



News Release

Ref No. 02/2018

DBS FIRST-QUARTER NET PROFIT UP 26% TO RECORD SGD 1.52 BILLION, RETURN ON EQUITY RISES TO 13%, HIGHEST IN DECADE

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***Total income climbs 16% to SGD 3.36 billion from broad-based growth in loans
and non-interest income, improved net interest margin***

SINGAPORE, 30 April 2018 – DBS Group's net profit for first-quarter 2018 increased 26% to a record SGD 1.52 billion. Total income increased 16% to SGD 3.36 billion, led by broad-based growth in loans and non-interest income as well as a higher net interest margin. A positive jaw resulted in a one percentage point improvement in the cost-income ratio to 42%. Asset quality was healthy with total allowances declining 18% and new non-performing asset formation at a four-year low. Return on equity was 13%, the highest in a decade.



Broad-based income growth boosts net profit by 26% from year ago

Net interest income rose 16% to SGD 2.13 billion from higher loan volumes and net interest margin. Loans expanded 13% or SGD 39 billion in constant-currency terms to SGD 328 billion from growth across trade, corporate and consumer loans, including SGD 9 billion from the consolidation of the retail and wealth management business of ANZ. Net interest margin improved nine basis points to 1.83% in line with higher interest rates.

Net fee income increased 12% to SGD 744 million. Wealth management fees grew by an underlying 31% to a new high of SGD 331 million from higher investment product and bancassurance sales. Card fees rose 27% to SGD 156 million from higher credit and debit card activities as well as the consolidation of the ANZ business in Taiwan and Indonesia. Brokerage commissions were 29% higher at SGD 49 million from increased equity market activities.

Other non-interest income was 25% higher at SGD 488 million. There was a net gain of SGD 86 million from a Hong Kong property disposal. Net trading income increased 36% to SGD 368 million from higher trading gains. These increases were partially offset by a 78% decline in net gain from investment securities to SGD 22 million.

By business unit, Consumer Banking / Wealth Management income rose 17% to SGD 1.36 billion. The increase was across all product segments and led by investment products and deposits. Institutional Banking income grew 3% to SGD 1.36 billion as an increase in cash management income was partially offset by declines in other products. Trading-related income for Treasury Markets rose 33% to SGD 249 million.



Expenses rose 12% to SGD 1.40 billion; excluding ANZ, expenses rose 8%. The positive jaw resulted in an improvement in the cost-income ratio from 43% to 42%. Profit before allowances grew 20% to SGD 1.96 billion.

Net profit up 25% from previous quarter

Net profit was 25% higher than the previous quarter as sustained business momentum resulted in a 10% increase in total income.

Net interest income rose 4% on a day-adjusted basis. Loans grew 2% in constant-currency terms, led by non-trade corporate loans. Net interest margin rose five basis points to 1.83% from the re-pricing of Singapore dollar as well as Hong Kong dollar and US dollar loans in line with higher interest rates.

Net fee income was 17% higher from broad-based growth led by wealth management, loan-related and brokerage activities. Other non-interest income rose 52% as the property disposal gain and an increase in trading income were partially offset by a lower net gain from investment securities.

Expenses were 3% higher, resulting in a 16% increase in profit before allowances.

Balance sheet remains strong

Non-performing assets declined 4% to SGD 5.82 billion. NPA formation was at a four-year low of SGD 195 million and was more than offset by recoveries and write-offs. Compared to the previous quarter, the NPL rate fell from 1.7% to 1.6%, while allowance



coverage rose to 90% and to 177% when collateral was considered. Total allowances fell 18% from a year ago and 27% from the previous quarter to SGD 164 million.

Allowances for impaired assets amounted to 20 basis points of loans.

Deposits rose 13% from a year ago and 2% from the previous quarter in constant-currency terms to SGD 376 billion. The net stable funding ratio of 110% was above the regulatory requirement of 100%. The liquidity coverage ratio of 125% was also above the regulatory requirement of 100%.

The Common Equity Tier-1 ratio (CET-1) was little changed from the previous quarter at 14.0% as an increase in retained earnings was partially offset by the impact of loan growth. Adjusting for the payment in May 2018 of the final dividend and special dividend of 2017 totalling SGD 1.10 per share, the pro-forma CET-1 was 13.0%, within the target range of 12.5-13.5%. The leverage ratio of 7.6% was more than twice the regulatory requirement of 3%.

DBS CEO Piyush Gupta said, "With interest rates and allowance charges reverting to more normalised levels, and our capital base streamlined with the finalisation of regulatory requirements, the structural profitability of our franchise has been more clearly demonstrated with this quarter's results. While we are keeping a watchful eye on how geopolitical trade tensions play out, the region's economic fundamentals remain sound. Our pipeline is healthy and we expect to continue capturing business opportunities and delivering shareholder returns in the coming year."



About DBS

DBS - Living, Breathing Asia

DBS is a leading financial services group in Asia, with over 280 branches across 18 markets. Headquartered and listed in Singapore, DBS has a growing presence 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.

DBS is at the forefront of leveraging digital technology to shape the future of banking, and has been named "World's Best Digital Bank" by Euromoney. The bank has also been recognised for its leadership in the region, having been named "Asia's Best Bank" by several publications including The Banker, Global Finance, IFR Asia and Euromoney since 2012. In addition, the bank has been named "Safest Bank in Asia" by Global Finance for nine consecutive years from 2009 to 2017.

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 its 26,000 staff, representing over 40 nationalities. For more information, please visit www.dbs.com.

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For more information, contact:

Karen Ngui
Group Strategic Marketing & Communications
DBS Bank
Email: karenngui@dbs.com
Tel: (65) 6878 3008
Mobile: (65) 9030 8080

Michael Sia
Investor Relations
DBS Bank
Email: michaelsia@dbs.com
Tel: (65) 6878 4751
Mobile: (65) 9636 9472