<b>6,238,000</b>	5,424,000	-	-
Balance at end of period	<b>(12,320,500)</b>	(6,303,700)	<b>(12,320,500)</b>	(6,303,700)
<b>Issued Ordinary shares net of Treasury shares</b>	<b>2,551,615,934</b>	2,557,632,734	<b>2,551,615,934</b>	2,557,632,734

(b) The weighted average number of Issued Ordinary shares net of Treasury shares (both basic and fully diluted) for the full year of 2018 is 2,559,463,542.

**INTERESTED PARTY TRANSACTIONS PURSUANT TO LISTING RULE 920(1)**

The Company has not obtained a general mandate from shareholders for Interested Person Transactions.

**CONFIRMATION OF DIRECTORS AND EXECUTIVE OFFICERS' UNDERTAKINGS PURSUANT TO LISTING RULE 720(1)**

The Company has procured undertakings from all its directors and executive officers in compliance with Listing Rule 720(1).

**REPORT OF PERSONS OCCUPYING MANAGERIAL POSITIONS WHO ARE RELATED TO A DIRECTOR, CEO OR SUBSTANTIAL SHAREHOLDER**

Pursuant to Rule 704(13) of the SGX Listing Manual, DBSH wishes to advise that there are no persons occupying a managerial position in DBSH, DBS Bank Ltd or any of the principal subsidiaries of DBSH who are relatives of a director or chief executive officer or substantial shareholder of DBSH.

The auditor's report dated 15 February 2019, as extracted from the financial statements of DBS Group Holdings Ltd and its subsidiaries for the year ended 31 December 2018 which has been prepared in accordance with Singapore Financial Reporting Standards (International), is as follows:

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DBS GROUP HOLDINGS LTD**

### **Report on the Audit of the Financial Statements**

#### **Our opinion**

In our opinion, the accompanying consolidated financial statements of DBS Group Holdings Ltd (the "Company") and its subsidiaries (the "Group") and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2018 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date.

#### *What we have audited*

The financial statements of the Company and the Group, as set out on pages 1 to 86, comprise:

- the consolidated income statement of the Group for the year ended 31 December 2018;
- the consolidated statement of comprehensive income of the Group for the year then ended;
- the balance sheets of the Group and of the Company as at 31 December 2018;
- the consolidated statement of changes in equity of the Group for the year then ended;
- the consolidated cash flow statement of the Group for the year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

#### **Basis for opinion**

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

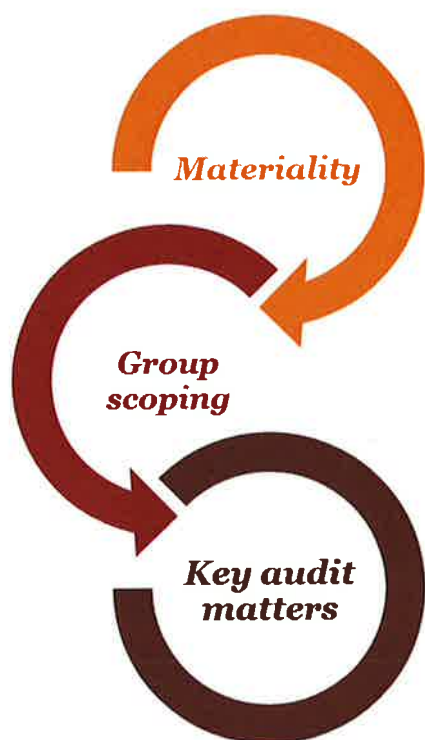
#### *Independence*

We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DBS GROUP HOLDINGS LTD (continued)

## Our audit approach

### Overview



#### Materiality

- We determined the overall Group materiality based on 5% of the Group's profit before tax.

#### Group scoping

- Full scope audit procedures were performed over the Singapore Operations of DBS Bank Ltd. and DBS Group (HK) Limited ("significant components").
- We identified DBS Bank Ltd. Hong Kong Branch, DBS Bank (China) Limited, PT Bank DBS Indonesia, DBS Bank (Taiwan) Ltd and DBS Bank Ltd. India Branch as component entities where certain account balances were considered to be significant in size in relation to the Group ("other components"). Consequently, specific audit procedures for the significant account balances of these components were performed to obtain sufficient appropriate audit evidence.

#### Key audit matters

- Specific allowances for loans and advances to customers
- SFRS(I) 9 expected credit loss
- Goodwill
- Valuation of financial instruments held at fair value

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the accompanying financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

#### Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the financial statements as a whole.

**INDEPENDENT AUDITOR’S REPORT TO THE MEMBERS OF  
DBS GROUP HOLDINGS LTD (continued)**

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<i>How we determined overall Group materiality</i>	5% of the Group’s profit before tax
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<i>Rationale for benchmark applied</i>	<ul style="list-style-type: none"><li>• We chose ‘profit before tax’ as in our view, it is the benchmark against which performance of the Group is most commonly measured.</li><li>• We selected 5% based on our professional judgement, noting that it is also within the range of commonly accepted profit-related thresholds.</li></ul>
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In performing our audit, we allocated materiality levels to the significant components and other components of the Group. These are less than the overall Group materiality.

*How we developed the audit scope*

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates. The Group's financial reporting process is dependent on its IT systems. Our audit scope included testing the operating effectiveness of the controls over the integrity of key financial data processed through the IT systems that are relevant to financial reporting.

In establishing the overall Group audit approach, we determined the extent of audit procedures that are needed to be performed across the Group by us, or by other PwC network firms operating under our instruction who are familiar with the local laws and regulations in each of these territories (the “component auditors”). Where the work was performed by component auditors, we determined the level of involvement we needed to have in the procedures to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the financial statements as a whole.

In addition, we visited several of the Group’s key locations and held a Group audit planning meeting with the auditors of the significant components. We also held regular conference calls with all component auditors.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
DBS GROUP HOLDINGS LTD (continued)**

*Key audit matters*

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the financial year ended 31 December 2018. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p><b>Specific allowances for loans and advances to customers</b></p> <p>As at 31 December 2018, the specific allowances for loans and advances to customers of the Group was \$2,440 million, the majority of which related to Institutional Banking Group (“IBG”) customers. Specific allowances refer to loss allowance for credit-impaired exposures (i.e. Stage 3) per SFRS (I) 9. The matter relating to expected credit losses on non-impaired exposures (i.e. Stage 1 and Stage 2) is set out under the ‘SFRS(I) 9 expected credit loss’ key audit matter.</p> <p>We focused on this area because of the subjective judgements by management in determining the necessity for, and then estimating the size of, allowances against loans and advances.</p> <p>In particular, we focused on specific allowances for loans and advances to IBG customers because any assessment of impairment can be inherently subjective and involve significant judgement over both timing of recognition of any impairment and the estimation of the size of such impairment. This includes:</p> <ul style="list-style-type: none"> <li>• the principal assumptions underlying the calculation of specific allowances for loans and advances to IBG customers where there is evidence of impairment losses (including the future profitability of the borrowers and the expected realisable value of collateral held); and</li> <li>• the classification of loans and advances in line with MAS Notice 612 (“MAS 612”).</li> </ul>	<p>We assessed the design and evaluated the operating effectiveness of the controls over the specific allowances for loans and advances to IBG customers. These controls included:</p> <ul style="list-style-type: none"> <li>• oversight of credit risk by the Credit Risk Committee;</li> <li>• timely review of credit risk;</li> <li>• the watchlist identification and monitoring process;</li> <li>• timely identification of impairment events;</li> <li>• classification of loans and advances in line with MAS 612; and</li> <li>• the collateral valuation processes.</li> </ul> <p>We determined that we could rely on these controls for the purposes of our audit.</p> <p>We inspected a sample of loans and advances to IBG customers to assess whether the classification of the loans and advances is in line with MAS 612 and, where there was evidence of an impairment loss, whether it had been identified in a timely manner including, where relevant, how forbearance had been considered.</p> <p>Where impairment had been identified, for a sample of loans and advances, our work included:</p> <ul style="list-style-type: none"> <li>• considering the latest developments in relation to the borrower;</li> <li>• examining the forecasts of future cash flows prepared by management including key assumptions in relation to the amount and timing of recoveries;</li> <li>• comparing the collateral valuation and other sources of repayment to support the calculation of the impairment against external evidence where available, including independent valuation reports;</li> <li>• challenging management’s assumptions; and</li> <li>• testing the calculations.</li> </ul>



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
DBS GROUP HOLDINGS LTD (continued)**

Key audit matter	How our audit addressed the key audit matter
<p>We applied judgement in selecting samples focused on borrowers incorporated in China, India and Indonesia, and with exposures to the oil and gas support services and other commodities sectors in view of continued heightened credit risks impacting some parts of the portfolio.</p> <p>(Refer also to Notes 3 and 19 to the financial statements)</p>	<p>For a sample of performing loans and advances to IBG customers which had not been identified by management as potentially impaired, considering the latest developments in relation to the borrower, we challenged management's assumptions on whether management's classification was appropriate, using external evidence where available in respect of the relevant borrower.</p> <p>Based on procedures performed, we have assessed that the specific allowances for loans and advances is appropriate.</p>
<p><b>SFRS(I) 9 expected credit loss</b></p> <p>On 1 January 2018, the Group adopted the new SFRS(I) 9 <i>Financial Instruments</i> ("SFRS(I) 9").</p> <p>SFRS(I) 9 introduced a new impairment measurement framework, referred to as Expected Credit Loss ("ECL"). In estimating ECL over future time periods, significant judgement is required.</p> <p>We focused on the Group's measurement of ECL on non-impaired exposures (\$2,569 million). This covers both 'Stage 1' exposures (where there has not been a significant increase in credit risk), and 'Stage 2' exposures (where a significant increase in credit risk has been observed). The ECL framework implemented by the Group involves significant judgement and assumptions that relate to, amongst others:</p> <ul style="list-style-type: none"> <li>• adjustments to the Group's Basel credit models and parameters;</li> <li>• use of forward-looking and macro-economic information;</li> <li>• estimates for the expected lifetime of revolving credit facilities;</li> <li>• assessment of significant increase in credit risk; and</li> <li>• post model adjustments to account for limitations in the ECL models for example the risk to the portfolio from the current geopolitical trade conditions.</li> </ul> <p>(Refer also to Notes 4 and 12 to the financial statements)</p>	<p>We made a critical assessment of methodologies and assumptions used to estimate the ECL for retail and non-retail portfolios as at 1 January 2018 and 31 December 2018, involving credit risk and accounting specialists to assist us in this assessment. This included assessing refinements in methodologies made during the year.</p> <p>We tested the design and operating effectiveness of key controls focusing on:</p> <ul style="list-style-type: none"> <li>• involvement of governance committees, including review and approval of post model adjustments;</li> <li>• completeness and accuracy of external and internal data inputs into the ECL calculations; and</li> <li>• accuracy and timeliness of allocation of exposures into Stage 1 and Stage 2 based on quantitative and qualitative triggers.</li> </ul> <p>The Group's internal experts performed an independent model validation of the ECL methodologies and assumptions. We reviewed the outcomes from this work as part of our assessment of the ECL estimate.</p> <p>We involved specialists to review selected ECL model source codes to test whether these appropriately reflected the Group's methodologies.</p> <p>We challenged the rationale and calculation basis of post model adjustments.</p> <p>Overall, we assessed the methodologies and assumptions used by the Group to estimate the ECL on non-impaired exposures to be appropriate.</p>

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
DBS GROUP HOLDINGS LTD (continued)**

Key audit matter	How our audit addressed the key audit matter
<p><b>Goodwill</b></p> <p>As at 31 December 2018, the Group had \$5,175 million of goodwill as a result of acquisitions.</p> <p>We focused on this area as management makes significant judgement in estimating future cash flows in undertaking its annual goodwill impairment testing.</p> <p>The key assumptions used in the discounted cash flow analyses relate to:</p> <ul style="list-style-type: none"> <li>• Cash flow forecasts;</li> <li>• Discount rate; and</li> <li>• Growth rate.</li> </ul> <p>(Refer also to Notes 3 and 28 to the financial statements)</p>	<p>We assessed the appropriateness of management's identification of the Group's cash generating units and the process by which indicators of impairment were identified.</p> <p>For DBS Bank (Hong Kong) Limited's franchise (goodwill of \$4,631 million as at 31 December 2018), we evaluated management's cash flow forecasts and the process by which they were developed. Together with valuation specialists in our team, we assessed discount rate and growth rate assumptions against the Group's own historical performance and available external industry and economic indicators.</p> <p>We reviewed management's sensitivity analysis over the key assumptions to determine whether any reasonably possible change in these assumptions would result in an impairment, and also performed our own stress analysis.</p> <p>We concur with management's assessment that goodwill balances are not impaired as at 31 December 2018.</p>
<p><b>Valuation of financial instruments held at fair value</b></p> <p>Financial instruments held by the Group at fair value include derivative assets and liabilities, trading securities, certain debt instruments and other assets and liabilities designated at fair value.</p> <p>The Group's financial instruments are predominantly valued using quoted market prices ('Level 1') or market observable prices ('Level 2'). The valuation of 'Level 3' instruments rely on significant unobservable inputs.</p> <p>We considered the overall valuation of financial instruments (Level 1, 2 and 3) to be a key audit matter given the financial significance to the Group, nature of underlying products and estimation involved to determine fair value.</p> <p>In determining fair value, management also make adjustments to recognise credit risk, funding costs, bid-offer spreads and in other cases parameter and model risk limitations. This is</p>	<p>We assessed the design and tested the operating effectiveness of the controls over the Group's financial instruments valuation processes, including over Level 3 instruments. These included the controls over:</p> <ul style="list-style-type: none"> <li>• management's testing and approval of new models and revalidation of existing models;</li> <li>• the completeness and accuracy of the pricing data inputs into valuation models;</li> <li>• the monitoring of collateral disputes; and</li> <li>• governance mechanisms and monitoring over the valuation processes by the Group Market and Liquidity Risk Committee, including over derivative valuation adjustments.</li> </ul> <p>We determined that we could rely on the controls for the purposes of our audit. In addition, we:</p> <ul style="list-style-type: none"> <li>• engaged our own specialists to use their own models and input sources to determine an independent estimate of fair value for a sample of the Group's Level 1 and Level 2 financial instruments. We compared these to the Group's calculations of fair value to assess individual material valuation differences or systemic bias;</li> <li>• assessed the reasonableness of the methodologies used and the assumptions made for a sample of financial instrument valuations</li> </ul>

**INDEPENDENT AUDITOR’S REPORT TO THE MEMBERS OF  
DBS GROUP HOLDINGS LTD (continued)**

Key audit matter	How our audit addressed the key audit matter
<p>broadly consistent with the banking industry albeit the methodology to calculate some of these adjustments continues to evolve.</p> <p>(Refer also to Notes 3 and 42 to the financial statements)</p>	<p>with significant unobservable valuation inputs (Level 3 instruments);</p> <ul style="list-style-type: none"> <li>• performed procedures on collateral disputes to identify possible indicators of inappropriate valuations; and</li> <li>• performed tests of inputs and assessed the methodology over fair value adjustments, in light of available market data and industry trends.</li> </ul> <p>Overall, the valuation of financial instruments held at fair value was within a reasonable range of outcomes.</p>

**Other Information**

Management is responsible for the other information. The other information comprises the Directors’ Statement included in pages 87 to 90 (but does not include the financial statements and our auditor’s report thereon), which we obtained prior to the date of this auditor’s report, and the other sections of the Annual Report (“the Other Sections”) which are expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor’s report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Other Sections, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with SSAs.

**Responsibilities of Management and Directors for the Financial Statements**

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DBS GROUP HOLDINGS LTD (continued)**

The directors' responsibilities include overseeing the Group's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
DBS GROUP HOLDINGS LTD (continued)**

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Report on Other Legal and Regulatory Requirements**

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors, have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Melvin Poon.

*PricewaterhouseCoopers LLP*

PricewaterhouseCoopers LLP  
Public Accountants and Chartered Accountants  
Singapore, 15 February 2019