



News Release

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DBS FIRST-HALF EARNINGS RISE 4% TO RECORD SGD 2.35 BILLION

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Second-quarter earnings up 8% to SGD 1.14 billion

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BOARD DECLARES 10% INCREASE IN FIRST-HALF DIVIDENDS TO SGD 33 CENTS PER SHARE

SINGAPORE, 4 August 2017 – DBS Group achieved record net profit of SGD 2.35 billion for first-half 2017, up 4% from a year ago. Total income reached a half-year high of SGD 5.81 billion as broad-based loan growth and record fee income offset the impact of a lower net interest margin and weaker trading performance. The results were also underpinned by a decline in expenses from ongoing digitalisation and productivity initiatives and by lower allowances as non-performing loan formation moderated.



For the second quarter, net profit rose 8% to SGD 1.14 billion. Total income of SGD 2.92 billion was just shy of a quarterly high as loans grew 2% over the quarter and fee income trends were sustained. Total allowances were 17% lower.

The Board declared first-half dividends of SGD 33 cents per share, up 10% from the recent half-yearly payouts. The increase is consistent with the policy of paying progressive dividends in line with earnings while maintaining prudent capital levels to meet impending regulatory changes and long-term growth requirements.

First-half net profit rises 4%

For the first half, net interest income increased 1% to SGD 3.72 billion. Loans rose 6% to SGD 303 billion from broad-based growth in corporate, trade, consumer and Singapore housing loans. The impact of higher loan volumes was partially offset by softer Singapore dollar interest rates, which resulted in a 12 basis point decline in net interest margin to 1.74%.

Net fee income rose 8% to SGD 1.30 billion. Wealth management fees increased significantly to SGD 467 million from higher sales of unit trusts and other investment products. Higher trade finance and cash management income resulted in a 7% increase in transaction service fees to SGD 311 million. Card fees also grew from increased credit card transactions in Singapore and Hong Kong. Partially offsetting the growth in these activities were an 18% decline in investment banking fees from lower equity underwriting and a 5% fall in loan-related fees.



Other non-interest income fell 14% or SGD 126 million to SGD 790 million due to lower trading gains and a non-recurring gain of SGD 38 million a year ago.

By business unit, Consumer Banking / Wealth Management income rose 10% to SGD 2.30 billion as all product segments were higher. In particular, income from investment products rose 21% led by higher sales of treasury products and unit trusts. Institutional Banking income fell 1% to SGD 2.62 billion as a 28% increase in cash management income was offset by lower income from other activities. Treasury Markets income fell 23% to SGD 445 million.

Expenses declined 1% to SGD 2.52 billion as ongoing digitalisation and productivity initiatives yielded cost savings. Underlying headcount was 1% lower. The reduction in expenses improved the cost-income ratio by one percentage point to 43%. Profit before allowances was 2% higher at SGD 3.29 billion.

Second-quarter earnings up 8% from a year ago

For the second quarter, continued business momentum was offset by lower net interest margin, trading income and gains on investment securities.

Net interest income was 3% higher than a year ago at SGD 1.89 billion. Loan growth of 6% more than offset the impact of a 13 basis point decline in net interest margin to 1.74%.



Net fee income rose 1% to SGD 636 million. An increase in annuity fee income streams, led by double-digit growth in wealth management, was offset by a decline in investment banking and loan-related fees. Other non-interest income fell 13% to SGD 400 million from lower trading income and gains on investment securities as well as an absence of gains on fixed assets.

Total income was slightly higher at SGD 2.92 billion. With expenses declining 1% to SGD 1.27 billion, the cost-income ratio improved one percentage point to 43%. Profit before allowances increased 1% to SGD 1.66 billion.

Second-quarter earnings 6% lower than previous quarter

Compared to the previous quarter, second-quarter net profit was 6% lower. Total income increased 1% to a near quarterly high as net interest income rose.

Net interest income increased 3% as loans grew 2% from higher corporate, trade, consumer and Singapore housing loans. Net interest margin was unchanged at 1.74% as the benefit of higher Singapore dollar interest rates was offset by lower Hong Kong dollar interest rates.

Net fee income was 4% lower due to a decline in loan-related fees. Other fee income streams remained healthy, with wealth management, card and transaction service fees around recent quarterly highs. Other non-interest income was 3% higher as an improvement in trading income was partially offset by lower gains on investment securities.



Profit before allowances was 1% higher as the higher total income was offset by a 2% increase in expenses.

Balance sheet remains healthy

The amount of non-performing assets was little changed from the previous quarter at SGD 4.85 billion as non-performing loan formation was offset by write-offs and recoveries. For the first half, non-performing loan formation moderated from the high levels of the previous three quarters. The non-performing loan rate rose slightly from the previous quarter to 1.5%.

Specific allowances amounted to SGD 304 million for the second quarter, bringing the half-year amount to SGD 504 million. Allowance coverage of non-performing assets was at 100% and at 234% when collateral was considered.

Deposits rose 11% from a year ago to SGD 343 billion. The liquidity coverage ratio for the second quarter was 150%, above the regulatory requirement of 100% due in 2019. The net stable funding ratio was also above the regulatory requirement due in 2018.

The Common Equity Tier-1 ratio was at 14.4%. The leverage ratio of 7.9% was more than twice the minimum of 3% currently envisaged by the Basel Committee.

The scrip dividend scheme will apply to the first-half dividend. Scrip dividends will be issued at the average of the closing share prices on 11, 14 and 15 August 2017.



DBS CEO Piyush Gupta said, “We achieved strong operating performance in the first half and the business pipeline remains healthy, in line with general economic trends in our key markets. Asset quality pressures will continue and the risk of heightened credit costs in the oil and gas support services sector will persist with low oil prices. The 10% increase in dividends reflects the Board’s confidence in the quality of our earnings and our balance sheet, in particular the strong capital buffers we have built up. We are well positioned to continue capturing growth opportunities and delivering shareholder returns.”

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, is 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 eight consecutive years from 2009 to 2016.

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 22,000 staff, representing over 40 nationalities. For more information, please visit www.dbs.com.

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