



Live more,
Bank less

Record quarter with sustained ROE progression

**DBS Group Holdings
1Q 2019 financial results**

April 29, 2019

Highlights

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

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

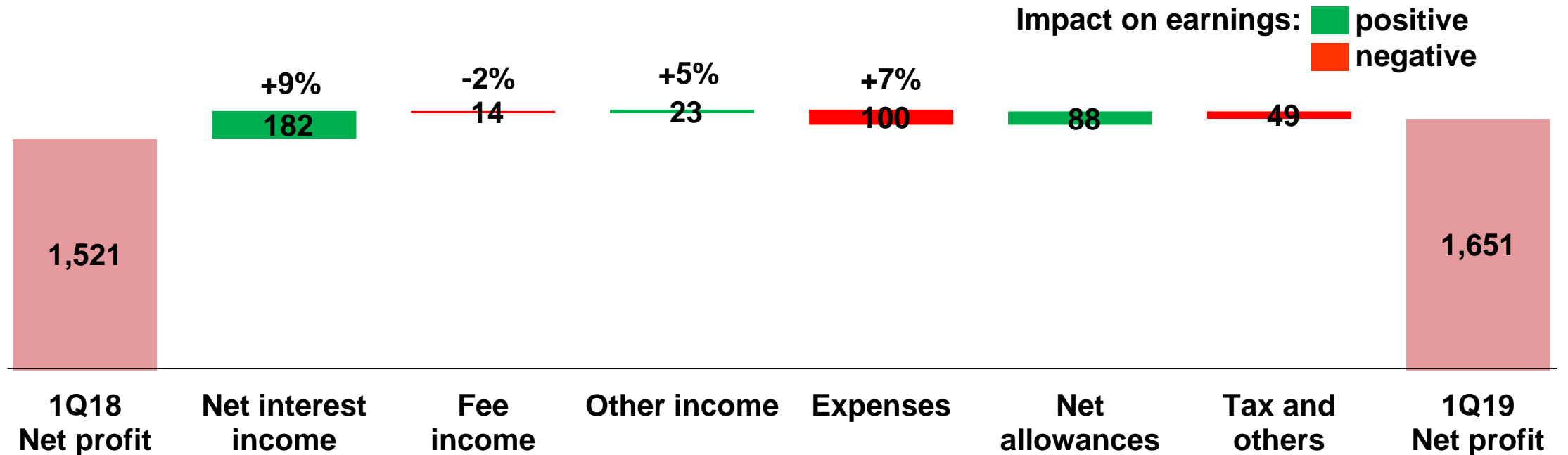
Balance sheet remains healthy

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

Net profit up 9% on year

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

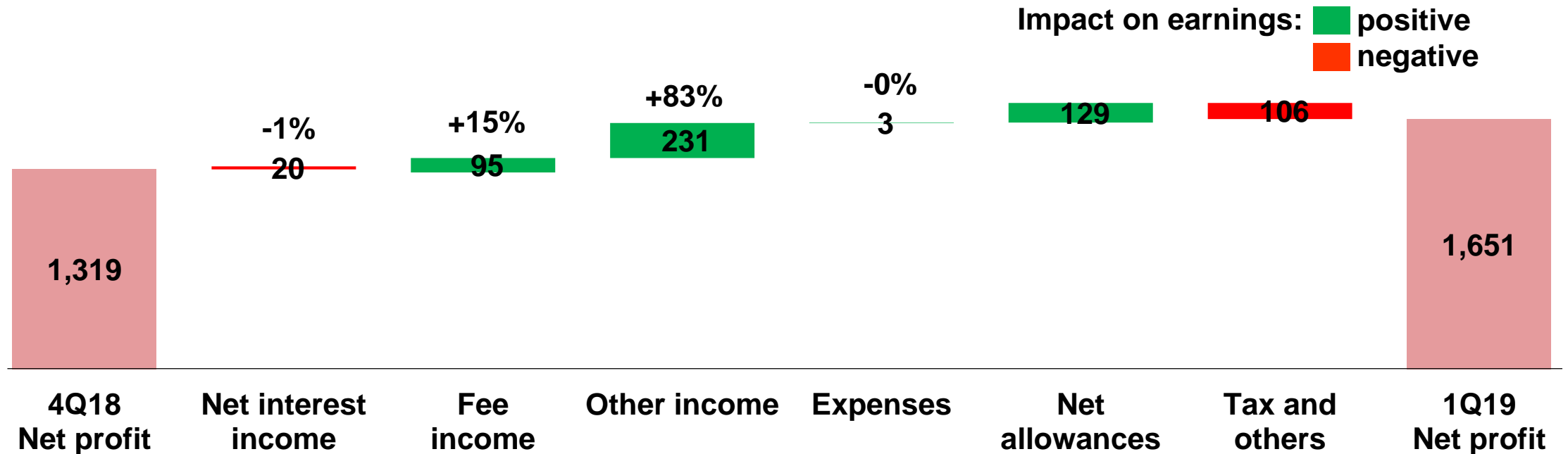
- Excluding property gain a year ago, total income up 8% from loan growth, higher NIM, increase in card, transaction service and loan-related fee income, better trading income
- Cost-income ratio stable at 42%
- Total allowances halve from decline in SP to 15 basis points, write-back in GP



Net profit up 25% on quarter

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

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

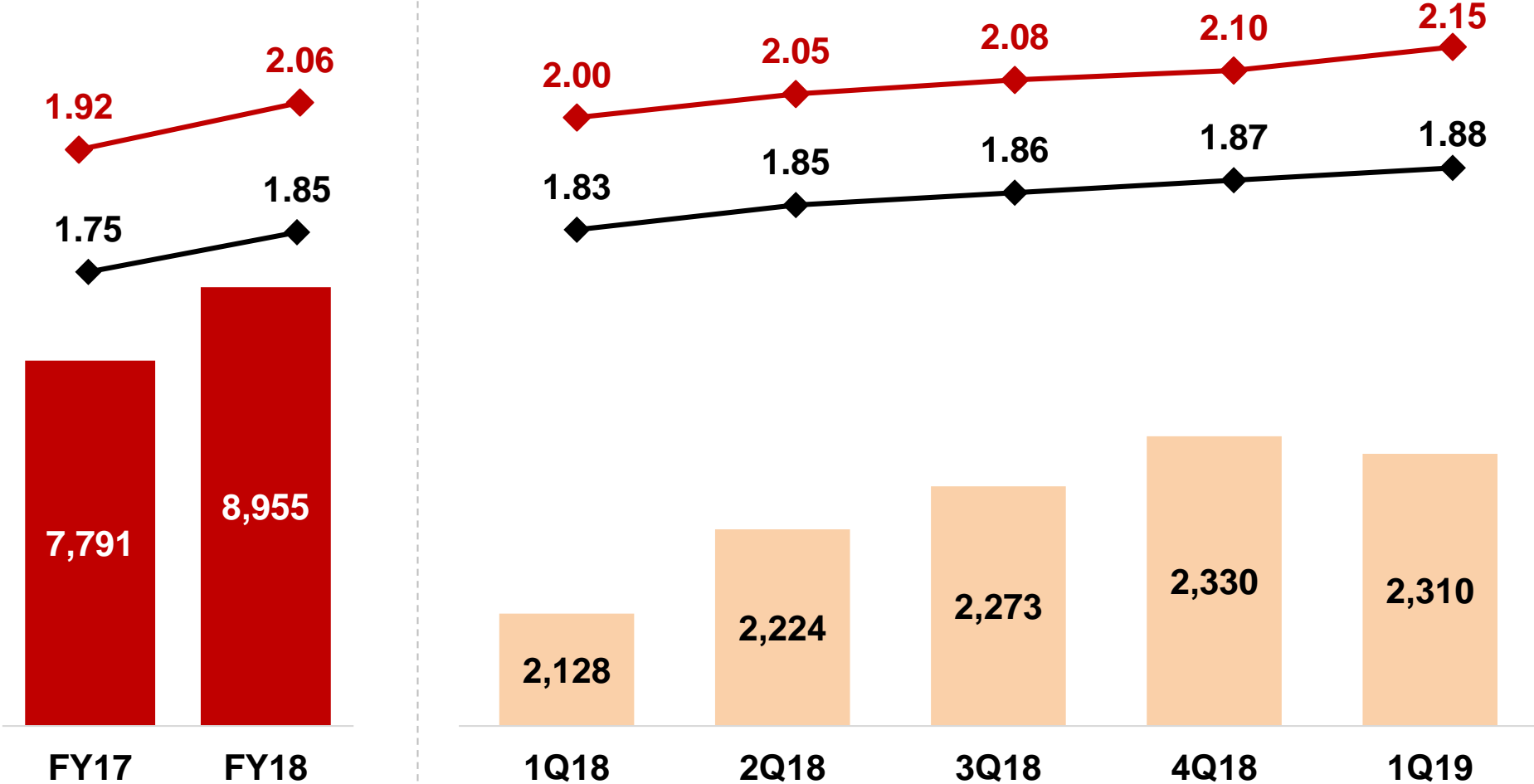


Day-adjusted net interest income up 1% on quarter, underlying net interest margin rises five basis points

Net interest margin (%)

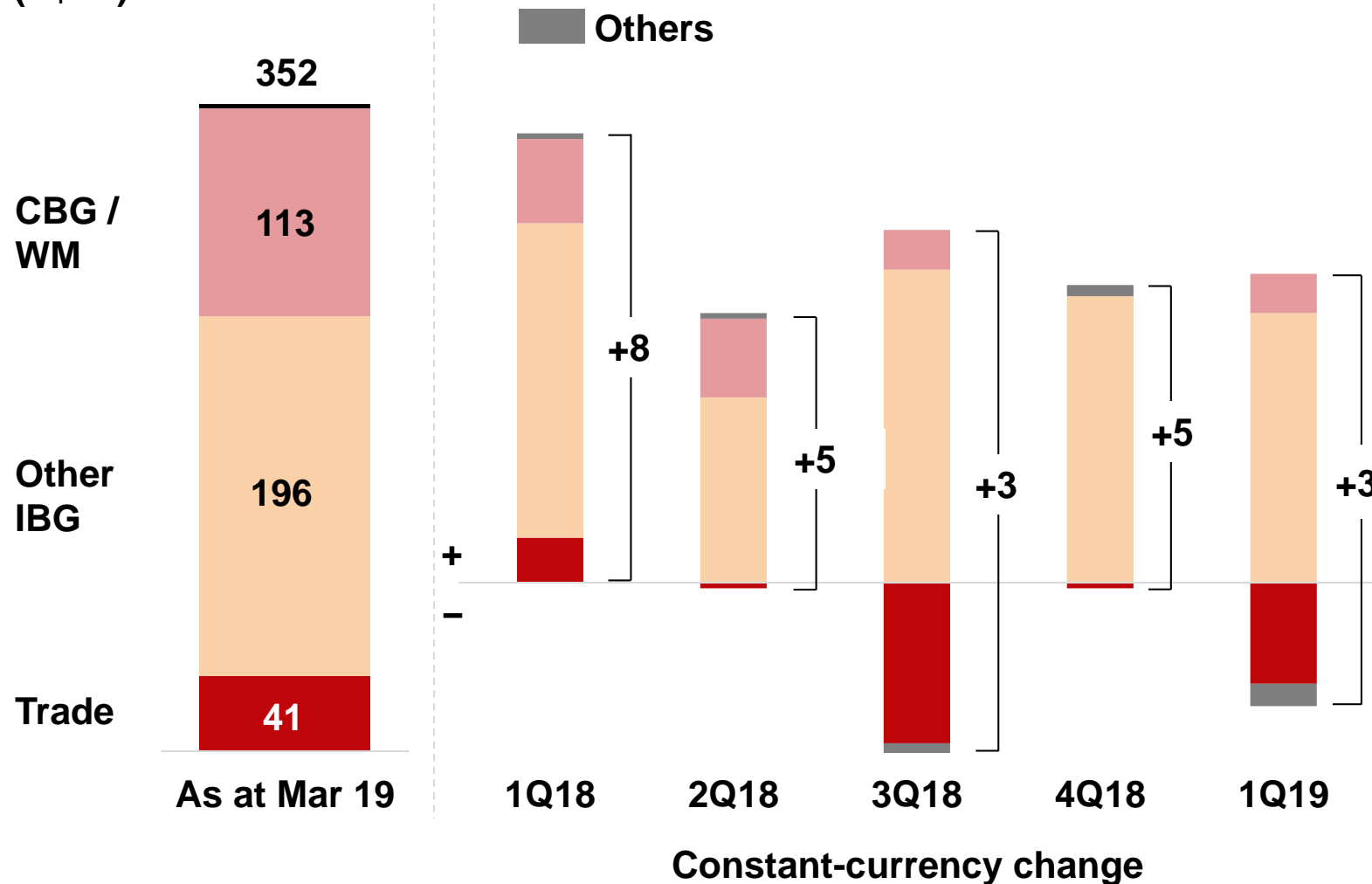
Excluding TM

Group



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

(S\$bn)



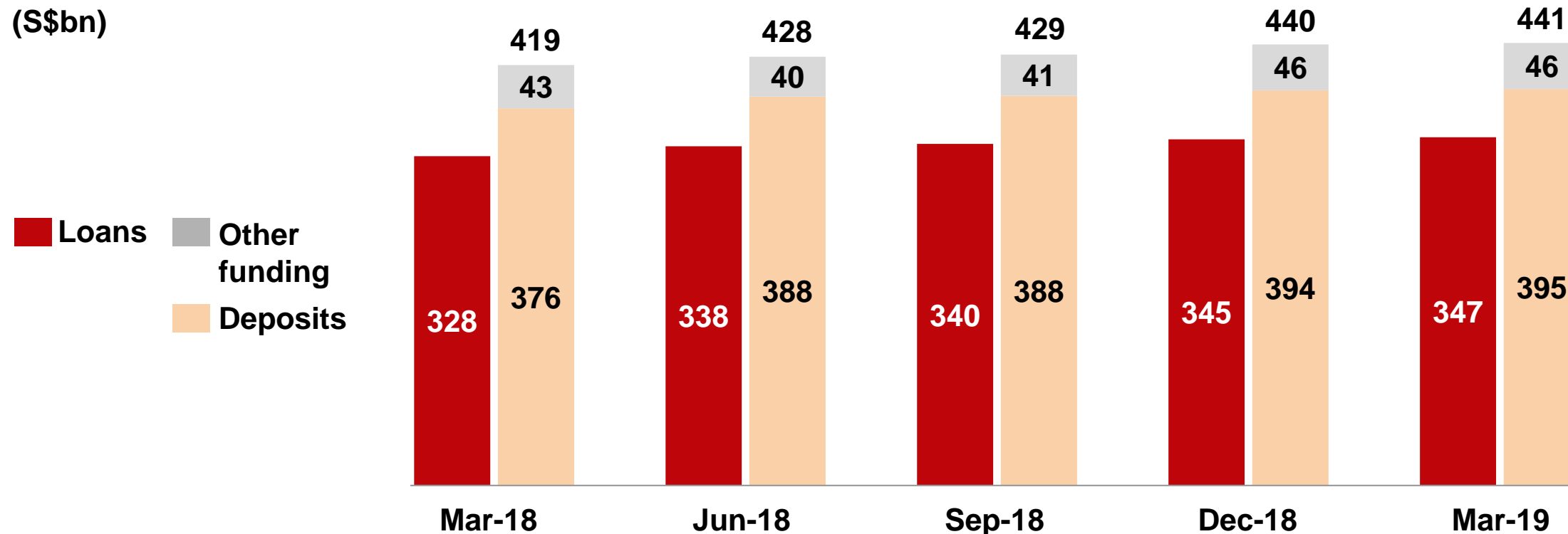
In constant-currency terms

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



Gross loans

Ample liquidity with LCR at 137%



Ratios (%)

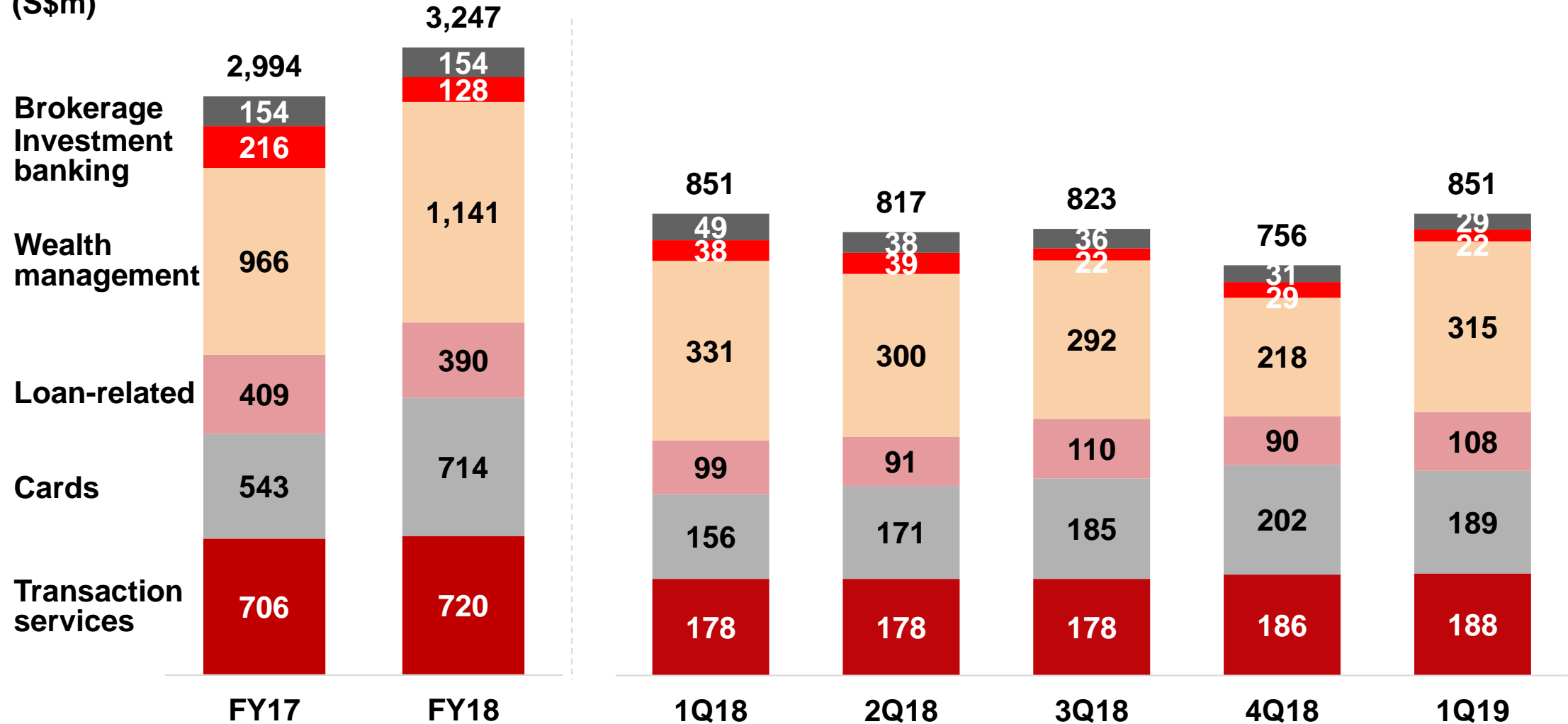
LDR	87	87	88	88	88
LCR	125	135	132	138	137
NSFR	110	110	109	109	111



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

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

(S\$m)



Gross fee income

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

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

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

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

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

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

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

YoY (%)

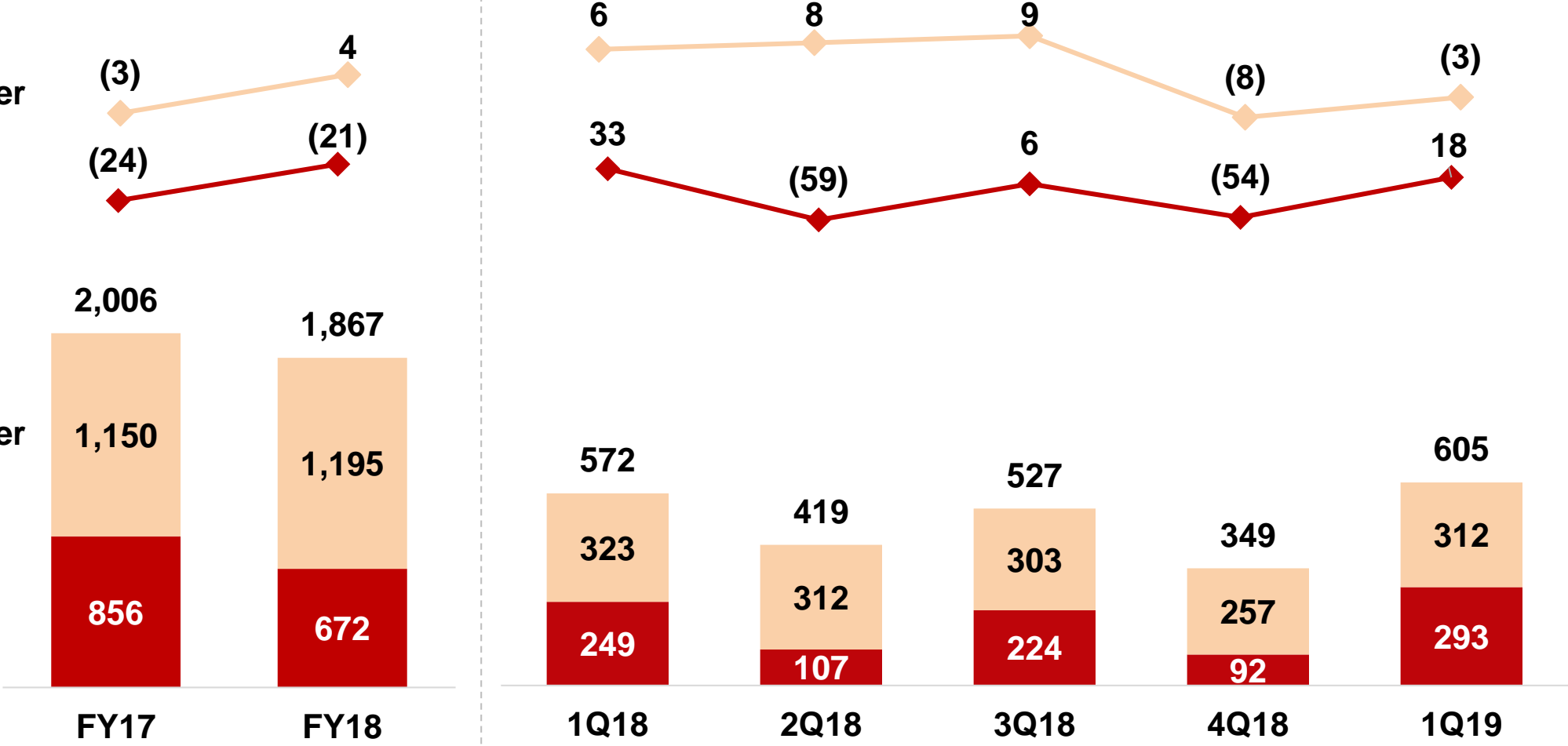
Customer

TM

(S\$m)

Customer

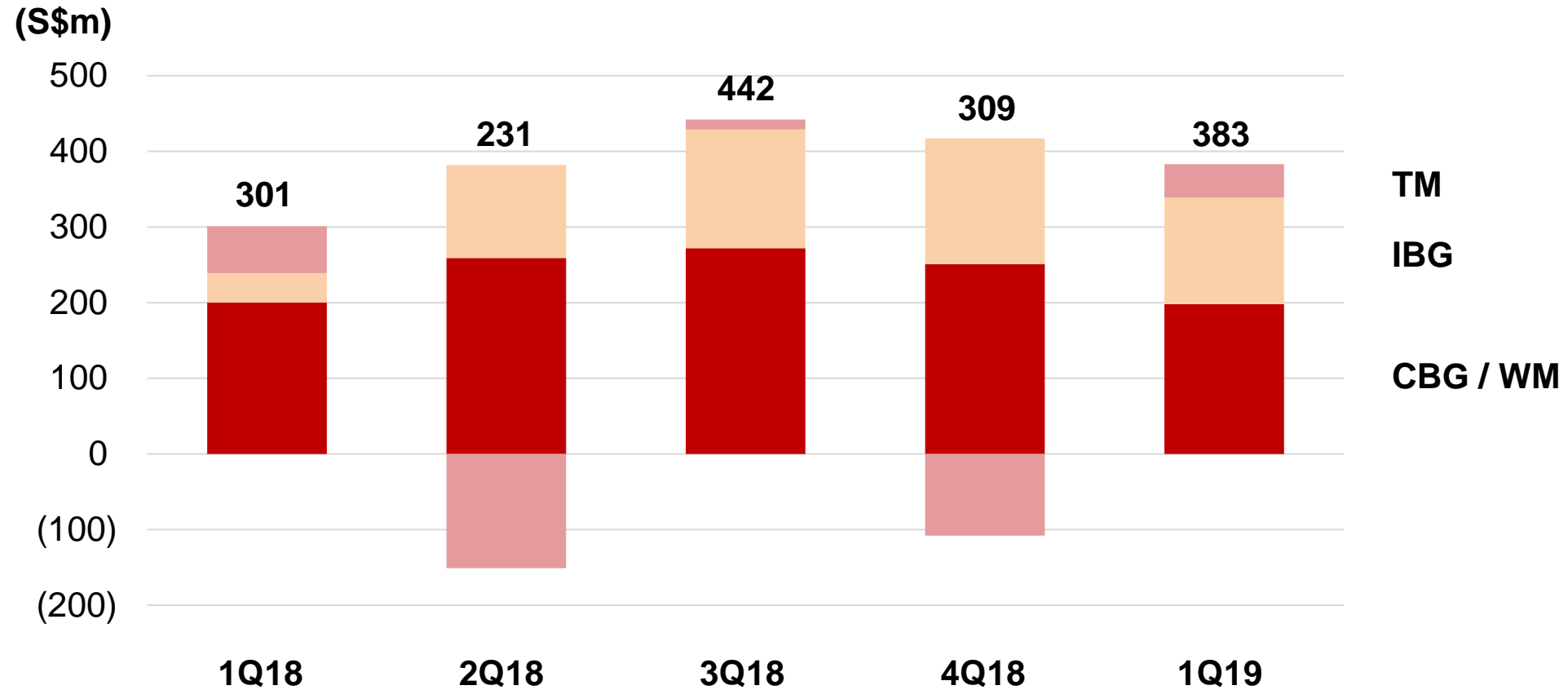
TM



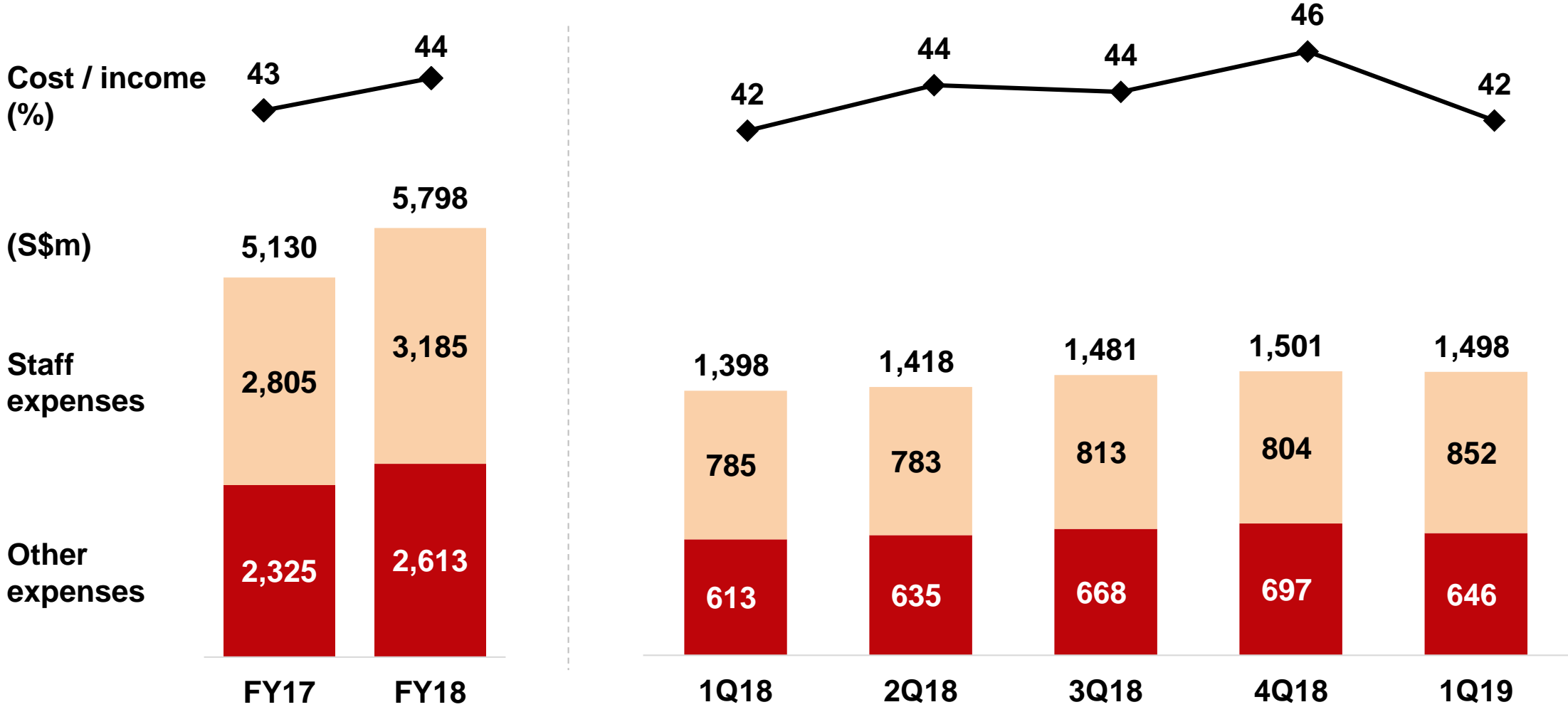
Treasury customer income is included under IBG/CBG segment income. It is included in this chart for a complete product view

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

Change over year-ago period



Cost-income ratio stable on year at 42%

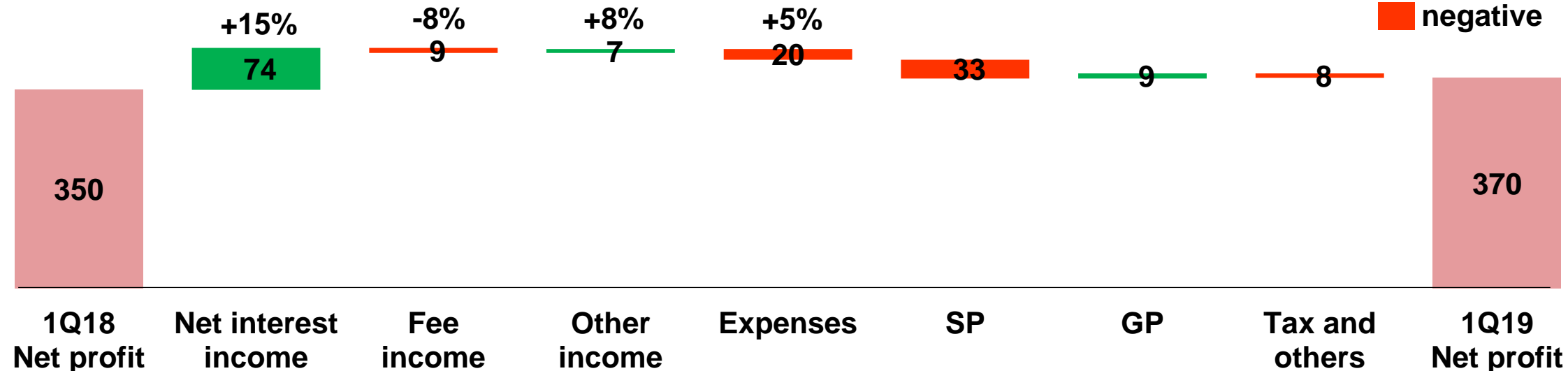


Hong Kong underlying earnings up 3% to record

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

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

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



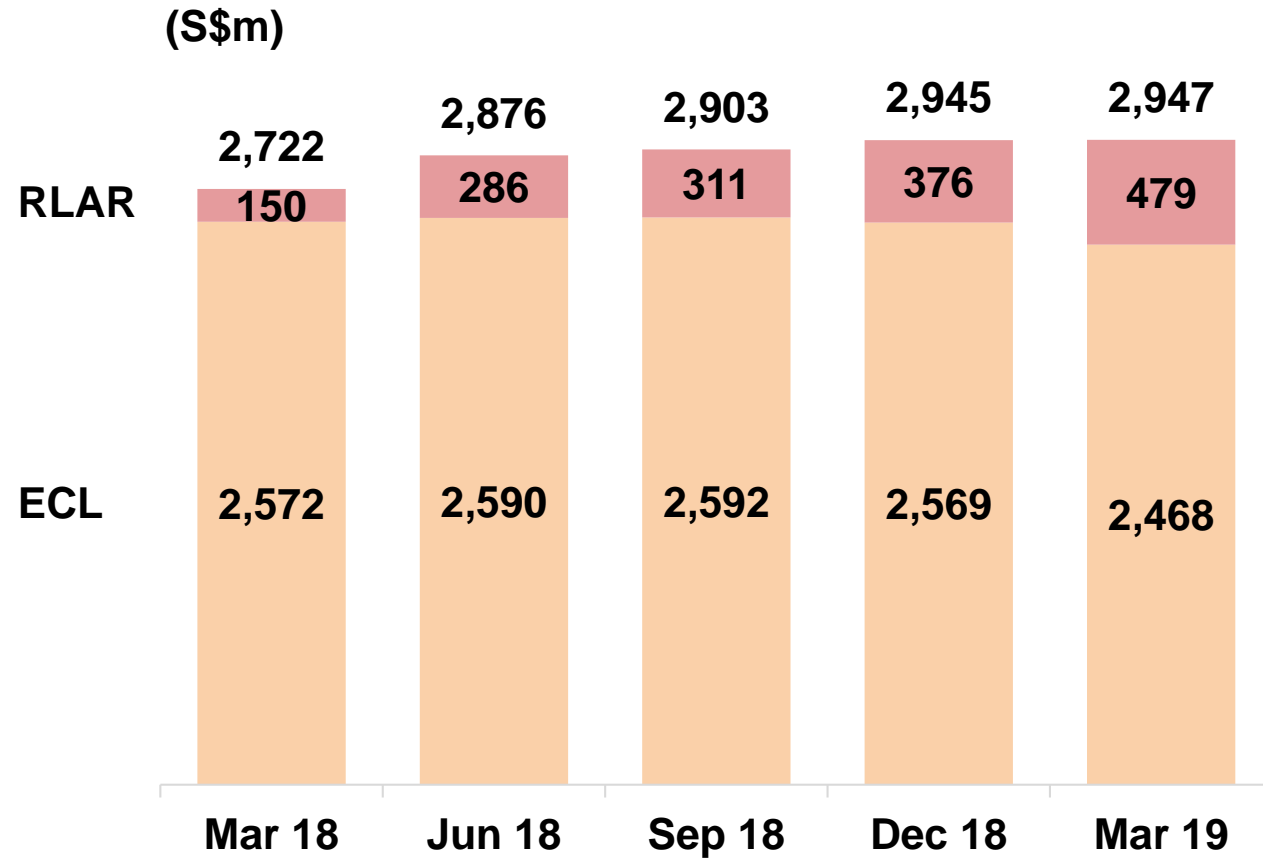
New non-performing asset formation remains low

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

SP for loans declines to 15 bp

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

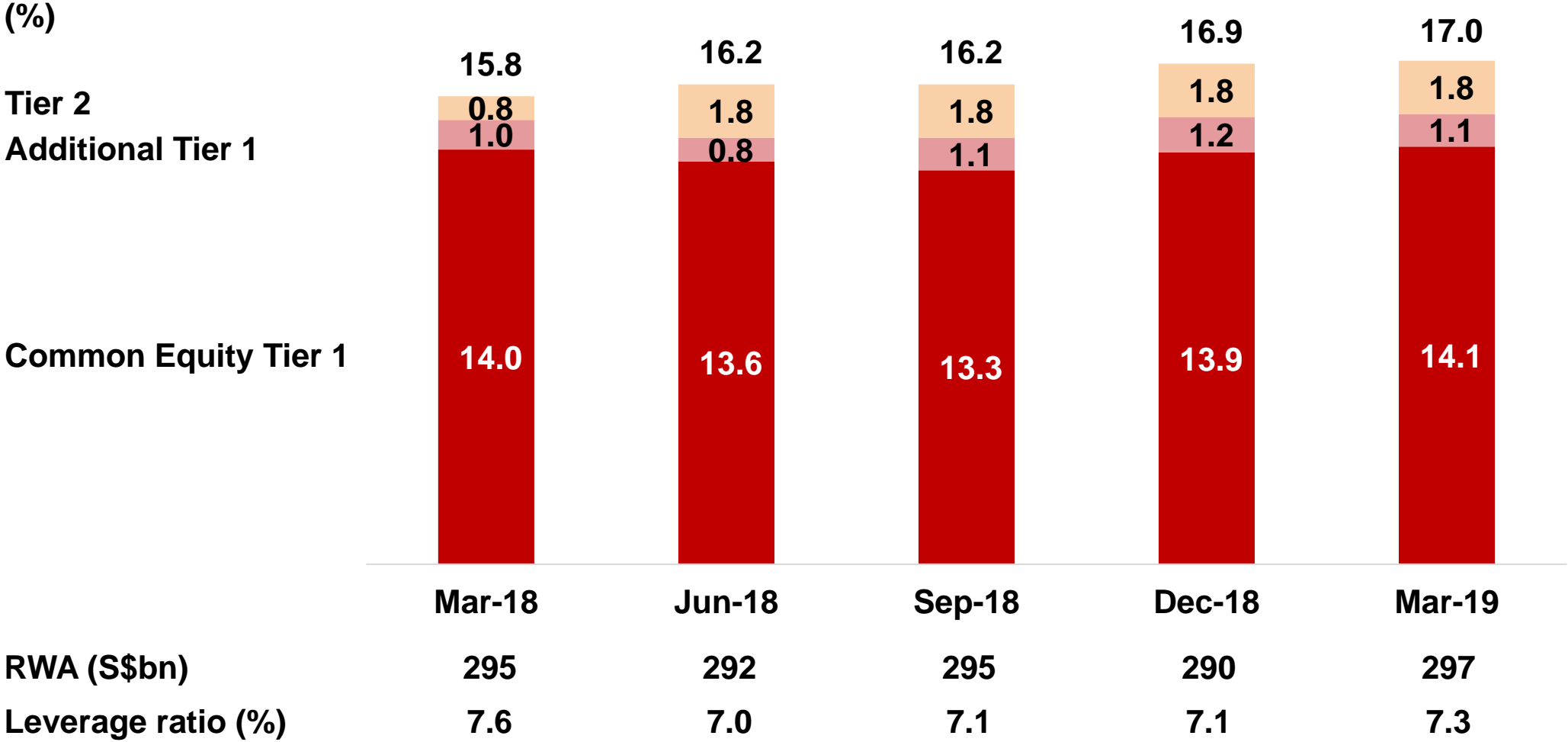
GP (ECL Stage 1 and 2) declines on quarter



Movement during 1Q

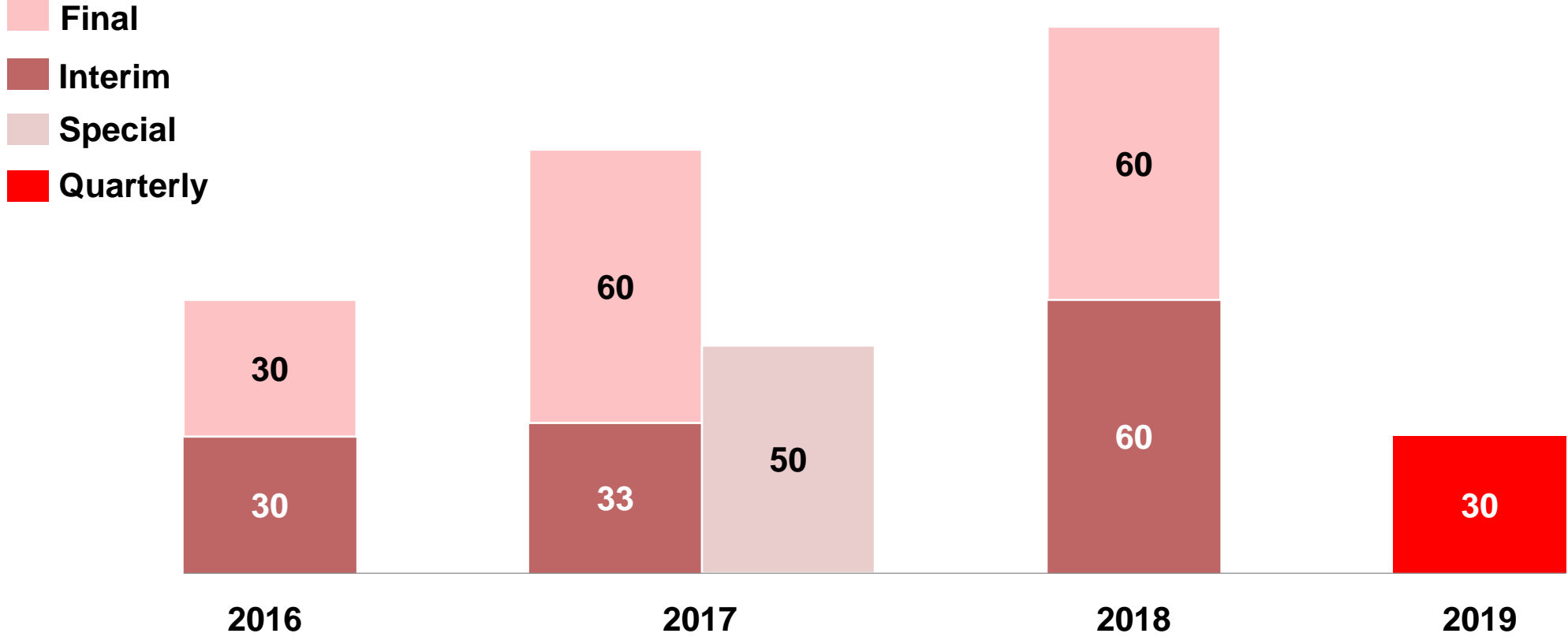
- ECL
 - \$101 million decline due to better portfolio credit quality and improved external credit conditions during the quarter
- RLAR
 - Additional \$103 million transferred from retained earnings to RLAR

Strong CET-1 and leverage ratios



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

(S¢ per share)



In summary – record quarter with sustained ROE progression

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

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

Asset quality benign, credit conditions improved

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



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Supplementary slides

**DBS Group Holdings
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Earnings up 9% on year

(S\$m)

Net interest income

Fee income

Trading income

Other income

Non-interest income

Total income

Staff expenses

Other expenses

Expenses

Profit before allowances

GP (ECL Stage 1 and 2)

SP (ECL Stage 3)

Allowances

Net profit

One-time items

Net profit incl. one-time items

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

Improved operating metrics drive ROE increase

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

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

Constant-currency terms

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

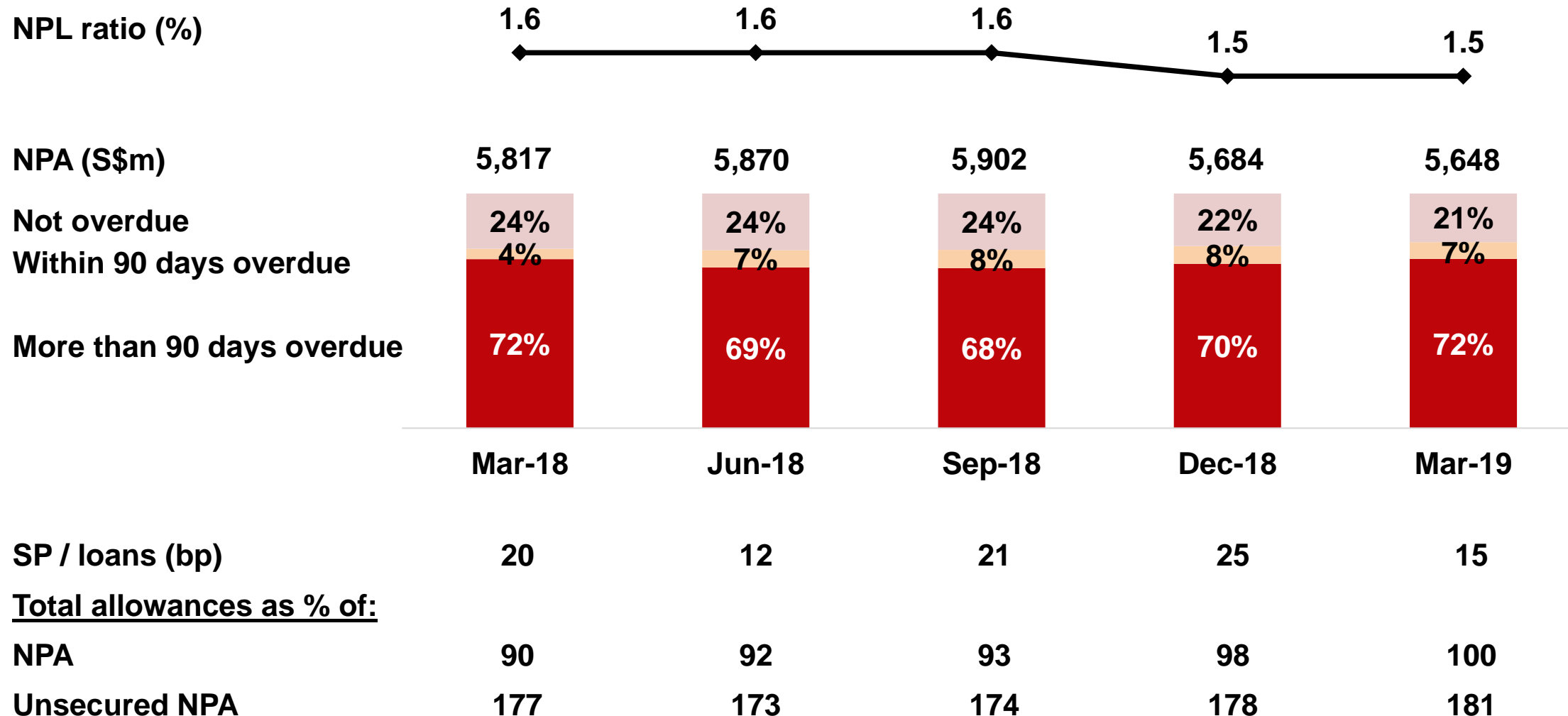


Percentage changes on year include impact of \$86 million property gain in first quarter 2018

Regional operating performance improves

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

NPL ratio stable, allowance coverage at 100%



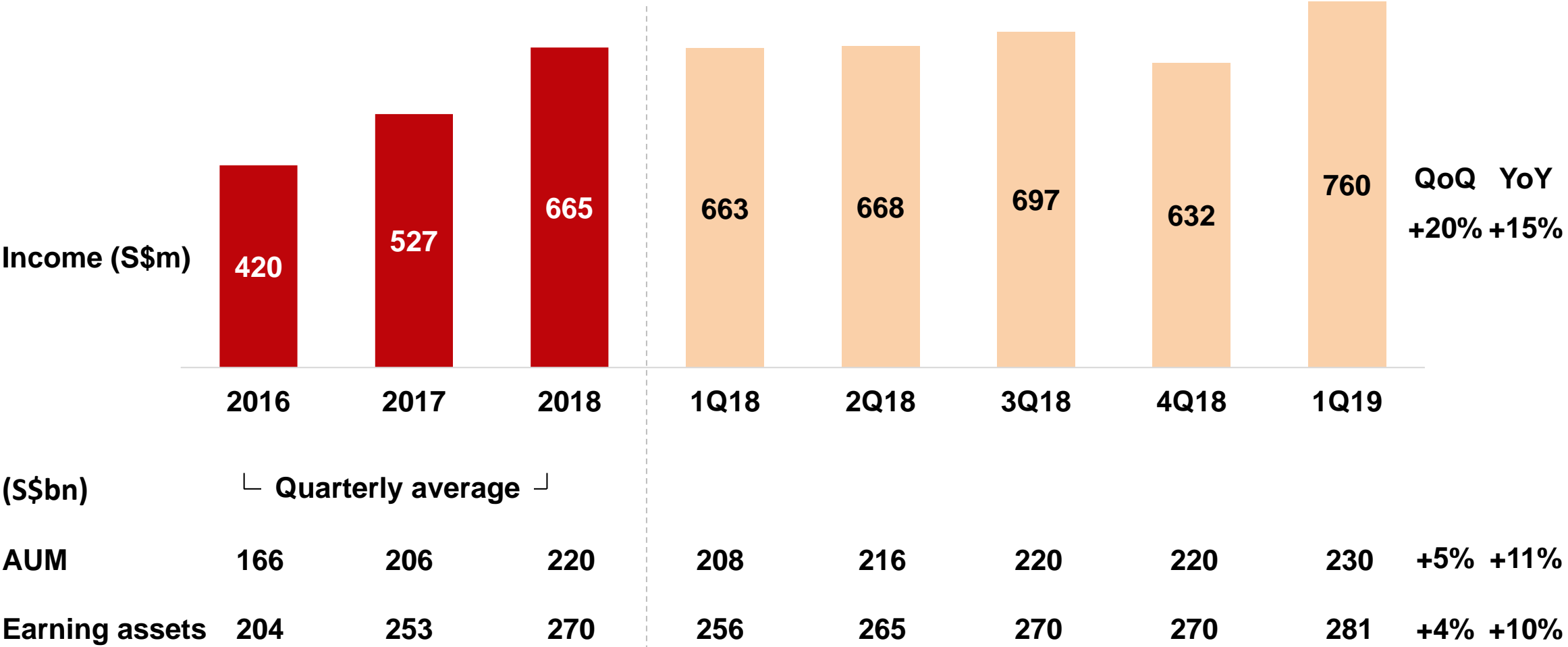
FVOCI duration remains short

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

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

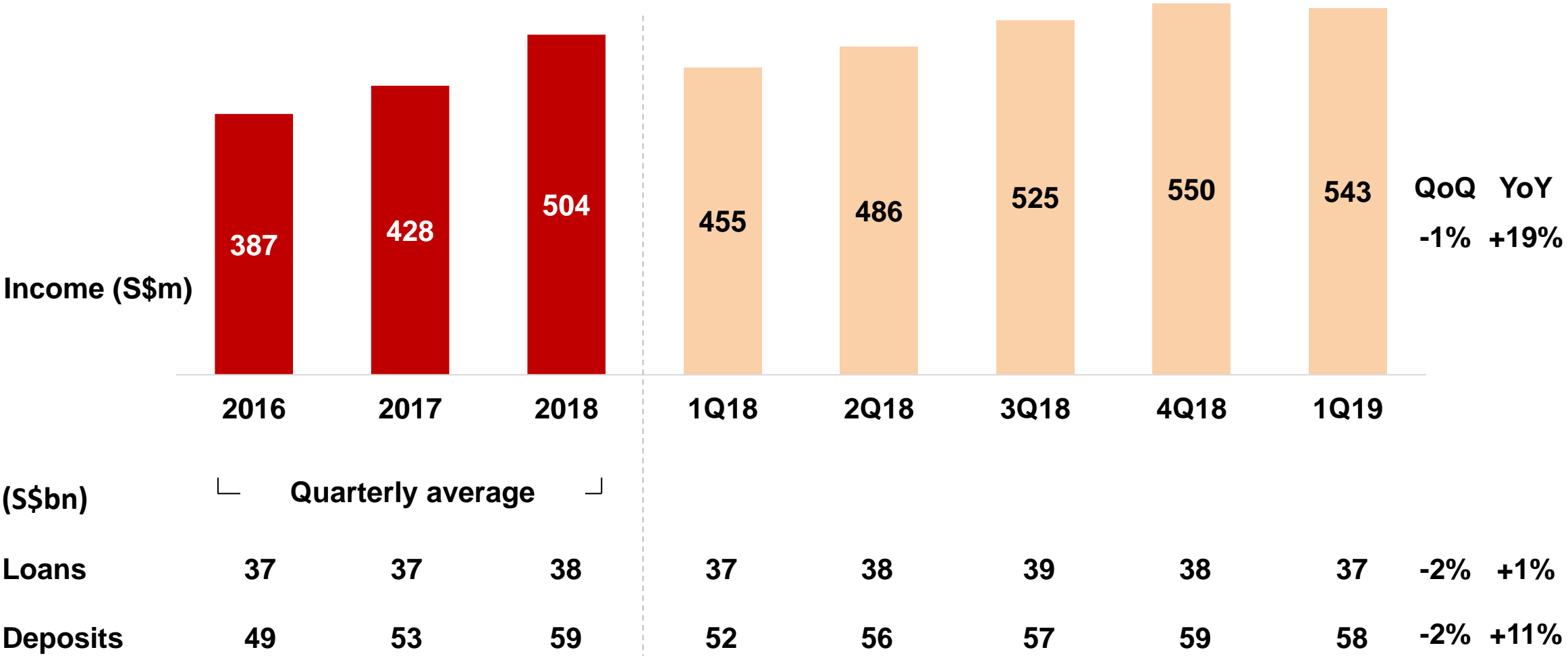
	(S\$bn)	QoQ (%)		YoY (%)	
	Mar-19	Reported	Underlying	Reported	Underlying
Deposits	395	0	1	5	4
By product					
Casa	230	0	0	(2)	(3)
Fixed deposits	161	1	2	17	15
Other	4	3	3	47	45
By currency					
Singapore dollar	159	0	0	(1)	(1)
US dollar	140	1	2	11	7
HK dollar	37	0	1	10	6
Chinese yuan	12	(11)	(13)	(1)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

Wealth Management segment

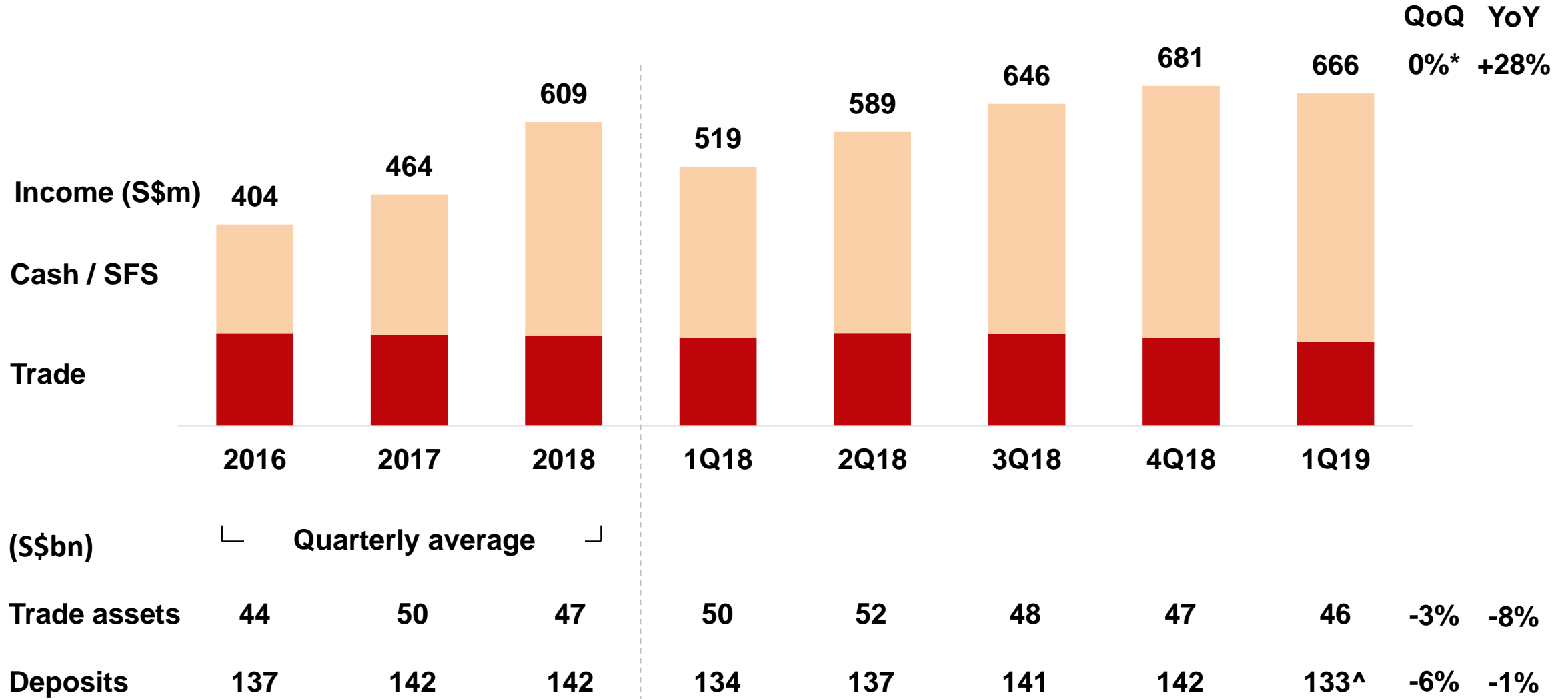


Comprising Treasures, Treasures Private Client and Private Bank

SME segment



Global transaction services



* Day-adjusted

[^] Decline on quarter due to seasonal factors as well as reduction in higher-cost deposits



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