

News Release

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**DBS THIRD-QUARTER NET PROFIT RISES 15% TO SGD 1.63 BILLION,
TOTAL INCOME GROWS 13% TO NEW HIGH OF SGD 3.82 BILLION**

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***Nine-month earnings up 13% to SGD 4.88 billion;
return on equity increases to 13.6%***

SINGAPORE, 11 November 2019 – DBS Group achieved a strong operating performance in third-quarter 2019. Total income increased 13% to a new high of SGD 3.82 billion from loan growth, record fee income and higher trading gains. With the cost-income ratio improving two percentage points to 42%, profit before allowances rose 17% to SGD 2.21 billion, also a new high.

The strong operating performance was moderated by additional general allowances of SGD 61 million taken as a prudent measure given the ongoing political

and economic uncertainty. Specific allowances were at recent quarters' levels. Net profit grew 15% to SGD 1.63 billion.

The results also incorporated a tax charge of SGD 38 million as a recent cut in India's corporate tax rate resulted in a revaluation of deferred tax assets. Excluding the one-time tax charge, net profit increased 18%. The tax rate reduction, from 35% to 25%, will be beneficial to future earnings.

For the nine months, net earnings rose 13% to SGD 4.88 billion. Total income grew 12% to SGD 11.1 billion from broad-based growth. Return on equity increased from 12.4% to 13.6% from a higher net interest margin and business growth.

Third-quarter earnings up 15% from year ago

Compared to a year ago, third-quarter net interest income grew 8% to SGD 2.46 billion. Loans rose 4% or SGD 13 billion in constant-currency terms to SGD 353 billion, led by non-trade corporate loans across the region. Net interest margin was four basis points higher at 1.90%.

Net fee income rose 17% to SGD 814 million from broad-based growth. Wealth management fees increased 22% to SGD 357 million from higher investment product sales. Card fees grew 9% to SGD 202 million from increased transactions across the region. Investment banking fees more than doubled to SGD 55 million as equity and debt capital market activities increased. Transaction service fees grew 7% to SGD 190 million as both cash management and trade finance fees were higher.

Other non-interest income grew 35% to SGD 549 million. Trading income increased 22% to SGD 431 million from higher gains in interest rate activities. Net gain on investment securities doubled to SGD 105 million.

Expenses rose 9% to SGD 1.61 billion, which included a charge of SGD 22 million to impair certain computerisation investments. The positive jaw resulted in a two-percentage-point improvement in the cost-income ratio to 42%. Profit before allowances increased 17% to a record SGD 2.21 billion.

Third-quarter earnings up 2% from previous quarter

Compared to the previous quarter, net profit rose 2%. Excluding the tax charge for India, earnings increased 4%. Total income increased 3%, led by growth in fee income and trading income.

Net interest income was 1% higher. Loans were little changed in constant-currency terms. A SGD 3 billion increase in non-trade corporate loans and non-housing consumer loans was offset by a decline in trade loans and in Singapore housing loans in line with the industry. Net interest margin was little changed at 1.90%.

Net fee income rose 6% as fees for most activities were higher, led by wealth management and loan-related fees. Other non-interest income grew 7% due to higher trading income.

Expenses rose 4%, while profit before allowances was 2% higher.

Nine-month earnings up 13%

For the nine months, net profit rose 13% to SGD 4.88 billion. Total income grew 12% to SGD 11.1 billion.

Net interest income rose 9% to SGD 7.20 billion. Loans grew 4% in constant-currency terms while net interest margin increased five basis points to 1.90%.

Net fee income rose 8% to SGD 2.31 billion from broad-based growth led by wealth management, cards and investment banking. Other non-interest income increased 35% to SGD 1.57 billion from higher trading income and gains from investment securities.

By business unit, Consumer Banking / Wealth Management income rose 14% to SGD 4.79 billion with growth led by deposit and investment product income. Institutional Banking income grew 7% to SGD 4.58 billion from higher cash management income. Treasury Markets income increased 35% to SGD 785 million.

Expenses rose 8% to SGD 4.66 billion. The cost-income ratio improved one percentage point to 42%. Profit before allowances rose 14% to SGD 6.43 billion.

Balance sheet remains healthy

Non-performing assets rose 2% from the previous quarter to SGD 5.94 billion due largely to currency effects. New non-performing loan formation was moderated by recoveries and write-offs. The NPL rate was unchanged at 1.5%. Specific allowances were 21 basis point of loans for the third quarter, in line with recent quarters, and 19 basis points for the nine months, little changed from the year-ago period. Allowance

coverage was at 96% and at 181% when collateral was considered.

Deposits rose 1% in constant-currency terms from the previous quarter to SGD 400 billion. The liquidity coverage ratio of 131% and the net stable funding ratio of 110% were both above the regulatory requirement of 100%.

The Common Equity Tier-1 ratio increased from 13.6% in the previous quarter to 13.8%. The leverage ratio of 7.0% was more than twice the regulatory requirement of 3%.

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

DBS CEO Piyush Gupta said, "The record operating results for the quarter once again attest to the strength of our business. Our transformed franchise, nimble execution and balance sheet strength will put us in good stead to deliver healthy shareholder returns despite the prevailing macroeconomic and geopolitical headwinds."

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 11 consecutive years from 2009 to 2019.



Live more, Bank less

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 28,000 staff, representing over 40 nationalities. For more information, please visit www.dbs.com.

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