



To: Shareholders

The Board of Directors of DBS Group Holdings Ltd (“DBSH” or “the Company”) reports the following:

Audited Financial Results for the Year/ Fourth Quarter Ended 31 December 2017

Details of the financial results are in the accompanying performance summary.

Dividends

For the financial year ended 31 December 2017, the Directors have recommended:

- (i) a final one-tier tax exempt dividend of 60 cents for each DBSH ordinary share (“FY17 Final Dividend”), up 100% from the 30.0 cents declared for the financial year ended 31 December 2016; and
- (ii) a one-tier tax exempt special dividend of 50 cents for each DBSH ordinary share (“Special Dividend”).

The FY17 Final Dividend and Special Dividend will be subject to shareholders’ approval at the Annual General Meeting to be held on 25 April 2018.

Details of the proposed dividends, along with interim ones paid during the course of the financial year, are as follows:

In \$ millions	2017	2016
DBSH Ordinary share		
Interim one-tier tax exempt dividend* of 33 cents (2016: 30 cents)	843	756
Final one-tier tax exempt dividend of 60 cents (2016: 30 cents)	1,535	763
Special dividend of 50 cents	1,279	-
	<u>3,657</u>	<u>1,519</u>

* Interim dividends were paid to entitled shareholders during the year

Ex-dividend Date

The DBSH ordinary shares will be quoted ex-dividend on 3 May 2018.

Closure of Books

The Transfer Books and Register of Members of DBSH will be closed from 5.00 p.m. on 7 May 2018 up to (and including) 8 May 2018 for the purpose of determining shareholders’ entitlement to the FY17 Final Dividend and Special Dividend.

Please refer to the separate announcement titled “Notice of Books Closure and Dividend Payment Date” released by DBSH today.

...DBS/

Co. Reg. No. 199901152M

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Scrip Dividend Scheme

The DBSH Scrip Dividend Scheme will not be applied to the FY17 Final Dividend and Special Dividend.

Payment Date

The payment date for cash dividends will be on 15 May 2018.

By order of the Board

Goh Peng Fong
Group Secretary

8 February 2018
Singapore

More information on the above announcement is available at www.dbs.com/investor



Performance Summary

Financial Results
For the Fourth Quarter ended
31 December 2017 and For the Year 2017

DBS Group Holdings Ltd
Incorporated in the Republic of Singapore
Company Registration Number: 199901152M

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OVERVIEW

DBS Group Holdings Ltd ("DBSH") prepares its consolidated DBSH Group ("Group") financial statements in accordance with Singapore Financial Reporting Standard ("FRS"), as modified by the requirements of Notice to Banks No. 612 "Credit Files, Grading and Provisioning" issued by the Monetary Authority of Singapore. The accounting policies and methods of computation applied for the current financial periods are consistent with those applied for the financial year ended 31 December 2016, with the exception of the following changes adopted with effect from 1 January 2017:

Adoption of the following amendments to accounting standards that are issued by the Accounting Standards Council and relevant for the Group:

- Amendments to FRS 7: Disclosure Initiative
- Amendments to FRS 12: Recognition of Deferred Tax Assets for Unrealised Losses
- Amendments to FRS 112: Clarification of the scope of the Standard (that was issued as part of Improvements to FRSs (issued in December 2016))

There is no significant impact on the Group's financial statements from the adoption of the above amendments to FRSs.

Early adoption of FRS 109 Own Credit Risk and reclassification of Structured Notes and Structured Deposits

FRS 109 Financial Instruments (FRS 109), which has a mandatory adoption date of 1 January 2018, allows for the early adoption of the requirements for the presentation of gains and losses on financial liabilities designated at fair value through profit or loss. Under FRS 109, changes to the fair value of such financial liabilities that is attributable to a reporting entity's own credit risk are taken to revenue reserves through other comprehensive income. The amounts are not transferred to the income statement even when realised. The Group has decided to early adopt this new presentation from 1 January 2017 as it better reflects the Group's underlying business model.

The Group has classified all un-bifurcated structured notes and deposits as "designated at fair value through profit or loss". There is no impact to the amounts and line items reflected in the consolidated balance sheet or income statement for prior periods.

FRS 109 Financial Instruments

FRS 109 replaces the existing guidance in FRS 39 on 1 January 2018. On transition, the estimated aggregate impact is a net increase in the Group shareholders' funds by approximately \$65 million.

The opening general allowance balance as at 1 January 2018 is \$2,620 million, which is also the amount required under MAS' Minimum Regulatory Loss Allowance. This exceeds the Group's estimated stage 1 and 2 Expected Credit Loss of approximately \$2,525 million. Consequently, in compliance with MAS 612, approximately \$95 million will be transferred from the general allowance balance to Regulatory Loss Allowance Reserves as required by MAS 612. Taking into account deferred tax impact, the net increase in shareholders' funds is \$75 million.

Changes in the classification and measurement of financial instruments will result in a net reduction in shareholders' funds of \$10 million due primarily to the reversal of unrealised gains. The impact is mainly from the reclassification of approximately \$16 billion of quoted debt securities from available-for-sale to amortised cost as the Group intends to collect the contractual cash flows of these portfolios.

For hedge accounting, the impact is not material.

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

	4th Qtr 2017	4th Qtr 2016	% chg	3rd Qtr 2017	% chg	Year 2017	Year 2016	% chg
Selected income statement items (\$m)								
Net interest income	2,097	1,824	15	1,975	6	7,791	7,305	7
Net fee and commission income	636	515	23	685	(7)	2,622	2,331	12
Other non-interest income	322	437	(26)	399	(19)	1,511	1,853	(18)
Total income	3,055	2,776	10	3,059	-	11,924	11,489	4
Expenses	1,357	1,223	11	1,257	8	5,130	4,972	3
Profit before allowances	1,698	1,553	9	1,802	(6)	6,794	6,517	4
Allowances for credit and other losses	225	462	(51)	815	(72)	1,544	1,434	8
Profit before tax	1,473	1,091	35	987	49	5,250	5,083	3
Net profit	1,218	913	33	822	48	4,390	4,238	4
One-time items	(24)	-	NM	(20)	(20)	(19)	-	NM
- Divestment of subsidiary	-	-	-	-	-	350	-	NM
- General allowances	-	-	-	-	-	(350)	-	NM
- ANZ integration costs	(30)	-	NM	(21)	(43)	(75)	-	NM
- Tax on one-time items	6	-	NM	1	>100	56	-	NM
Net profit including one-time items	1,194	913	31	802	49	4,371	4,238	3
Selected balance sheet items (\$m)								
Customer loans	323,099	301,516	7	314,135	3	323,099	301,516	7
Constant-currency change			11		4			11
Total assets	517,711	481,570	8	507,766	2	517,711	481,570	8
Customer deposits	373,634	347,446	8	362,102	3	373,634	347,446	8
Constant-currency change			11		4			11
Total liabilities	467,909	434,600	8	459,005	2	467,909	434,600	8
Shareholders' funds	47,458	44,609	6	46,385	2	47,458	44,609	6
Key financial ratios (%) (excluding one-time items)¹								
Net interest margin	1.78	1.71		1.73		1.75	1.80	
Non-interest/total income	31.4	34.3		35.4		34.7	36.4	
Cost/income ratio	44.4	44.1		41.1		43.0	43.3	
Return on assets	0.94	0.77		0.65		0.89	0.92	
Return on equity ²	10.5	8.4		7.1		9.7	10.1	
Loan/deposit ratio	86.5	86.8		86.8		86.5	86.8	
Non-performing loans (NPL) ratio	1.7	1.4		1.7		1.7	1.4	
Specific allowances (loans)/average loans (bp)	25	57		195		72	38	
Common Equity Tier 1 capital adequacy ratio	14.3	14.1		14.0		14.3	14.1	
Tier 1 capital adequacy ratio	15.1	14.7		14.8		15.1	14.7	
Total capital adequacy ratio	15.9	16.2		15.6		15.9	16.2	
Leverage ratio ³	7.6	7.7		7.5		7.6	7.7	
Average all-currency liquidity coverage ratio ⁴	131	133		141		140	121	
Per share data (\$)								
Per basic and diluted share								
- earnings excluding one-time items	1.86	1.40		1.25		1.69	1.66	
- earnings	1.85	1.40		1.24		1.69	1.66	
- net book value ⁵	17.85	16.87		17.43		17.85	16.87	

Notes:

1 Return on assets, return on equity, specific allowances (loan)/average loans and per share data are computed on an annualised basis.

2 Calculated based on net profit attributable to the shareholders net of dividends on preference shares and other equity instruments. Non-controlling interests, preference shares and other equity instruments are not included as equity in the computation of return on equity.

3 Leverage Ratio is computed based on MAS Notice 637.

4 Liquidity Coverage Ratio (LCR) is computed based on MAS Notice 649. For average SGD LCR and other disclosures required under MAS Notice 651, refer to <https://www.dbs.com/investor/index.html>.

5 Non-controlling interests are not included as equity in the computation of net book value per share.

NM Not meaningful

Fourth-quarter net profit reached a new quarterly high of \$1.22 billion, up 33% from a year ago. Total income rose 10% to \$3.06 billion, staying above the \$3 billion mark for the second consecutive quarter, as net interest income grew 15% to cross \$2 billion for the first time. Fee income rose 23% with growth across most fee activities. Total allowances halved. Compared to the previous quarter, net profit was 48% higher due to a decline in total allowances. Business momentum remained strong.

Net interest income increased 15% from a year ago and 6% from the previous quarter to \$2.10 billion. Loans expanded by 11% from a year ago and 4% from the previous quarter in constant-currency terms from broad-based underlying growth as well as the consolidation of wealth and retail banking businesses acquired from ANZ. Net interest margin of 1.78% was five basis points higher than the previous quarter and seven basis points above a year ago.

Net fee income rose 23% from a year ago to \$636 million, led by wealth management and investment banking. It was 7% below the previous quarter's record due to seasonal factors. Other non-interest income declined 26% from a year ago and 19% from the previous quarter to \$322 million due to weaker trading income.

Expenses rose 11% from a year ago to \$1.36 billion due to higher marketing and technology costs as well as the consolidation of ANZ. Expenses were 8% higher than the previous quarter.

With residual weak oil and gas support service exposures having been dealt with in the previous quarter, total allowances fell substantially from both comparative periods to \$225 million. New NPL formation was also lower. The non-performing loan rate was unchanged at 1.7% from the previous quarter.

Liquidity and capital were healthy. The average liquidity coverage ratio during the quarter was 131%. The Common Equity Tier 1 ratio was at 14.3% while the leverage ratio was at 7.6%.

Net profit for the full year was \$4.39 billion, also a record. Total income and profit before allowances were at new highs from broad-based loan growth and record fee income, which more than offset the impact of softer interest rates and weaker trading income. Including one-time items, net profit was \$4.37 billion.

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

QUARTERLY BREAKDOWN

(\$m)	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Full Year
Net interest income					
2016	1,833	1,833	1,815	1,824	7,305
2017	1,831	1,888	1,975	2,097	7,791
% chg	-	3	9	15	7
Non-interest income					
2016	1,032	1,086	1,114	952	4,184
2017	1,055	1,036	1,084	958	4,133
% chg	2	(5)	(3)	1	(1)
Total income					
2016	2,865	2,919	2,929	2,776	11,489
2017	2,886	2,924	3,059	3,055	11,924
% chg	1	-	4	10	4
Expenses					
2016	1,265	1,285	1,199	1,223	4,972
2017	1,248	1,268	1,257	1,357	5,130
% chg	(1)	(1)	5	11	3
Allowances for credit and other losses					
2016	170	366	436	462	1,434
2017	200	304	815	225	1,544
% chg	18	(17)	87	(51)	8
Profit before tax					
2016	1,430	1,268	1,294	1,091	5,083
2017	1,438	1,352	987	1,473	5,250
% chg	1	7	(24)	35	3
Net profit					
2016	1,203	1,051	1,071	913	4,238
2017	1,210	1,140	822	1,218	4,390
% chg	1	8	(23)	33	4
One-time items					
2016	-	-	-	-	-
2017	35	(10)	(20)	(24)	(19)
% chg	NM	NM	NM	NM	NM
Net profit including one-time items					
2016	1,203	1,051	1,071	913	4,238
2017	1,245	1,130	802	1,194	4,371
% chg	3	8	(25)	31	3

The pace of total income growth strengthened over the course of the year as net interest income accelerated. Non-interest income was stable to lower over the four quarters.

Both net interest margin and loan growth contributed to the acceleration in net interest income. Compared to the year-ago period, net interest margin had been lower in the first half before stabilising and rising in the second half. After a slow start, loan growth gained momentum over the course of the year.

Net fee income growth also picked up over the course of the year, but was offset by sustained weakness in trading income. As a result, non-interest income was flat

to lower over the four quarters compared to the year-ago period.

Expense growth over the year was in line with total income growth. For the full year, expense growth was contained at 3% as digitalisation and cost management initiatives boosted productivity.

Total allowances peaked in the third quarter when residual weak oil and gas support service exposures were recognised as non-performing.

Net profit was higher for every quarter except the third quarter. Net profit for fourth quarter 2017 was a quarterly record.

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

NET INTEREST INCOME

Average balance sheet	4th Qtr 2017			4th Qtr 2016			3rd Qtr 2017		
	Average balance (\$m)	Interest (\$m)	Average rate (%)	Average balance (\$m)	Interest (\$m)	Average rate (%)	Average balance (\$m)	Interest (\$m)	Average rate (%)
Interest-bearing assets									
Customer non-trade loans	273,787	1,885	2.73	259,449	1,681	2.58	266,016	1,809	2.70
Trade assets	48,990	323	2.62	41,833	248	2.36	45,501	293	2.56
Interbank assets ¹	48,072	192	1.58	44,280	105	0.94	47,819	163	1.35
Securities and others	95,452	542	2.25	78,932	443	2.23	92,716	506	2.17
Total	466,301	2,942	2.50	424,494	2,477	2.32	452,052	2,771	2.43
Interest-bearing liabilities									
Customer deposits	366,065	595	0.64	335,352	470	0.56	353,053	561	0.63
Other borrowings	65,449	250	1.52	57,118	183	1.27	63,358	235	1.47
Total	431,514	845	0.78	392,470	653	0.66	416,411	796	0.76
Net interest income/margin²		2,097	1.78		1,824	1.71		1,975	1.73

Average balance sheet	Year 2017			Year 2016		
	Average balance (\$m)	Interest (\$m)	Average rate (%)	Average balance (\$m)	Interest (\$m)	Average rate (%)
Interest-bearing assets						
Customer non-trade loans	264,022	7,096	2.69	248,865	6,628	2.66
Trade assets	44,794	1,138	2.54	42,424	958	2.26
Interbank assets ¹	47,261	621	1.31	36,397	371	1.02
Securities and others	89,013	1,978	2.22	79,167	1,791	2.26
Total	445,090	10,833	2.43	406,853	9,748	2.40
Interest-bearing liabilities						
Customer deposits	351,713	2,180	0.62	318,712	1,726	0.54
Other borrowings	59,822	862	1.44	58,099	717	1.23
Total	411,535	3,042	0.74	376,811	2,443	0.65
Net interest income/margin²		7,791	1.75		7,305	1.80

Notes:

1 Includes non-restricted balances with central banks.

2 Net interest margin is net interest income expressed as a percentage of average interest-bearing assets.

Net interest income rose 15% from a year ago and 6% from the previous quarter to \$2.10 billion. Net interest margin increased five basis points from the previous quarter and seven basis points from a year ago to 1.78% in line with higher Singapore-dollar interest rates. Asset volume growth, due partly to the consolidation of retail and wealth

management businesses acquired from ANZ, also contributed to the increase in net interest income.

For the full year, net interest income rose 7% to \$7.79 billion as growth in asset volumes was partially offset by a five basis point decline in net interest margin to 1.75%.

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

Volume and rate analysis (\$m) Increase/(decrease) due to change in	4th Qtr 2017 vs 4th Qtr 2016			4th Qtr 2017 vs 3rd Qtr 2017		
	Volume	Rate	Net change	Volume	Rate	Net change
Interest income						
Customer non-trade loans	93	111	204	53	23	76
Trade assets	43	32	75	22	8	30
Interbank assets	9	78	87	1	28	29
Securities and others	92	7	99	15	21	36
Total	237	228	465	91	80	171
Interest expense						
Customer deposits	43	82	125	21	13	34
Other borrowings	26	41	67	8	7	15
Total	69	123	192	29	20	49
Net impact on net interest income	168	105	273	62	60	122
Due to change in number of days			-			-
Net Interest Income			273			122

Volume and rate analysis (\$m) Increase/(decrease) due to change in	Year 2017 vs Year 2016		
	Volume	Rate	Net change
Interest income			
Customer non-trade loans	404	83	487
Trade assets	54	129	183
Interbank assets	111	141	252
Securities and others	222	(29)	193
Total	791	324	1,115
Interest expense			
Customer deposits	179	281	460
Other borrowings	21	127	148
Total	200	408	608
Net impact on net interest income	591	(84)	507
Due to change in number of days			(21)
Net Interest Income			486

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

NET FEE AND COMMISSION INCOME

(\$m)	4th Qtr 2017	4th Qtr 2016	% chg	3rd Qtr 2017	% chg	Year 2017	Year 2016	% chg
Brokerage	39	37	5	39	-	154	155	(1)
Investment banking	66	30	>100	64	3	216	189	14
Transaction services ¹	153	148	3	154	(1)	618	585	6
Loan-related	77	80	(4)	100	(23)	409	434	(6)
Cards ²	151	138	9	139	9	543	483	12
Wealth management ³	227	158	44	272	(17)	966	714	35
Others	21	11	91	20	5	88	86	2
Fee and commission income	734	602	22	788	(7)	2,994	2,646	13
Less: Fee and commission expense	98	87	13	103	(5)	372	315	18
Total	636	515	23	685	(7)	2,622	2,331	12

Notes:

1 Includes trade & remittances, guarantees and deposit-related fees.

2 Net of interchange fees paid.

3 Full year 2017 includes \$72 million that would have been previously classified as other non-interest income. The amount represents fees earned from wealth management treasury products sold on open investment architecture platforms. The change in classification was applied prospectively from 1 April 2017.

Net fee income rose 23% from a year ago to \$636 million. The increase was led by wealth management fees from higher unit trust and other investment product sales. Investment banking fees doubled from higher equity market and fixed income activities. Transaction banking fees increased 3% with higher cash management fees partially offset by trade finance. Card fees also increased.

Net fee income was 7% lower than the previous quarter's record due to a decline in wealth management and loan-related activities from seasonal factors.

For the full year, net fee income rose 12% to \$2.62 billion. The growth was broad-based.

OTHER NON-INTEREST INCOME

(\$m)	4th Qtr 2017	4th Qtr 2016	% chg	3rd Qtr 2017	% chg	Year 2017	Year 2016	% chg
Net trading income ¹	228	397	(43)	265	(14)	1,058	1,357	(22)
Net income from investment securities	107	25	>100	120	(11)	424	330	28
Net gain on fixed assets	-	-	-	-	-	1	54	(98)
Others ² (include rental income and share of profits or losses of associates)	(13)	15	NM	14	NM	28	112	(75)
Total	322	437	(26)	399	(19)	1,511	1,853	(18)

Notes:

1 Net trading income includes valuation adjustments such as bid-offer valuation adjustment, credit valuation adjustment and funding valuation adjustment.

2 Excludes one-time item.

NM Not Meaningful

Other non-interest income fell 26% from a year ago to \$322 million as a decline in trading income was partially offset by higher gains from investment securities. Compared to the previous quarter, other non-interest income was 19% lower, also due mainly to lower trading income.

For the full year, other non-interest income fell 18% to \$1.51 billion due to a decline in trading income and to a gain on fixed assets in the previous year, partially offset by higher gains from investment securities.

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

EXPENSES¹

(\$m)	4th Qtr 2017	4th Qtr 2016	% chg	3rd Qtr 2017	% chg	Year 2017	Year 2016	% chg
Staff	691	664	4	685	1	2,805	2,725	3
Occupancy	109	107	2	102	7	408	402	1
Computerisation	241	183	32	213	13	873	877	-
Revenue-related	84	82	2	71	18	292	273	7
Others	232	187	24	186	25	752	695	8
Total	1,357	1,223	11	1,257	8	5,130	4,972	3
Staff headcount at period-end	24,174	22,194	9	23,114	5	24,174	22,194	9
<i>Staff headcount at period-end excluding insourcing staff and staff from ANZ integration</i>	21,832	21,689	1	21,660	1	21,832	21,689	1
Included in the above table were:								
Depreciation of properties and other fixed assets	78	74	5	74	5	297	275	8

Note:

1 Excludes one-time item.

Expenses rose 11% from a year ago and 8% from the previous quarter to \$1.36 billion from higher marketing and technology costs.

For the full year, expense growth was contained to 3% from productivity gains. The amount also included costs from the consolidated ANZ operations in the second half. The cost-income ratio was stable at 43%.

ALLOWANCES FOR CREDIT AND OTHER LOSSES

(\$m)	4th Qtr 2017	4th Qtr 2016	% chg	3rd Qtr 2017	% chg	Year 2017	Year 2016	% chg
General allowances (GP) ¹	(5)	-	NM	(850)	99	(855)	(59)	(>100)
Specific allowances for loans & other credit exposures								
Specific allowances (SP) for loans ²	206	432	(52)	1,538	(87)	2,238	1,111	>100
Singapore	55	184	(70)	1,300	(96)	1,570	477	>100
Hong Kong	45	53	(15)	65	(31)	231	165	40
Rest of Greater China	26	23	13	7	>100	57	107	(47)
South and Southeast Asia	70	83	(16)	180	(61)	370	225	64
Rest of the World	10	89	(89)	(14)	NM	10	137	(93)
Specific allowances(SP) for other credit exposures	22	15	47	117	(81)	146	343	(57)
	228	447	(49)	1,655	(86)	2,384	1,454	64
Specific allowances (SP) for securities, properties and others assets	2	15	(87)	10	(80)	15	39	(62)
Total	225	462	(51)	815	(72)	1,544	1,434	8

Notes:

1. Excludes one-time item.

2. Specific allowances for loans by geography are determined according to the location where the borrower is incorporated.

NM Not Meaningful

Total allowances of \$225 million were significantly lower than a year ago and the previous quarter. No further charges were taken for oil and gas support service exposures as they had been dealt with in the previous quarter.

For the full year, total allowances rose 8%. A doubling of specific allowances due to higher charges for oil and gas support service exposures was partially offset by a write-back of general allowances.

PERFORMANCE BY BUSINESS SEGMENT

(\$m)	Consumer Banking/ Wealth Management	Institutional Banking	Treasury Markets	Others	Total
Selected income statement items					
4th Qtr 2017¹					
Net interest income	751	935	160	251	2,097
Non-interest income	447	396	40	75	958
Total income	1,198	1,331	200	326	3,055
Expenses	703	459	156	39	1,357
Allowances for credit and other losses	40	224	1	(40)	225
Profit before tax	455	648	43	327	1,473
3rd Qtr 2017¹					
Net interest income	700	917	132	226	1,975
Non-interest income	474	410	79	121	1,084
Total income	1,174	1,327	211	347	3,059
Expenses	629	436	148	44	1,257
Allowances for credit and other losses	55	1,622	-	(862)	815
Profit before tax	490	(731)	63	1,165	987
4th Qtr 2016					
Net interest income	703	896	157	68	1,824
Non-interest income	378	359	107	108	952
Total income	1,081	1,255	264	176	2,776
Expenses	656	460	145	(38)	1,223
Allowances for credit and other losses	35	504	-	(77)	462
Profit before tax	390	291	119	291	1,091
Year 2017¹					
Net interest income	2,843	3,623	563	762	7,791
Non-interest income	1,828	1,652	293	360	4,133
Total income	4,671	5,275	856	1,122	11,924
Expenses	2,562	1,755	572	241	5,130
Allowances for credit and other losses	161	2,326	1	(944)	1,544
Profit before tax	1,948	1,194	283	1,825	5,250
Year 2016					
Net interest income	2,715	3,487	578	525	7,305
Non-interest income	1,564	1,729	551	340	4,184
Total income	4,279	5,216	1,129	865	11,489
Expenses	2,384	1,737	564	287	4,972
Allowances for credit and other losses	129	1,499	-	(194)	1,434
Profit before tax	1,766	1,980	565	772	5,083

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

(\$m)	Consumer Banking/ Wealth Management	Institutional Banking	Treasury Markets	Others	Total
Selected balance sheet and other items²					
31 Dec 2017					
Total assets before goodwill and intangibles	110,718	246,863	103,158	51,807	512,546
Goodwill and intangibles					5,165
Total assets					517,711
Total liabilities	207,485	177,418	40,209	42,797	467,909
Capital expenditure for 4th Qtr 2017	27	4	2	89	122
Depreciation for 4th Qtr 2017	14	3	1	60	78
30 Sep 2017					
Total assets before goodwill and intangibles	106,448	241,335	105,406	49,411	502,600
Goodwill and intangibles					5,166
Total assets					507,766
Total liabilities	203,057	170,192	46,596	39,160	459,005
Capital expenditure for 3rd Qtr 2017	23	4	2	61	90
Depreciation for 3rd Qtr 2017	11	4	1	58	74
31 Dec 2016					
Total assets before goodwill and intangibles	96,405	231,929	102,701	45,418	476,453
Goodwill and intangibles					5,117
Total assets					481,570
Total liabilities	187,387	167,598	47,836	31,779	434,600
Capital expenditure for 4th Qtr 2016	32	7	5	83	127
Depreciation for 4th Qtr 2016	10	10	1	53	74

Notes:

- 1 Non-interest income, expenses, allowances for credit and other losses and profit before tax exclude one-time items.
- 2 Refer to sections on Customer Loans and Non-Performing Assets and Loss Allowance Coverage for more information on business segments.

The business segment results are prepared based on the Group's internal management reporting which reflects the organisation management structure. As the activities of the Group are highly integrated, internal allocation has been made in preparing the segment information. Amounts for each business segment are shown after the allocation of certain centralised costs, funding income and the application of transfer pricing, where appropriate. Transactions between segments are recorded within the segment as if they are third party transactions and are eliminated on consolidation.

The various business segments are described below:

Consumer Banking/ Wealth Management

Consumer Banking/ Wealth Management provides individual customers with a diverse range of banking and related financial services. The products and services available to customers include current and savings accounts, fixed deposits, loans and home finance, cards, payments, investment and insurance products.

Profit before tax was 17% higher compared to a year ago at \$455 million. Total income rose 11% to a record of \$1.20 billion. Net interest income rose 7% to \$751 million as higher loan volumes were partially offset by lower net interest margin. Non-interest income grew 18% to \$447 million driven by higher fees from investment products and cards as consumer spending increased. Expenses rose 7% to \$703 million, while total allowances were \$5 million higher at \$40 million.

Compared to the previous quarter, profit before tax was 7% lower. Total income rose 2%. A 7% increase in net interest income from higher loan volumes and net interest margin was partially offset by a 6% decrease in non-interest income. Expenses were 12% higher from increased investments and seasonal marketing campaigns. Total allowances were \$15 million lower.

For the full year, profit before tax was 10% higher at \$1.95 billion. Total income increased 9% to \$4.67 billion. Net interest income grew 5% to \$2.84 billion as higher loan volumes more than offset lower net interest margin. Non-interest income rose 17% to \$1.83 billion from higher fees

from investment products and cards. Expenses increased 7% to \$2.56 billion. Total allowances were \$32 million higher at \$161 million arising largely from the consolidation of ANZ.

Institutional Banking

Institutional Banking provides financial services and products to institutional clients including bank and non-bank financial institutions, government-linked companies, large corporates and small and medium sized businesses. The business focuses on broadening and deepening of customer relationships. Products and services comprise the full range of credit facilities from short-term working capital financing to specialised lending. It also provides global transactional services such as cash management, trade finance and securities and fiduciary services; treasury and markets products; corporate finance and advisory banking as well as capital markets solutions.

Profit before allowances rose 10% from a year ago to \$872 million. Total income increased 6% to \$1.33 billion from higher income from cash management, investment banking and treasury customer activities, partially offset by lower contributions from loan-related activities. Expenses remained stable at \$459 million.

Compared to the previous quarter, profit before allowances fell 2%. Income was little changed as higher income from cash management was offset by lower contributions from loan-related activities. Expenses increased by 5%.

For the full year, profit before allowances rose 1% to \$3.52 billion. Total income was 1% higher at \$5.28 billion. Record income in cash management was offset by lower loan-related and treasury customer activities due to less favourable market conditions. Expenses rose 1% to \$1.76 billion. Higher specific allowances resulted in lower profit before tax.

Treasury Markets

Treasury Markets' activities primarily include structuring, market-making and trading across a broad range of treasury products.

Profit before tax declined 64% from a year ago to \$43 million. Total income fell 24% to \$200 million as higher contributions from equity activities were more than offset by lower contributions from interest rate activities. Expenses were 8% higher at \$156 million as staff and business-related expenses increased.

Compared to the previous quarter, profit before tax was 32% lower. Total income decreased 5% largely due to lower contributions from interest rate and credit activities, partially offset by higher contributions from equity activities. Expenses rose 5% from higher business-related expenses.

For the full year, profit before tax was 50% lower at \$283 million. Total income declined 24% to \$856 million as higher contributions from equity activities were more than offset by lower contributions from interest rate activities. Expenses increased 1% to \$572 million largely due to higher business-related expenses, partially offset by lower staff expenses.

Income from the sale of treasury products to customers of Consumer Banking/Wealth Management (CBG) and Institutional Banking (IBG) is not reflected in the Treasury Markets segment, but in the respective customer segments.

Income from treasury customer activities rose 9% from a year ago to \$278 million due to higher sales income from equity and credit-related sales as well as fixed income products, which were partially offset by lower income from interest rate and foreign exchange products. Compared to the previous quarter, income from customer activities was flat due to lower interest rate, fixed income and foreign exchange products, partially offset by higher equity and credit-related sales. For the full year, income decreased 3% to \$1.15 billion as higher equity-related sales were more than offset by lower income from interest rate products. By segment for the full year, treasury customer sales were 11% lower for IBG due to interest rate products, and 11% higher for CBG due to equity-related sales.

Others

Others encompasses a range of activities from corporate decisions and includes income and expenses not attributed to other business segments, including capital and balance sheet management, funding and liquidity. DBS Vickers Securities and The Islamic Bank of Asia are also included in this segment.

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

PERFORMANCE BY GEOGRAPHY

(\$m)	S'pore	Hong Kong	Rest of Greater China	South and South-east Asia	Rest of the World	Total
Selected income statement items						
4th Qtr 2017¹						
Net interest income	1,369	391	158	114	65	2,097
Non-interest income	611	209	68	51	19	958
Total income	1,980	600	226	165	84	3,055
Expenses	800	256	162	116	23	1,357
Allowances for credit and other losses	39	44	65	66	11	225
Profit before tax	1,141	300	(1)	(17)	50	1,473
Income tax expense	161	53	5	(13)	18	224
Net profit	949	247	(6)	(4)	32	1,218
3rd Qtr 2017¹						
Net interest income	1,310	354	139	110	62	1,975
Non-interest income	715	209	74	58	28	1,084
Total income	2,025	563	213	168	90	3,059
Expenses	746	224	150	112	25	1,257
Allowances for credit and other losses	737	(10)	31	60	(3)	815
Profit before tax	542	349	32	(4)	68	987
Income tax expense	57	57	10	(14)	17	127
Net profit	447	292	22	10	51	822
4th Qtr 2016						
Net interest income	1,189	342	118	117	58	1,824
Non-interest income	595	170	103	61	23	952
Total income	1,784	512	221	178	81	2,776
Expenses	640	273	173	112	25	1,223
Allowances for credit and other losses	197	107	83	68	7	462
Profit before tax	947	132	(35)	(2)	49	1,091
Income tax expense	93	21	10	(6)	28	146
Net profit	822	111	(45)	4	21	913

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

(\$m)	S'pore	Hong Kong	Rest of Greater China	South and South-east Asia	Rest of the World	Total
Year 2017¹						
Net interest income	5,101	1,439	545	457	249	7,791
Non-interest income	2,697	784	310	239	103	4,133
Total income	7,798	2,223	855	696	352	11,924
Expenses	3,026	945	613	447	99	5,130
Allowances for credit and other losses	1,133	80	131	184	16	1,544
Profit before tax	3,639	1,198	111	65	237	5,250
Income tax expense	441	202	29	(9)	64	727
Net profit	3,066	996	82	73	173	4,390
Year 2016						
Net interest income	4,888	1,317	464	425	211	7,305
Non-interest income	2,652	785	370	292	85	4,184
Total income	7,540	2,102	834	717	296	11,489
Expenses	2,871	961	645	399	96	4,972
Allowances for credit and other losses	658	302	191	196	87	1,434
Profit before tax	4,011	839	(2)	122	113	5,083
Income tax expense	494	126	19	29	55	723
Net profit	3,396	713	(21)	92	58	4,238
Selected balance sheet items						
31 Dec 2017						
Total assets before goodwill and intangibles	335,902	79,361	49,966	19,731	27,586	512,546
Goodwill and intangibles	5,136	29	-	-	-	5,165
Total assets	341,038	79,390	49,966	19,731	27,586	517,711
Non-current assets ²	1,487	338	118	69	4	2,016
Gross customer loans	211,463	57,987	28,484	11,498	18,337	327,769
30 Sep 2017						
Total assets before goodwill and intangibles	331,231	78,551	44,929	20,964	26,925	502,600
Goodwill and intangibles	5,136	30	-	-	-	5,166
Total assets	336,367	78,581	44,929	20,964	26,925	507,766
Non-current assets ²	1,558	349	77	64	5	2,053
Gross customer loans	206,578	56,654	25,440	12,322	17,841	318,835
31 Dec 2016						
Total assets before goodwill and intangibles	316,908	73,338	40,436	21,613	24,158	476,453
Goodwill and intangibles	5,083	34	-	-	-	5,117
Total assets	321,991	73,372	40,436	21,613	24,158	481,570
Non-current assets ²	1,941	382	80	53	6	2,462
Gross customer loans	198,037	54,222	22,852	13,976	16,328	305,415

Notes:

- 1 Non-interest income, expenses, allowances for credit and other losses, profit before tax, income tax expense and net profit exclude one-time items.
- 2 Includes investments in associates, properties and other fixed assets.

The performance by geography is determined based on the location in which income and assets are recorded. Hong Kong comprises mainly DBS Bank (HK) Limited and DBS HK branch. Rest of Greater China comprises mainly DBS Bank (China) Ltd, DBS Bank (Taiwan) Ltd and DBS Taipei branch. South and Southeast Asia comprises mainly PT Bank DBS Indonesia, DBS India branches and DBS Labuan branch. All results are prepared in accordance with Singapore Financial Reporting Standard ("FRS"), as modified by the requirements of MAS Notice to Banks No. 612.

Singapore

Net profit rose 15% from a year ago to \$949 million as higher total income and lower allowances more than offset an increase in expenses. Total income grew 11% to \$1.98 billion. Net interest income increased 15% to \$1.37 billion from higher net interest margin and loan volumes. Non-interest income rose 3% to \$611 million as broad-based growth in fees was partially offset by lower trading income. Expenses were 25% higher at \$800 million due to higher marketing and technology costs. Total allowances fell \$158 million to \$39 million as specific allowances declined.

Compared to the previous quarter, net profit more than doubled from a \$698 million decline in total allowances. Higher specific allowances had been taken in the previous quarter due to accelerated recognition of residual weak oil and gas support service exposures as non-performing. Total income fell 2% from seasonal factors. A 5% increase in net interest income from higher net interest margin and loan volumes was more than offset by a 15% decline in non-interest income due to slower wealth management and loan-related fee activities as well as weaker trading income. Expenses rose 7%.

For the full year, net profit declined 10% to \$3.07 billion mainly due to a \$475 million increase in total allowances. Total income grew 3% to \$7.80 billion. Net interest income rose 4% to \$5.10 billion as the impact of softer Singapore-dollar interest rates was more than offset by higher loan volumes. Non-interest income rose 2% to \$2.70 billion as higher fee income more than offset lower trading income. Expenses rose 5% to \$3.03 billion. Profit before allowances was 2% higher at \$4.77 billion.

Hong Kong

The fourth-quarter results incorporated a 1% depreciation of the Hong Kong dollar against the Singapore dollar compared to the previous quarter, and a 6% depreciation compared to a year ago. For the full year, the Hong Kong dollar depreciated 1% against the Singapore dollar compared to a year ago.

Net profit more than doubled from a year ago to \$247 million. Total income was 17% higher at \$600 million. Net interest income rose 14% to \$391 million from higher net interest margin and loan volumes. Non-interest income increased 23% to \$209 million due to higher fees in wealth management, cash management and bancassurance as well as improved trading income. Expenses were 6% lower at \$256 million. Total allowances halved to \$44 million from lower specific allowances.

Compared to the previous quarter, net profit was 15% lower as a 7% increase in total income was more than offset by an increase in both expenses and total allowances. Net interest income rose 10% from higher net

interest margin and loan volumes. Non-interest income was flat as seasonally lower wealth management and loan-related fees were offset by higher trading income. Expenses rose 14% from higher staff and technology costs. Total allowances increased \$54 million as specific allowance charges were taken compared to a write-back in the previous quarter.

For the full year, net profit rose 40% to \$996 million. Total income increased 6% to \$2.22 billion as net interest income rose 9% to \$1.44 billion from higher loan volumes. Non-interest income was flat at \$784 million as broad-based growth in fees was offset by lower trading income as well as the impact of a property disposal gain last year. Expenses fell 2% to \$945 million. Total allowances declined \$222 million to \$80 million.

Rest of Greater China

Net loss decreased to \$6 million from \$45 million a year ago. Total income grew 2% to \$226 million. A 34% increase in net interest income to \$158 million from higher loan volumes was partially offset by a 34% decline in non-interest income to \$68 million due to lower trading income. Expenses fell 6% to \$162 million, resulting in a 33% increase in profit before allowances to \$64 million. Total allowances decreased \$18 million to \$65 million from lower specific allowances.

Compared to the previous quarter, net profit fell from \$22 million to a net loss of \$6 million mainly due to higher total allowances. Total income was 6% higher. A 14% increase in net interest income from higher loan volumes was partially offset by an 8% decrease in non-interest income as trading income fell. Expenses rose 8% as general expenses and technology costs were higher. Profit before allowances was 2% higher. Total allowances rose \$34 million due to specific allowances for an existing non-performing loan.

For the full year, net profit rose to \$82 million from a net loss of \$21 million. Total income was 3% higher at \$855 million. A 17% increase in net interest income to \$545 million from higher loan volumes was partially offset by a 16% decline in non-interest income to \$310 million from lower trading income. Expenses fell 5% to \$613 million. Total allowances declined \$60 million to \$131 million from lower specific allowances.

South and Southeast Asia

Net profit fell from \$4 million a year ago to a net loss of \$4 million. Total income declined 7% to \$165 million. Net interest income decreased 3% to \$114 million as higher net interest margin was more than offset by lower loan volumes. Non-interest income was 16% lower at \$51 million from weaker trading income. Expenses rose 4% to \$116 million. Total allowances fell \$2 million to \$66 million.

Compared to the previous quarter, net profit fell from \$10 million to a net loss of \$4 million. Total income was 2% lower. Net interest income increased 4% as higher net interest margin more than offset lower loan volumes. Non-interest income declined 12% mainly due to lower trading income. Expenses increased 4%. Total allowances rose \$6 million.

For the full year, net profit declined 21% to \$73 million. Total income fell 3% to \$696 million. Net interest income increased 8% to \$457 million as higher net interest margin more than offset lower loan volumes. Non-interest income fell 18% to \$239 million as trading income was lower.

Expenses were 12% higher at \$447 million due to increases in general expenses and staff costs. Total allowances were \$12 million lower at \$184 million as an increase in specific allowances was more than offset by general allowance write-backs.

Rest of the World

Net profit was \$11 million higher than a year ago at \$32 million. Total income rose 4% to \$84 million. A 12% increase in net interest income to \$65 million from higher loan volumes more than offset a 17% decline in non-interest income to \$19 million. Expenses fell 8% to \$23 million. Total allowances increased by \$4 million to \$11 million as general allowances were higher.

Compared to the previous quarter, net profit was \$19 million lower. Total income fell 7%. A 5% increase in net interest income from higher loan volumes was more than offset by a 32% decline in non-interest income due to a high base in loan-related fees. Expenses declined 8%. Total allowances were \$14 million higher from an \$11 million general allowance charge compared to a \$3 million write-back a year ago.

For the full year, net profit rose \$115 million to \$173 million. Total income grew 19% to \$352 million. Net interest income was 18% higher at \$249 million from higher loan volumes. Non-interest income rose 21% to \$103 million as trading income was higher. Expenses increased 3% to \$99 million. Total allowances fell \$71 million to \$16 million as both specific and general allowances declined.

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

CUSTOMER LOANS

(\$m)	31 Dec 2017	30 Sep 2017	31 Dec 2016
Gross	327,769	318,835	305,415
Less:			
Specific allowances	2,276	2,211	1,270
General allowances ¹	2,394	2,489	2,629
Net total	323,099	314,135	301,516
By business unit			
Consumer Banking/ Wealth Management	108,847	104,127	95,085
Institutional Banking	216,317	212,728	207,282
Others	2,605	1,980	3,048
Total (Gross)	327,769	318,835	305,415
By geography²			
Singapore	155,299	152,270	145,025
Hong Kong	51,017	49,757	50,223
Rest of Greater China	53,020	49,463	43,060
South and Southeast Asia	24,474	25,922	27,389
Rest of the World	43,959	41,423	39,718
Total (Gross)	327,769	318,835	305,415
By industry			
Manufacturing	32,636	33,563	31,235
Building and construction	64,520	62,502	58,358
Housing loans	73,293	69,956	64,465
General commerce	51,119	50,792	46,881
Transportation, storage & communications	30,480	29,307	31,964
Financial institutions, investment & holding companies	17,221	15,605	16,742
Professionals & private individuals (excluding housing loans)	29,393	28,039	25,091
Others	29,107	29,071	30,679
Total (Gross)	327,769	318,835	305,415
By currency			
Singapore dollar	134,558	132,144	123,733
US dollar	103,943	100,678	102,120
Hong Kong dollar	38,891	36,932	35,588
Chinese yuan	11,055	10,340	11,577
Others	39,322	38,741	32,397
Total (Gross)	327,769	318,835	305,415

Note:

- 1 The methodology for allocating general allowances was modified in First Quarter 2017 to harmonise the treatment between loans and non-loan assets.
- 2 Loans by geography are determined according to the location where the borrower, or the issuing bank in the case of bank-backed export financing is incorporated

Gross customer loans rose by an underlying 3% or \$9 billion from the previous quarter. The growth was broad-based across trade, corporate and consumer loans. The consolidation of the Taiwan retail and wealth management operations acquired from ANZ during the quarter added another \$2 billion of growth.

Compared to a year ago, loans were 11% or \$33 billion higher in constant-currency terms, including \$8 billion from ANZ. The growth was broad-based.

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

NON-PERFORMING ASSETS AND LOSS ALLOWANCE COVERAGE

	31 Dec 2017			30 Sep 2017			31 Dec 2016		
	NPA (\$m)	NPL (% of loans)	SP (\$m)	NPA (\$m)	NPL (% of loans)	SP (\$m)	NPA (\$m)	NPL (% of loans)	SP (\$m)
By business unit									
Consumer Banking/ Wealth Management	676	0.6	130	578	0.6	120	430	0.5	76
Institutional Banking and Others	4,841	2.2	2,146	4,972	2.3	2,091	3,986	1.9	1,194
Total non-performing loans (NPL)	5,517	1.7	2,276	5,550	1.7	2,211	4,416	1.4	1,270
Debt securities, contingent liabilities & others	553	-	243	577	-	237	440	-	271
Total non-performing assets (NPA)	6,070	-	2,519	6,127	-	2,448	4,856	-	1,541
By geography¹									
Singapore	3,191	2.1	1,322	3,171	2.1	1,315	1,725	1.2	383
Hong Kong	625	1.2	279	715	1.4	294	687	1.4	187
Rest of Greater China	436	0.8	131	380	0.8	110	432	1.0	136
South and Southeast Asia	1,078	4.4	489	1,122	4.3	445	1,188	4.3	425
Rest of the World	187	0.4	55	162	0.4	47	384	1.0	139
Total non-performing loans	5,517	1.7	2,276	5,550	1.7	2,211	4,416	1.4	1,270
Debt securities, contingent liabilities & others	553	-	243	577	-	237	440	-	271
Total non-performing assets	6,070	-	2,519	6,127	-	2,448	4,856	-	1,541
Loss Allowance Coverage									
Specific allowances			2,519			2,448			1,541
General allowances			2,620			2,635			3,166
Total allowances			5,139			5,083			4,707
Total allowances/ NPA			85%			83%			97%
Total allowances/ unsecured NPA			173%			171%			210%

Notes:

1 NPLs by geography are determined according to the location where the borrower is incorporated.

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

(\$m)	31 Dec 2017		30 Sep 2017		31 Dec 2016	
	NPA	SP	NPA	SP	NPA	SP
By industry						
Manufacturing	817	358	852	287	904	298
Building and construction	229	96	280	108	381	136
Housing loans	167	7	153	9	134	8
General commerce	623	231	717	240	880	271
Transportation, storage & communications	2,824	1,350	2,870	1,366	1,427	316
Financial institutions, investment & holding companies	66	22	71	22	83	15
Professionals & private individuals (excluding housing loans)	491	121	404	106	280	71
Others	300	91	203	73	327	155
Total non-performing loans (NPL)	5,517	2,276	5,550	2,211	4,416	1,270
Debt securities, contingent liabilities & others	553	243	577	237	440	271
Total non-performing assets (NPA)	6,070	2,519	6,127	2,448	4,856	1,541

(\$m)	31 Dec 2017		30 Sep 2017		31 Dec 2016	
	NPA	SP	NPA	SP	NPA	SP
By grading						
Non-performing assets						
Substandard	3,561	397	4,023	517	3,439	338
Doubtful	1,216	829	805	632	792	578
Loss	1,293	1,293	1,299	1,299	625	625
Total	6,070	2,519	6,127	2,448	4,856	1,541
Of which: restructured assets						
Substandard	545	76	586	102	467	91
Doubtful	256	182	134	91	139	93
Loss	47	47	40	40	7	7
Total	848	305	760	233	613	191

(\$m)	31 Dec 2017	30 Sep 2017	31 Dec 2016
	NPA	NPA	NPA
By collateral type			
Unsecured non-performing assets	2,978	2,975	2,242
Secured non-performing assets by collateral type			
Properties	959	992	973
Shares and debentures	224	194	312
Fixed deposits	33	88	11
Others	1,876	1,878	1,318
Total	6,070	6,127	4,856

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

(\$m)	31 Dec 2017 NPA	30 Sep 2017 NPA	31 Dec 2016 NPA
By period overdue			
Not overdue	1,448	1,591	705
Within 90 days	865	1,580	698
Over 90 to 180 days	1,097	378	1,215
Over 180 days	2,660	2,578	2,238
Total	6,070	6,127	4,856

Non-performing assets were little changed from the previous quarter at \$6.1 billion as new formation declined and was offset by repayments and write-offs. Allowance

coverage was also stable from the previous quarter at 85%. When collateral was considered, allowance coverage was at 173%.

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

CUSTOMER DEPOSITS

(\$m)	31 Dec 2017	30 Sep 2017	31 Dec 2016
By currency and product			
Singapore dollar	156,893	156,629	152,115
Fixed deposits	15,153	16,349	15,814
Savings accounts	114,865	113,053	108,761
Current accounts	26,710	27,108	27,455
Others	165	119	85
US dollar	128,586	120,343	112,107
Fixed deposits	72,327	67,537	63,855
Savings accounts	20,671	19,296	16,793
Current accounts	34,072	31,911	29,731
Others	1,516	1,599	1,728
Hong Kong dollar	35,208	35,291	36,234
Fixed deposits	14,870	14,592	17,933
Savings accounts	9,505	10,083	9,155
Current accounts	10,272	9,985	8,630
Others	561	631	516
Chinese yuan	11,402	12,101	9,822
Fixed deposits	7,029	7,889	7,096
Savings accounts	1,056	1,054	753
Current accounts	2,699	2,568	1,818
Others	618	590	155
Others	41,545	37,738	37,168
Fixed deposits	28,317	25,922	25,480
Savings accounts	6,640	5,596	5,155
Current accounts	6,390	6,051	6,350
Others	198	169	183
Total	373,634	362,102	347,446
Fixed deposits	137,696	132,289	130,178
Savings accounts	152,737	149,082	140,617
Current accounts	80,143	77,623	73,984
Others	3,058	3,108	2,667

Customer deposits rose 4% from the previous quarter and 11% from a year ago in constant-currency terms to \$374 billion.

The increase over the past year was led by current and savings deposits, in line with the focus on growing transactional accounts.

DEBTS ISSUED

(\$m)	31 Dec 2017	30 Sep 2017	31 Dec 2016
Subordinated term debts ¹	1,138	1,147	3,102
Senior medium term notes ¹	8,197	8,082	6,410
Commercial papers ¹	17,696	14,324	11,586
Negotiable certificates of deposit ¹	3,793	3,100	2,137
Other debt securities ¹	6,002	5,711	5,385
Covered bonds ²	5,028	4,297	2,227
Total	41,854	36,661	30,847
Due within 1 year	27,851	22,715	18,405
Due after 1 year	14,003	13,946	12,442
Total	41,854	36,661	30,847

Notes:

1 Unsecured

2 Secured

TRADING INCOME AND RISK

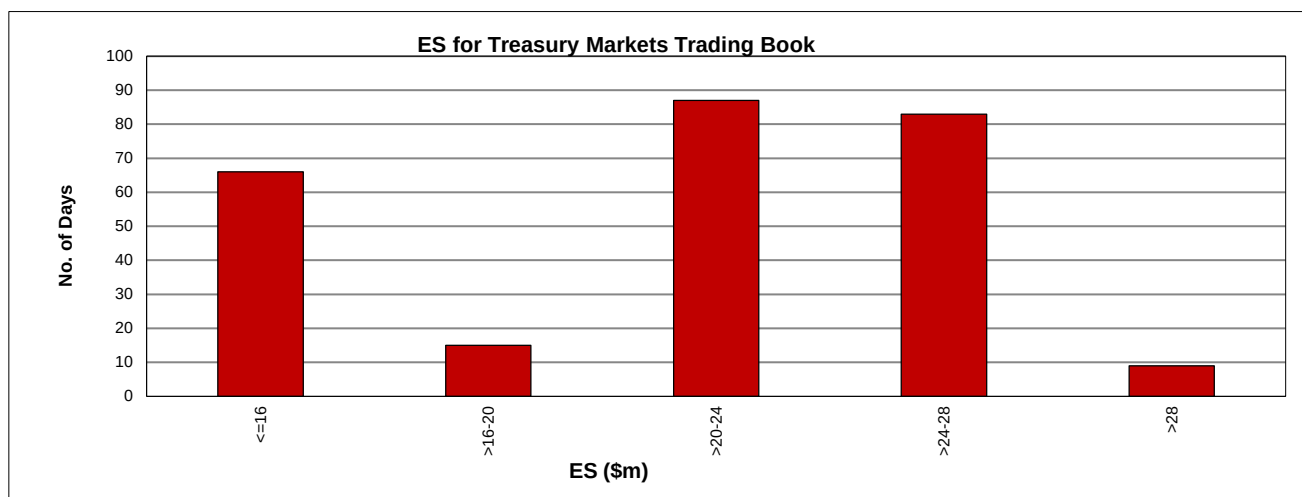
The Group's market risk appetite framework leverages on the Expected Shortfall (ES) metric to monitor and limit market risk exposures. ES is calculated using the historical simulation value-at-risk (VaR) approach and averaging the losses beyond the 97.5% confidence interval over a one-day holding period.

The ES for Treasury's trading portfolios is shown in the following table.

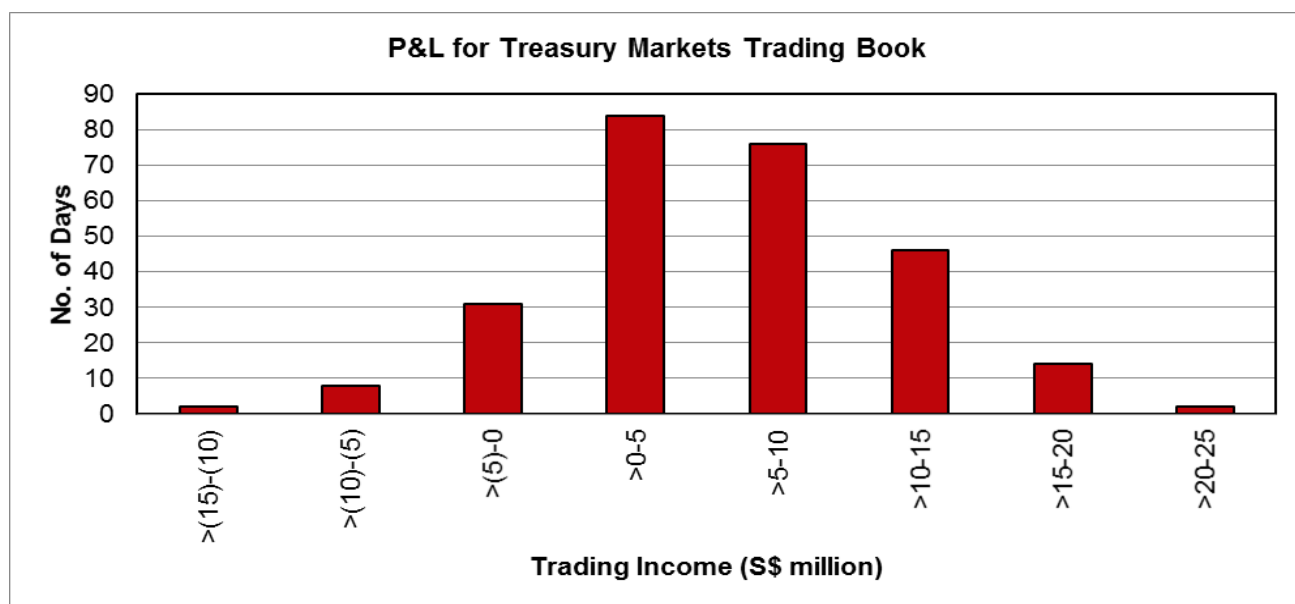
(\$m)	As at 31 Dec 2017	1 Jan 2017 to 31 Dec 2017		
		Average	High	Low
Total	16	21	29	13

Treasury's trading portfolio experienced two back-testing exceptions from 1 January 2017 to 31 December 2017. The exceptions occurred in April and August.

The chart below provides the histogram of ES for the Group's trading book for the period from 1 January 2017 to 31 December 2017.



The chart below shows the frequency distribution of daily trading income of Treasury's trading portfolio for the period from 1 January 2017 to 31 December 2017.



DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

CAPITAL ADEQUACY

(\$m)	31 Dec 2017	30 Sep 2017	31 Dec 2016
Share capital	11,205	11,205	10,899
Disclosed reserves and others	34,455	33,383	31,930
Total regulatory adjustments to Common Equity Tier 1 capital	(4,490)	(4,431)	(3,413)
Common Equity Tier 1 capital	41,170	40,157	39,416
Additional Tier 1 capital instruments ¹	3,375	3,393	3,761
Total regulatory adjustments to Additional Tier 1 capital	(1,120)	(1,105)	(2,268)
Tier 1 capital	43,425	42,445	40,909
Provisions eligible as Tier 2 capital	961	915	1,263
Tier 2 capital instruments ¹	1,212	1,232	2,857
Total regulatory adjustments to Tier 2 capital	-	-	(2)
Total capital	45,598	44,592	45,027
Risk-Weighted Assets ("RWA")			
Credit RWA	229,238	229,905	226,014
Market RWA	38,670	37,229	34,037
Operational RWA	19,681	19,288	18,567
Total RWA	287,589	286,422	278,618
Capital Adequacy Ratio ("CAR") (%)			
Basel III fully phased-in Common Equity Tier 1 ²	13.9	13.6	13.3
Common Equity Tier 1	14.3	14.0	14.1
Tier 1	15.1	14.8	14.7
Total	15.9	15.6	16.2
Minimum CAR including Buffer Requirements (%)³			
Common Equity Tier 1	8.0	8.0	7.2
Effective Tier 1	9.5	9.5	8.7
Effective Total	11.5	11.5	10.7
Of which: Buffer Requirements (%)			
Capital Conservation Buffer	1.25	1.25	0.625
Countercyclical Capital Buffer	0.2	0.2	0.1

Notes:

- 1 As part of the Basel III transition arrangements, regulatory capital recognition of outstanding Additional Tier 1 and Tier 2 capital instruments that no longer meet the minimum criteria is gradually being phased out. Fixing the base at the nominal amount of such instruments outstanding on 1 January 2013, their recognition was capped at 90% in 2013, with this cap decreasing by 10 percentage points in each subsequent year. To the extent a capital instrument is redeemed or amortised after 1 January 2013, the nominal amount serving as the base is not reduced.
- 2 Calculated by dividing Common Equity Tier 1 capital after all regulatory adjustments (e.g., for goodwill) applicable from 1 January 2018 by RWA as at each reporting date.
- 3 Includes minimum Common Equity Tier 1, Tier 1 and Total CAR of 6.5%, 8.0% and 10.0% respectively.

Capital adequacy ratios improved in fourth quarter 2017 with net profit accretion outpacing RWA growth. Total RWA increased marginally by S\$1.17 billion with credit RWA largely unchanged as RWA from loan growth was offset by lower RWA from off-balance sheet exposures as well as foreign currency translation. The Group's leverage ratio stood at 7.6%, well above the 3% minimum ratio set by Monetary Authority of Singapore effective 1 January 2018.

PILLAR 3 AND LIQUIDITY COVERAGE RATIO DISCLOSURES

Pursuant to the Monetary Authority of Singapore's Notices to Banks No. 637 "Notice on Risk Based Capital Adequacy Requirements for Banks incorporated in Singapore" and No. 651 "Liquidity Coverage Ratio ("LCR") Disclosure", the combined Pillar 3 and LCR disclosures document is published in the Investor Relations section of the Group website: (<http://www.dbs.com/investor/index.html>).

UNREALISED PROPERTY VALUATION SURPLUS

The unrealised property valuation surplus as at 31 December 2017 was \$1,467 million.

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

AUDITED CONSOLIDATED INCOME STATEMENT

In \$ millions	4th Qtr 2017 ¹	4th Qtr 2016 ¹	+/(-) %	3rd Qtr 2017 ¹	+/(-) %	Year 2017	Year 2016	+/(-) %
Income								
Interest income	2,942	2,477	19	2,771	6	10,833	9,748	11
Interest expense	845	653	29	796	6	3,042	2,443	25
Net interest income	2,097	1,824	15	1,975	6	7,791	7,305	7
Net fee and commission income	636	515	23	685	(7)	2,622	2,331	12
Net trading income	228	397	(43)	265	(14)	1,058	1,357	(22)
Net income from investment securities	107	25	>100	120	(11)	424	330	28
Other income	(13)	15	NM	14	NM	379	166	>100
Non-interest income	958	952	1	1,084	(12)	4,483	4,184	7
Total income	3,055	2,776	10	3,059	-	12,274	11,489	7
Employee benefits	694	664	5	686	1	2,825	2,725	4
Other expenses	693	559	24	592	17	2,380	2,247	6
Total expenses	1,387	1,223	13	1,278	9	5,205	4,972	5
Profit before allowances	1,668	1,553	7	1,781	(6)	7,069	6,517	8
Allowances for credit and other losses	225	462	(51)	815	(72)	1,894	1,434	32
Profit before tax	1,443	1,091	32	966	49	5,175	5,083	2
Income tax expense	218	146	49	126	73	671	723	(7)
Net profit	1,225	945	30	840	46	4,504	4,360	3
Attributable to:								
Shareholders	1,194	913	31	802	49	4,371	4,238	3
Non-controlling interests	31	32	(3)	38	(18)	133	122	9
	1,225	945	30	840	46	4,504	4,360	3

Notes:

1 Unaudited

NM Not Meaningful

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

AUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

In \$ millions	4th Qtr 2017 ¹	4th Qtr 2016 ¹	+/(-) %	3rd Qtr 2017 ¹	+/(-) %	Year 2017	Year 2016	+/(-) %
Net profit	1,225	945	30	840	46	4,504	4,360	3
Items that may be reclassified subsequently to income statement:								
Translation differences for foreign operations	19	112	(83)	(61)	NM	(178)	27	NM
Other comprehensive income of associates	1	2	(50)	-	NM	(4)	(6)	NM
Available-for-sale financial assets and others								
Net valuation taken to equity	(48)	(549)	91	12	NM	391	129	>100
Transferred to income statement	(109)	(19)	(>100)	(100)	9	(365)	(187)	(95)
Taxation relating to components of other comprehensive income	13	6	>100	3	>100	4	12	(67)
Item that will not be reclassified to income statement:								
Fair value change from own credit risk on financial liabilities designated at fair value (net of tax)	(7)	-	NM	8	NM	(109)	-	NM
Other comprehensive income, net of tax	(131)	(448)	71	(138)	5	(261)	(25)	(>100)
Total comprehensive income	1,094	497	>100	702	56	4,243	4,335	(2)
Attributable to:								
Shareholders	1,065	463	>100	665	60	4,114	4,214	(2)
Non-controlling interests	29	34	(15)	37	(22)	129	121	7
	1,094	497	>100	702	56	4,243	4,335	(2)

Notes:

1 Unaudited

NM Not Meaningful

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

AUDITED BALANCE SHEETS

In \$ millions	The Group			The Company		
	31 Dec 2017	30 Sep 2017 ¹	31 Dec 2016	31 Dec 2017	30 Sep 2017 ¹	31 Dec 2016
Assets						
Cash and balances with central banks	26,463	26,817	26,840			
Government securities and treasury bills	39,753	43,675	33,401			
Due from banks	35,975	33,020	30,018	13	22	18
Derivatives	17,585	17,136	25,757	36	38	29
Bank and corporate securities	55,589	53,417	45,417			
Loans and advances to customers	323,099	314,135	301,516			
Other assets	12,066	12,347	11,042	2		
Associates	783	874	890			
Subsidiaries	-	-	-	24,357	24,421	22,285
Properties and other fixed assets	1,233	1,179	1,572			
Goodwill and intangibles	5,165	5,166	5,117			
Total assets	517,711	507,766	481,570	24,408	24,481	22,332
Liabilities						
Due to banks	17,803	22,920	15,915			
Deposits and balances from customers	373,634	362,102	347,446			
Derivatives	18,003	17,166	24,497	28	16	22
Other liabilities	16,615	20,156	15,895	66	86	50
Other debt securities	40,716	35,514	27,745	4,078	4,144	2,400
Subordinated term debts	1,138	1,147	3,102	630	639	645
Total liabilities	467,909	459,005	434,600	4,802	4,885	3,117
Net assets	49,802	48,761	46,970	19,606	19,596	19,215
Equity						
Share capital	11,082	11,082	10,670	11,092	11,092	10,690
Other equity instruments	1,812	1,812	1,812	1,812	1,812	1,812
Other reserves	4,256	4,351	4,322	170	143	168
Revenue reserves	30,308	29,140	27,805	6,532	6,549	6,545
Shareholders' funds	47,458	46,385	44,609	19,606	19,596	19,215
Non-controlling interests	2,344	2,376	2,361			
Total equity	49,802	48,761	46,970	19,606	19,596	19,215
Other Information						
Net book value per share (\$)						
(i) Basic and diluted	17.85	17.43	16.87	6.96	6.95	6.86

Note:

1 Unaudited

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

AUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2017

The Group	Attributable to shareholders of the Company						
	Share Capital	Other equity instruments	Other reserves	Revenue reserves	Total	Non-controlling interests	Total equity
In \$ millions							
Balance at 1 January 2017	10,670	1,812	4,322	27,805	44,609	2,361	46,970
Draw-down of reserves upon vesting of performance shares	106		(106)		-		-
Issue of shares pursuant to Scrip Dividend Scheme	306				306		306
Cost of share-based payments			110		110		110
Transfers			78	(78)	-		-
Dividends paid to shareholders ¹				(1,681)	(1,681)		(1,681)
Dividends paid to non-controlling interests					-	(123)	(123)
Change in non-controlling interests					-	(23)	(23)
Total comprehensive income			(148)	4,262	4,114	129	4,243
Balance at 31 December 2017	11,082	1,812	4,256	30,308	47,458	2,344	49,802
Balance at 1 January 2016	10,114	803	6,705	22,752	40,374	2,422	42,796
Purchase of treasury shares	(60)				(60)		(60)
Draw-down of reserves upon vesting of performance shares	108		(108)		-		-
Issue of shares pursuant to Scrip Dividend Scheme	508				508		508
Issue of perpetual capital securities		1,009			1,009		1,009
Cost of share-based payments			109		109		109
Transfers			(2,360)	2,360	-		-
Dividends paid to shareholders ¹				(1,545)	(1,545)		(1,545)
Dividends paid to non-controlling interests					-	(124)	(124)
Change in non-controlling interests					-	(58)	(58)
Total comprehensive income			(24)	4,238	4,214	121	4,335
Balance at 31 December 2016	10,670	1,812	4,322	27,805	44,609	2,361	46,970

Note:

1 Includes distributions paid on capital securities classified as equity

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE THREE MONTHS ENDED 31 DECEMBER 2017

The Group In \$ millions	Attributable to shareholders of the Company					Non- controlling interests	Total equity
	Share Capital	Other equity instruments	Other reserves	Revenue reserves	Total		
Balance at 1 October 2017	11,082	1,812	4,351	29,140	46,385	2,376	48,761
Cost of share-based payments			27		27		27
Dividends paid to shareholders ¹				(19)	(19)		(19)
Dividends paid to non-controlling interests					-	(61)	(61)
Total comprehensive income			(122)	1,187	1,065	29	1,094
Balance at 31 December 2017	11,082	1,812	4,256	30,308	47,458	2,344	49,802
Balance at 1 October 2016	10,670	1,814	7,104	24,550	44,138	2,389	46,527
Issue of perpetual capital securities		(2)			(2)		(2)
Cost of share-based payments			28		28		28
Transfers			(2,360)	2,360	-		-
Dividends paid to shareholders ¹				(18)	(18)		(18)
Dividends paid to non-controlling interests					-	(62)	(62)
Total comprehensive income			(450)	913	463	34	497
Balance at 31 December 2016	10,670	1,812	4,322	27,805	44,609	2,361	46,970

Note:

1 Includes distributions paid on capital securities classified as equity

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

AUDITED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2017

The Company

In \$ millions	Share capital	Other equity instruments	Other reserves	Revenue reserves	Total equity
Balance at 1 January 2017	10,690	1,812	168	6,545	19,215
Transfer of treasury shares	96				96
Draw-down of reserves upon vesting of performance shares			(106)		(106)
Issue of shares pursuant to Scrip Dividend Scheme	306				306
Cost of share-based payments			110		110
Dividends paid to shareholders ¹				(1,681)	(1,681)
Total comprehensive income			(2)	1,668	1,666
Balance at 31 December 2017	11,092	1,812	170	6,532	19,606
Balance at 1 January 2016	10,144	803	168	6,580	17,695
Purchase of treasury shares	(60)				(60)
Transfer of treasury shares	98				98
Draw-down of reserves upon vesting of performance shares			(108)		(108)
Issue of shares pursuant to Scrip Dividend Scheme	508				508
Issue of perpetual capital securities		1,009			1,009
Cost of share-based payments			109		109
Dividends paid to shareholders ¹				(1,546)	(1,546)
Total comprehensive income			(1)	1,511	1,510
Balance at 31 December 2016	10,690	1,812	168	6,545	19,215

Note:

1 Includes distributions paid on capital securities classified as equity

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

UNAUDITED STATEMENT OF CHANGES IN EQUITY FOR THE THREE MONTHS ENDED 31 DECEMBER 2017

The Company

In \$ millions	Share capital	Other equity instruments	Other reserves	Revenue reserves	Total equity
Balance at 1 October 2017	11,092	1,812	143	6,549	19,596
Cost of share-based payments			27		27
Dividends paid to shareholders ¹				(19)	(19)
Total comprehensive income				2	2
Balance at 31 December 2017	11,092	1,812	170	6,532	19,606
Balance at 1 October 2016	10,690	1,814	140	6,556	19,200
Issue of perpetual capital securities		(2)			(2)
Cost of share-based payments			28		28
Dividends paid to shareholders ¹				(19)	(19)
Total comprehensive income				8	8
Balance at 31 December 2016	10,690	1,812	168	6,545	19,215

Note:

1 Includes distributions paid on capital securities classified as equity

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

AUDITED CONSOLIDATED CASH FLOW STATEMENT

In \$ millions	Year 2017	Year 2016	4th Qtr 2017 ³	4th Qtr 2016 ³
Cash flows from operating activities				
Profit before tax	5,175	5,083	1,443	1,091
Adjustments for non-cash and other items:				
Allowances for credit and other losses	1,894	1,434	225	462
Depreciation of properties and other fixed assets	297	275	78	74
Share of profits or losses of associates	(11)	47	12	1
Net loss/(gain) on disposal, net of write-off of properties and other fixed assets	18	(47)	14	7
Net gain on investment of subsidiary	(350)	-	-	-
Net loss on disposal of interest in associate	7	-	7	-
Net income from investment securities	(424)	(330)	(107)	(25)
Cost of share-based payments	110	109	27	28
Interest expense on subordinated term debts	62	107	8	19
Profit before changes in operating assets and liabilities	6,778	6,678	1,707	1,657
Increase/(Decrease) in:				
Due to banks	1,993	(2,354)	(5,211)	(7,293)
Deposits and balances from customers	18,121	25,659	10,640	19,044
Other liabilities	(2,118)	4,282	(2,041)	(1,730)
Other debt securities and borrowings	13,019	(10,426)	5,284	(1,920)
(Increase)/Decrease in:				
Restricted balances with central banks	(1,118)	17	(531)	161
Government securities and treasury bills	(6,700)	1,616	3,884	4,565
Due from banks	(6,153)	8,243	(2,969)	1,828
Bank and corporate securities	(10,394)	(5,265)	(2,322)	(3,845)
Loans and advances to customers	(19,685)	(17,363)	(7,772)	(7,397)
Other assets	3,844	(841)	(765)	(3,572)
Tax paid	(709)	(809)	(224)	(314)
Net cash (used in)/ generated from operating activities (1)	(3,122)	9,437	(320)	1,184
Cash flows from investing activities				
Dividends from associates	38	36	9	13
Proceeds from disposal of interest in associates	74	3	72	3
Proceeds from disposal of properties and other fixed assets	1	76	-	12
Purchase of properties and other fixed assets	(360)	(321)	(122)	(127)
Proceeds from divestment of subsidiary	735	-	-	-
Net proceeds from acquisition of new business	4,783	-	(429)	-
Change in non-controlling interests	(23)	(58)	-	-
Net cash generated from/(used in) investing activities (2)	5,248	(264)	(470)	(99)
Cash flows from financing activities				
Issue of perpetual capital securities	-	1,009	-	(2)
Issue of subordinated term debts	-	630	-	-
Interest paid on subordinated term debts	(74)	(114)	(1)	(12)
Redemption/ purchase of subordinated term debts	(1,897)	(1,586)	-	-
Purchase of treasury shares	-	(60)	-	-
Dividends paid to shareholders of the Company, net of scrip dividends ¹	(1,375)	(1,037)	(19)	(18)
Dividends paid to non-controlling interests	(123)	(124)	(61)	(62)
Net cash used in financing activities (3)	(3,469)	(1,282)	(81)	(94)
Exchange translation adjustments (4)	(96)	163	(14)	262
Net change in cash and cash equivalents² (1)+(2)+(3)+(4)	(1,439)	8,054	(885)	1,253
Cash and cash equivalents at beginning of period	20,132	12,078	19,578	18,879
Cash and cash equivalents at end of period	18,693	20,132	18,693	20,132

Note:

1 Includes distributions paid on capital securities classified as equity

2 Cash and cash equivalents refer to cash and non-restricted balances with central banks.

3 Unaudited

OTHER FINANCIAL INFORMATION
1. Fair Value of Financial Instruments

The following table presents financial assets and liabilities measured at fair value according to the fair value hierarchy:

In \$ millions	31 Dec 2017				31 Dec 2016			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets								
Financial assets at fair value through profit or loss (FVPL)								
- Government securities and treasury bills	8,001	1,971	-	9,972	7,713	1,285	-	8,998
- Bank and corporate securities	9,443	3,844	25	13,312	5,022	2,743	42	7,807
- Other financial assets	-	12,589	-	12,589	-	9,133	-	9,133
Available-for-sale (AFS) financial assets								
- Government securities and treasury bills	26,907	919	-	27,826	21,352	1,089	-	22,441
- Bank and corporate securities ¹	14,278	1,379	72	15,729	14,510	1,598	115	16,223
- Other financial assets	-	4,899	-	4,899	-	4,417	-	4,417
Derivatives	27	17,558	-	17,585	57	25,699	1	25,757
Liabilities								
Financial liabilities at fair value through profit or loss (FVPL)								
- Other debt securities	-	5,972	-	5,972	-	5,045	4	5,049
- Other financial liabilities	1,961	1,683	-	3,644	2,290	1,881	-	4,171
Derivatives	9	17,992	2	18,003	66	24,415	16	24,497

Note:

1 Excludes unquoted equities stated at cost of \$178 million (2016: \$242 million).

There were no material movements in Level 3 financial instruments during the quarter.

2. Off-balance Sheet Items

In \$ millions	31 Dec 2017	30 Sep 2017	31 Dec 2016
Contingent liabilities	20,819	21,819	22,714
Commitments ¹	245,264	241,583	235,951
Financial Derivatives	1,975,967	2,004,961	2,070,543

Note:

1 Includes commitments that are unconditionally cancellable at any time of \$204,338 million (Sep'17: \$196,331 million, Dec'16: \$193,016 million).

ADDITIONAL INFORMATION
SHARE CAPITAL

(a) The movement in the number of issued and fully paid-up ordinary shares is as follows:

Number of shares	2017	2016	4th Qtr 2017	4th Qtr 2016
Ordinary shares				
Balance at beginning of period	2,548,962,085	2,514,780,749	2,563,936,434	2,548,962,085
Shares issued pursuant to Scrip Dividend Scheme	14,974,349	34,181,336	-	-
Balance at end of period	2,563,936,434	2,548,962,085	2,563,936,434	2,548,962,085
Treasury shares				
Balance at beginning of period	(11,727,700)	(13,000,000)	(6,303,700)	(11,727,700)
Shares transferred to trust holding shares pursuant to DBSH Share Plan/ DBSH Employee Share Plan	5,424,000	5,282,000	-	-
Purchase of treasury shares	-	(4,009,700)	-	-
Balance at end of period	(6,303,700)	(11,727,700)	(6,303,700)	(11,727,700)
Total	2,557,632,734	2,537,234,385	2,557,632,734	2,537,234,385

(b) The weighted average number of ordinary shares (both basic and fully diluted) for the full year of 2017 is 2,549,597,432.

INTERESTED PARTY TRANSACTIONS PURSUANT TO LISTING RULE 920(1)

The Company has not obtained a general mandate from shareholders for Interested Person Transactions.

CONFIRMATION OF DIRECTORS AND EXECUTIVE OFFICERS' UNDERTAKINGS PURSUANT TO LISTING RULE 720(1)

The Company has procured undertakings from all its directors and executive officers in compliance with Listing Rule 720(1).

REPORT OF PERSONS OCCUPYING MANAGERIAL POSITIONS WHO ARE RELATED TO A DIRECTOR, CEO OR SUBSTANTIAL SHAREHOLDER

Pursuant to Rule 704(13) of the SGX Listing Manual, DBSH wishes to advise that there are no persons occupying a managerial position in DBSH, DBS Bank Ltd or any of the principal subsidiaries of DBSH who are relatives of a director or chief executive officer or substantial shareholder of DBSH.

The extract of the auditor's report dated 7 February 2018, on the financial statements of DBS Group Holdings Ltd and its subsidiaries for the year ended 31 December 2017, is as follows:

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DBS GROUP HOLDINGS LTD

Report on the Audit of the Financial Statements

Our opinion

In our opinion, the accompanying consolidated financial statements of DBS Group Holdings Ltd (the "Company") and its subsidiaries (the "Group") and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRSs"), including the modification of the requirements of FRS 39 Financial Instruments: Recognition and Measurement in respect of loan loss provisioning by Notice to Banks No. 612 "Credit Files, Grading and Provisioning" issued by the Monetary Authority of Singapore ("MAS 612") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2017 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date.

What we have audited

The financial statements of the Company and the Group, as set out on pages 1 to 74, comprise:

- the consolidated income statement of the Group for the year ended 31 December 2017;
- the consolidated statement of comprehensive income of the Group for the year then ended;
- the balance sheets of the Group and of the Company as at 31 December 2017;
- the consolidated statement of changes in equity of the Group for the year then ended;
- the consolidated cash flow statement of the Group for the year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

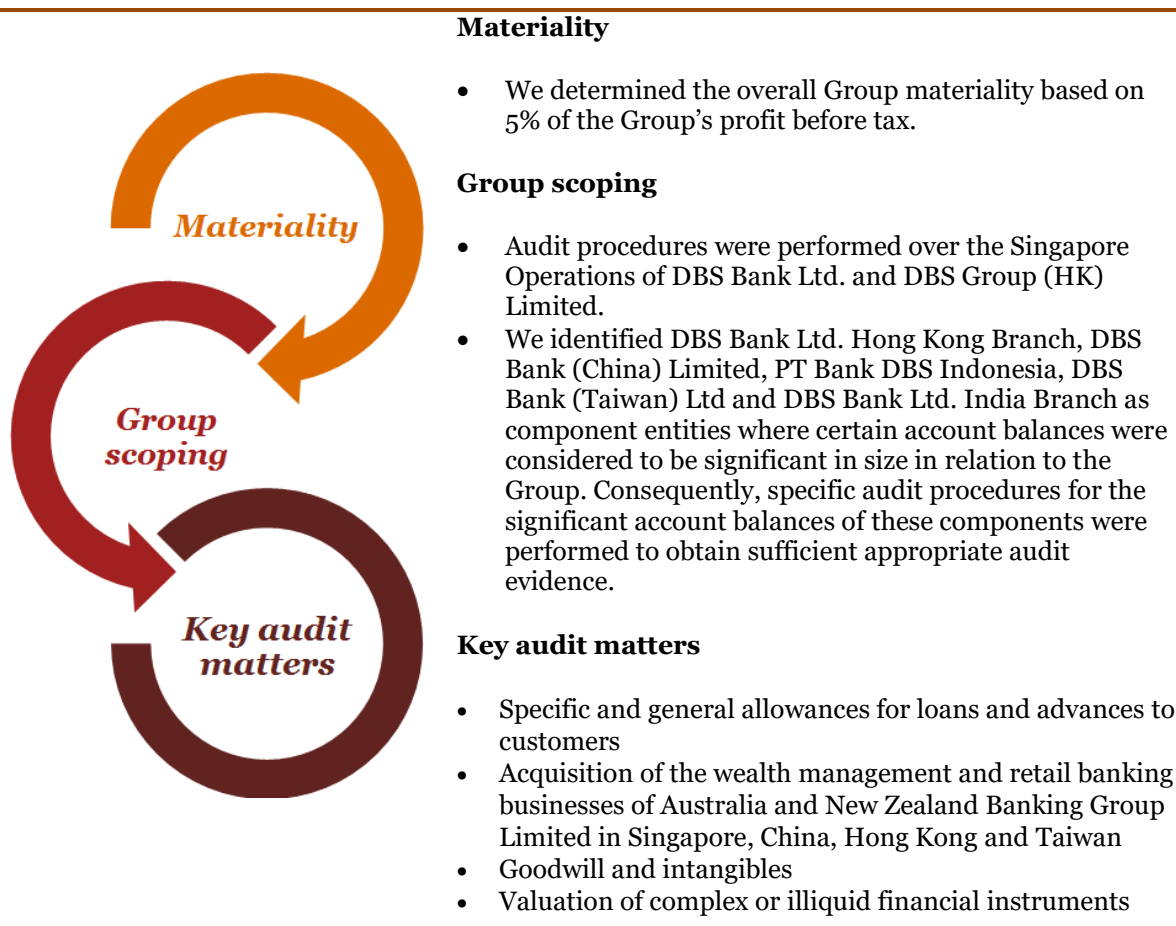
Independence

We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DBS GROUP HOLDINGS LTD (continued)

Our audit approach

Overview



As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the accompanying financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DBS GROUP HOLDINGS LTD (continued)

in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the financial statements as a whole.

<i>How we determined overall Group materiality</i>	5% of the Group's profit before tax
<i>Rationale for benchmark applied</i>	• We chose 'profit before tax' as in our view, it is the benchmark against which performance of the Group is most commonly measured. • We selected 5% based on our professional judgement, noting that it is also within the range of commonly accepted profit-related thresholds.

In performing our audit, we allocated materiality levels to the significant components of the Group. These are less than the overall Group materiality.

How we developed the audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

In establishing the overall Group audit approach, we determined the extent of audit procedures that are needed to be performed across the Group by us, or by other PwC network firms operating under our instruction who are familiar with the local laws and regulations in each of these territories (the "component auditors"). Where the work was performed by component auditors, we determined the level of involvement we needed to have in the procedures to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the financial statements as a whole.

In addition, we visited several of the Group's key locations and held a Group audit planning meeting with the auditors of significant components. We also held regular conference calls with all component auditors.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
DBS GROUP HOLDINGS LTD (continued)**

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the financial year ended 31 December 2017. These matters were addressed in the context of our audit of the financial statements as a whole; and in forming our opinion thereon and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Specific and general allowances for loans and advances to customers At 31 December 2017, the specific allowances for loans and advances to customers of the Group was \$2,276 million, the majority of which related to Institutional Banking Group ("IBG") customers. Apart from specific allowances, the Group also recognised general allowances for loans and advances to customers in accordance to the transitional provision set out in MAS 612 ("general provision") of \$2,394 million at that date. We focused on this area because of the subjective judgements by management in determining the necessity for, and then estimating the size of, allowances against loans and advances. In particular, we focused on specific allowances for loans and advances to IBG customers because any assessment of impairment can be inherently subjective and involve significant judgement over both timing of recognition of any impairment and the estimation of the size of such impairment. This includes: - the classification of loans and advances in line with MAS 612; and - the principal assumptions underlying the calculation of specific allowances for loans and advances to IBG customers where there is evidence of impairment losses (including the future profitability of the borrowers and the expected realisable value of collateral held).	We assessed the design and evaluated the operating effectiveness of the controls over the specific allowances for loans and advances to IBG customers. These controls included: - oversight of credit risk by the Credit Risk Committee; - timely review of credit risk; - the watchlist identification and monitoring process; - timely identification of impairment events; - classification of loans and advances in line with MAS 612; and - the collateral valuation processes. We determined that we could rely on these controls for the purposes of our audit. We inspected a sample of loans and advances to IBG customers to assess whether we agreed with the classification of the loans and advances in line with MAS 612 and, where there was evidence of an impairment loss, whether it had been identified in a timely manner including, where relevant, how forbearance had been considered. Where impairment had been identified, for a sample of loans and advances, our work included: - considering the latest developments in relation to the borrower; - examining the forecasts of future cash flows prepared by management including key assumptions in relation to the amount and timing of recoveries; - comparing the collateral valuation and other sources of repayment to support the calculation of the impairment against external evidence where available, including independent valuation reports; - challenging management's assumptions; and - testing the calculations.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
DBS GROUP HOLDINGS LTD (continued)**

Key audit matter	How our audit addressed the key audit matter
We focused on borrowers incorporated in China, India and Indonesia, and to the oil and gas support services and other commodities sectors in view of continued heightened credit risks impacting some parts of the portfolio. We also focused on the disclosure on transitional impact from the adoption of Singapore Financial Reporting Standards (International) ("SFRS(I) 9") Financial Instruments on recognition of expected credit losses ("ECL") of financial assets (i.e. impairment) which is effective from 1 January 2018. Management has estimated the transitional impact as a net decrease of approximately \$95 million in the loan loss allowances for assets classified at amortised cost or fair value through other comprehensive income. Approximately \$95 million is expected to be appropriated from revenue reserves to a non-distributable regulatory reserve prescribed by MAS 612 effective from 1 January 2018. (Refer also to Notes 2.4, 3 and 18 to the financial statements)	For a sample of performing loans and advances to IBG customers which had not been identified by management as potentially impaired, considering the latest developments in relation to the borrower, we challenged management's assumptions on whether management's classification was appropriate, using external evidence where available in respect of the relevant borrower. In addition to the controls detailed above on the specific allowances for loans and advances to IBG customers, we also tested the key reconciliations of the underlying data used for the general loan loss provisioning. We determined that we could rely on these controls for the purposes of our audit. We reviewed management's calculation of the general provision as at 31 December 2017 in accordance with MAS 612. The amount of the general provision met the minimum MAS 612 requirements. We obtained an understanding of how the Group has implemented SFRS(I) 9. Specialists in our team critically assessed the assumptions and methodologies used to estimate the ECL as at 1 January 2018 and found that the transitional impact estimated by management was within a reasonable expected range of outcomes.
Acquisition of the wealth management and retail banking businesses of Australia and New Zealand Banking Group Limited ("ANZ business") in Singapore, China, Hong Kong and Taiwan As at 31 December 2017, the Group had completed the acquisition of the ANZ business in Singapore, China, Hong Kong and Taiwan. The purchase consideration for the acquisition was \$110 million above the book value, of which estimated \$53 million represented goodwill. The Group received cash of \$4,783 million, largely represented by the difference between the assets acquired (comprising mainly loans and advances	We assessed the competence, capabilities and objectivity of the external expert appointed by management and evaluated the reasonableness of their conclusions in relation to the key assumptions used. We assessed the Group's determination of the fair value of the remaining assets and liabilities having regard to the completeness of assets and liabilities identified and the reasonableness of underlying assumptions in their respective valuations. We also evaluated the reasonableness of the key assumptions and methodologies used in the valuation. Based on the evidence obtained, we found that the key assumptions and methodologies used were within a reasonable range of expectations. We read the sales and purchase agreement, confirmed that the accounting treatment was in accordance to FRS 103 Business Combinations, and

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
DBS GROUP HOLDINGS LTD (continued)**

Key audit matter	How our audit addressed the key audit matter
to customers) of \$8,573 million and the liabilities assumed (comprising mainly deposit and balances with customers) of \$13,432 million. We focused on this area because any assessment of the purchase price allocation, the fair valuation of assets and liabilities, and the identification and valuation of intangible assets can be inherently subjective and involve significant judgement. (Refer also to Note 25 to the financial statements)	reviewed the financial statements for appropriate disclosure.
Goodwill and intangibles As at 31 December 2017, the Group had \$5,165 million of goodwill and intangibles as a result of acquisitions. We focused on this area as management makes significant judgements when estimating future cash flows and growth rates in undertaking its annual goodwill impairment testing. We specifically focused on the following key assumptions used in the discounted cash flow analyses: • Cash flow forecasts; • Discount rate; and • Growth rate. (Refer also to Notes 3 and 27 to the financial statements)	We assessed the appropriateness of management's identification of the Group's cash generating units and the process by which indicators of impairment were identified. There were no significant issues noted. For DBS Bank (Hong Kong) Limited's franchise (goodwill of \$4,631 million as at 31 December 2017), we evaluated management's cash flow forecasts and the process by which they were developed, including verifying the mathematical accuracy of the underlying calculations. Valuation specialists in our team critically assessed the assumptions and methodologies used to forecast the value-in-use and compared key inputs (such as the discount rates and long-term growth rates) to the Group's own historical data, performance and external available trend analysis, industry and economic indicators. Based on the evidence obtained, we found that the estimates used by management were within a reasonable range of expectations in the context of the value-in-use calculations. We reviewed management's stress test over the key assumptions to determine whether any reasonably possible change in these assumptions would not cause an impairment. Additionally, we considered whether the Group's disclosure of the application of judgement in estimating cash flow projections and the sensitivity of the results of those estimates adequately reflected the uncertainties and risks associated with goodwill impairment.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
DBS GROUP HOLDINGS LTD (continued)**

Key audit matter	How our audit addressed the key audit matter
Valuation of complex or illiquid financial instruments Financial instruments held by the Group at fair value include derivative assets and liabilities, trading securities, available-for-sale securities, certain debt instruments and other assets and liabilities designated at fair value. The Group's financial instruments are predominantly valued using quoted market prices ('Level 1') or market observable prices ('Level 2'). The valuation of 'Level 3' instruments involves reliance on unobservable inputs. We focused on the carrying value of the Level 3 instruments, as significant judgement and assumptions were involved in determining the value of these financial instruments given either the instrument's complex nature or limited market liquidity. Significant judgement is also involved in determining derivative valuation adjustments, including those made to reflect the cost of funding of uncollateralised derivatives and counterparty credit risk. The methods for calculating some of these adjustments continue to evolve across the banking industry. (Refer also to Notes 3 and 40 to the financial statements)	We assessed the design and tested the operating effectiveness of the controls over the Group's financial instruments valuation processes, including over Level 3 instruments. These included the controls over: - the completeness and accuracy of the data feeds and other inputs into valuation models; and - management's testing and approval of new models or revalidation of existing models We determined that we could rely on the controls for the purposes of our audit. We assessed the reasonableness of the methodologies used and the assumptions made for a sample of financial instrument valuations with significant unobservable valuation inputs. We also performed procedures on collateral disputes to identify possibly inappropriate valuations and assessed the appropriateness of the methodologies for the derivative valuation adjustments, in light of evolving industry practice. Overall, the valuation of complex or illiquid financial instruments was within a reasonable range of outcomes.

Other Information

Management is responsible for the other information. The other information comprises the Directors' Statement included in pages 75 to 78 (but does not include the financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and the other sections of the Annual Report ("the Other Sections") which are expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DBS GROUP HOLDINGS LTD (continued)

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Other Sections, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with SSAs.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DBS GROUP HOLDINGS LTD (continued)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors, have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Karen Loon.