

News Release

Ref No: 03/2019

**DBS FIRST-HALF NET PROFIT RISES 12% TO RECORD SGD 3.25 BILLION,
RETURN ON EQUITY AT 13.7%**

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***Second-quarter earnings up 17% to SGD 1.60 billion as
total income reaches new high***

SINGAPORE, 29 July 2019 – DBS Group's net profit for first half 2019 increased 12% to a record SGD 3.25 billion. Total income rose 11% to SGD 7.26 billion from corporate loan growth, a higher net interest margin, record fee income and an improved trading performance. The cost-income ratio improved one percentage point to 42%. Asset quality remained healthy with new non-performing loan formation remaining low and specific allowances at 18 basis points of loans. Return on equity increased from 12.5% a year ago to 13.7%.

Business momentum from the record first quarter was sustained into the second quarter. Second-quarter total income rose 16% from a year ago and 4% from the previous quarter to a new high of SGD 3.71 billion. Profit before allowances grew 21% from a year ago to SGD 2.16 billion, also a new high. Net profit increased 17% to SGD 1.60 billion.

First-half earnings up 12%

For the half year, net interest income grew 9% to SGD 4.74 billion. Loans rose 5% in constant-currency terms to SGD 350 billion, led by a 10% increase in non-trade corporate loans from broad-based activities across the region. Net interest margin increased six basis points to 1.90% in line with higher interest rates in Singapore and Hong Kong.

Net fee income rose 3% to SGD 1.50 billion. Card fees increased 18% to SGD 387 million from higher transactions across the region. Transaction service fees rose 4% to SGD 370 million from higher cash management fees. Wealth management fees increased 3% to SGD 647 million as growth was moderated by a high year-ago base in the first quarter.

Other non-interest income rose 35% to SGD 1.02 billion. Trading income was 34% higher at SGD 800 million from higher gains in interest rate and foreign exchange activities. Net gain on investment securities more than tripled to SGD 184 million from a low base.



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By business unit, Consumer Banking / Wealth Management income rose 15% to SGD 3.17 billion with growth led by deposit and card income. Institutional Banking income grew 9% to SGD 3.04 billion from higher cash management income. Treasury Markets income increased 39% to SGD 495 million.

Expenses rose 8% to SGD 3.04 billion. The positive jaw resulted in a one-percentage-point improvement in the cost-income ratio to 42%. Profit before allowances increased 13% to SGD 4.22 billion.

Second-quarter earnings up 17% from year ago

For the second quarter, net profit rose 17% from a year ago to SGD 1.60 billion. A 16% increase in total income to a record SGD 3.71 billion was faster than a 9% growth in expenses, resulting in a two-percentage-point improvement in the cost-income ratio to 42%.

Net interest income increased 9% to SGD 2.43 billion as loans grew 5% in constant-currency terms and net interest margin improved six basis points to 1.91%.

Net fee income rose 9% to a new high of SGD 767 million. Wealth management fees grew 11% to SGD 332 million from higher investment product sales. Card fees increased 16% to SGD 198 million from higher activities across the region. Investment banking fees rose 44% to SGD 56 million from higher debt and equity capital market income.

Other non-interest income rose 88% to SGD 513 million. Trading income increased 57% from a weak year-ago performance to SGD 357 million. Gains on investment securities quadrupled from a low base to SGD 131 million.

Expenses rose 9% to SGD 1.55 billion. Profit before allowances was 21% higher at SGD 2.16 billion.

Second-quarter total income up 4% from previous quarter

Business momentum was sustained from the previous record quarter. Total income increased 4% from loan growth, net interest margin progression and higher fee income.

Net interest income rose 5%. Loans grew 1% in constant-currency terms as trade and non-trade corporate loans increased. Consumer loans were little changed as a continued decline in housing loans was offset by growth in other consumer loans. Net interest margin rose three basis points to 1.91% as loans were repriced with higher interest rates in Singapore and Hong Kong.

Net fee income rose 5% as fees from investment banking, wealth management and cards were higher. Other non-interest income was little changed at SGD 513 million as a decline in trading income was offset by higher gains on investment securities.

Expenses rose 3% and profit before allowances was 5% higher.

Balance sheet remains strong

Asset quality remained healthy. Non-performing assets rose 3% from the

previous quarter to SGD 5.82 billion as new non-performing asset formation remained low and was moderated by recoveries and write-offs. The NPL rate was unchanged from the previous quarter at 1.5%. For the first half, specific allowances amounted to SGD 369 million, up 45% from a year ago when there had been a write-back of SGD 65 million from the sale of an oil and gas support service vessel.

Deposits declined 1% in constant-currency terms from the previous quarter to SGD 391 billion as higher-cost deposits were replaced by less expensive commercial paper. The liquidity coverage ratio of 137% and the net stable funding ratio of 109% were both above the regulatory requirement of 100%.

The Common Equity Tier-1 ratio declined from 14.1% in the previous quarter to 13.6% as the payment of the final 2018 and first-quarter 2019 dividends in May and an increase in risk-weighted assets during the quarter were partially offset by retained earnings. The leverage ratio of 6.9% was more than twice the regulatory requirement of 3%.

The Board declared a second-quarter dividend of SGD 30 cents per share, unchanged from the previous quarter.

DBS CEO Piyush Gupta said, “We achieved a record half-year performance despite heightened economic uncertainty and geopolitical tensions. The results reflect the strengths of an entrenched broad-based franchise that is well placed to nimbly navigate market volatility and capture opportunities as they arise.”



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About DBS

DBS is a leading financial services group in Asia with a presence in 18 markets. Headquartered and listed in Singapore, DBS is in the three key Asian axes of growth: Greater China, Southeast Asia and South Asia. The bank's "AA-" and "Aa1" credit ratings are among the highest in the world.

Recognised for its global leadership, DBS has been named "[World's Best Bank](#)" by Euromoney, "[Global Bank of the Year](#)" by The Banker and "[Best Bank in the World](#)" by Global Finance. The bank is at the forefront of leveraging digital technology to shape the future of banking, having been named "[World's Best Digital Bank](#)" by Euromoney. In addition, DBS has been accorded the "[Safest Bank in Asia](#)" award by Global Finance for ten consecutive years from 2009 to 2018.

DBS provides a full range of services in consumer, SME and corporate banking. As a bank born and bred in Asia, DBS understands the intricacies of doing business in the region's most dynamic markets. DBS is committed to building lasting relationships with customers, and positively impacting communities through supporting social enterprises, as it banks the Asian way. It has also established a SGD 50 million foundation to strengthen its corporate social responsibility efforts in Singapore and across Asia.

With its extensive network of operations in Asia and emphasis on engaging and empowering its staff, DBS presents exciting career opportunities. The bank acknowledges the passion, commitment and can-do spirit in all of our 27,000 staff, representing over 40 nationalities. For more information, please visit www.dbs.com.

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