



News Release

Ref No. 01/2018

DBS FULL-YEAR 2017 NET PROFIT RISES 4% TO RECORD SGD 4.39 BILLION

* * *

Fourth-quarter earnings up 33% to new quarterly high of SGD 1.22 billion

* * *

BOARD PROPOSES FINAL DIVIDEND OF 60 CENTS PER SHARE AND SPECIAL DIVIDEND OF 50 CENTS PER SHARE, SUSPENDS SCRIP DIVIDEND

SINGAPORE, 8 February 2018 – DBS Group's full-year 2017 net profit rose 4% to a record SGD 4.39 billion. Total income also reached a new high, rising 4% to SGD 11.9 billion from broad-based growth in loans and fee income, which more than offset the impact of a lower net interest margin and weaker trading performance. Productivity gains from digitalisation and cost management initiatives capped expense growth to 3%. The results also included higher allowances due to the accelerated recognition of residual weak oil and gas support service exposures as non-performing assets in the third quarter.



For the fourth quarter, net profit reached a new quarterly record of SGD 1.22 billion, up 33% from a year ago. Total income rose 10% to SGD 3.06 billion, staying above the SGD 3 billion mark for the second consecutive quarter, as net interest income rose 15% to cross the SGD 2 billion mark for the first time. Total allowances halved.

The recent finalisation of Basel capital reforms has provided clarity on future regulatory requirements. They have a benign impact on DBS, enabling its capital requirements to be rationalised. In view of this, the Board suspended the scrip dividend with immediate effect. It also determined that ordinary dividends can be sustained at higher levels and affirmed the policy of increasing them over time in line with earnings growth. For the final dividend of 2017, it proposed a payout of 60 cents per share, which will bring the full-year ordinary dividend to 93 cents per share, an increase of 55% over the previous year. In addition, it proposed a special dividend of 50 cents per share as a one-time return of the capital buffers that had been built up and to mark the fiftieth anniversary of DBS.

Full-year earnings up 4% from broad-based growth in business volumes

Net interest income rose 7% to SGD 7.79 billion. Loans expanded by an underlying 9% or SGD 25 billion. The growth was broad-based across trade, corporate and consumer loans, with momentum increasing over the course of the year. The consolidation of the Singapore, Hong Kong, China and Taiwan operations of the retail and wealth management businesses acquired from ANZ added another SGD 8 billion of loans, resulting in overall constant-currency loan growth of 11% to SGD 323 billion.



Net interest margin fell five basis points to 1.75%, with the brunt of the decline occurring in the first half in line with movements in Singapore-dollar interest rates. Net interest margin stabilised and improved in the second half.

Net fee income increased 12% to SGD 2.62 billion. Wealth management fees grew by an underlying 25% to SGD 966 million, led by higher sales of unit trusts and other investment products. Transaction services fees rose 6% to SGD 618 million from growth in cash management income. Investment banking fees rose 14% to SGD 216 million from higher fixed income and equity market activities. Card fees also increased.

Other non-interest income fell 18% to SGD 1.51 billion from a decline in trading income and the impact of a net gain on fixed assets in the previous year. Income from treasury customer products fell 3% to SGD 1.15 billion.

By business unit, Consumer Banking / Wealth Management income grew 9% to SGD 4.67 billion as all product segments were higher. Wealth Management customer segment income grew 25% to SGD 2.11 billion as assets under management rose 24% to SGD 206 billion. Institutional Banking income was stable at SGD 5.28 billion as an increase in cash management income was offset by lower income from other activities. Trading-related income for Treasury Markets fell 24% to SGD 856 million.

Expenses amounted to SGD 5.13 billion as productivity gains from digitalisation and cost management initiatives contained cost growth to 3%. The amount also included costs from the consolidated ANZ operations from the second half. The cost-income ratio stayed at 43%. Profit before allowances increased 4% to SGD 6.79 billion.



Fourth-quarter earnings up 33% from year ago

For the fourth quarter, net profit rose 33% from a year ago to SGD 1.22 billion. Total income increased 10% to SGD 3.06 billion as double-digit percentage increases in net interest income and fee income were partially offset by a decline in other non-interest income.

Net interest income increased 15% to SGD 2.10 billion. Net interest margin rose seven basis points to 1.78% in line with higher Singapore-dollar interest rates. Loans, including those from the consolidation of ANZ, rose 11% in constant-currency terms.

Net fee income grew 23% to SGD 636 million. The increase was across most fee income streams and led by wealth management and investment banking. Other non-interest income fell 26% to SGD 322 million as weaker trading income was partially offset by an increase in net gain on investment securities.

Expenses increased 11% to SGD 1.36 billion due to higher marketing and technology costs as well as the consolidation of ANZ. Profit before allowances rose 9% to SGD 1.70 billion.

Fourth-quarter earnings up 48% from the previous quarter

Compared to the previous quarter, fourth-quarter net profit was 48% higher as total allowances fell by two-thirds to more normalised levels. Business momentum remained strong, with total income maintained at the previous quarter's record despite seasonally lower non-interest income.



Net interest income rose 6% as underlying loans increased 3% from broad-based growth in trade, corporate and housing loans; including the consolidation of the Taiwan operations of ANZ, loans rose 4% in constant-currency terms. Net interest margin of 1.78% was five basis points higher from the repricing of Singapore-dollar and Hong Kong-dollar loans.

Fee income fell 7% from the record in the previous quarter due to seasonally slower wealth management and loan-related activities. Other non-interest income was 19% lower from weaker trading income.

Expenses were 8% higher from higher marketing and technology costs. Profit before allowances declined 6%.

Balance sheet remains strong

The NPL rate was unchanged from the previous quarter at 1.7%. Allowance coverage was prudent at 85% and at 173% when collateral was considered. Total allowances for the full year were 8% higher at SGD 1.54 billion. A 61% increase in specific allowances to SGD 2.40 billion due to the accelerated recognition of weak oil and gas support service exposures as non-performing assets in the third quarter was partially offset by general allowance write-backs. Excluding these exposures, specific allowances for the full year were SGD 552 million.



Deposits rose 11% from a year ago and 4% from the previous quarter in constant-currency terms to SGD 374 billion. The liquidity coverage ratio for the fourth quarter was 131%, above the regulatory requirement of 100% due in 2019. The net stable funding ratio was also above the regulatory requirement due in 2018.

The Common Equity Tier-1 ratio was at 14.3%, up 0.3% points from the previous quarter, from an increase in retained earnings. The leverage ratio of 7.6% was more than twice the minimum of 3% currently envisaged by the Basel Committee.

DBS CEO Piyush Gupta said, "The record fourth quarter rounds off a strong full-year performance driven by broad-based growth in loans and fee income, which more than offset the impact of less favourable interest rates and trading income. The results attest to the quality of the multiple business engines we have built and the nimbleness of our execution. We enter the coming year with sustained momentum across our businesses and, more fundamentally, in our digital transformation. The significant increase in dividends reflects the quality of our earnings, the strength of our balance sheet and the improved returns we are generating for shareholders."

About DBS

DBS - Living, Breathing Asia

DBS is a leading financial services group in Asia, with over 280 branches across 18 markets. Headquartered and listed in Singapore, DBS has a growing presence in the three key Asian axes of growth: Greater China, Southeast Asia and South Asia. The bank's "AA-" and "Aa1" credit ratings, is among the highest in the world.

DBS is at the forefront of leveraging digital technology to shape the future of banking, and has been named "[World's Best Digital Bank](#)" by Euromoney. The bank has also been



recognised for its leadership in the region, having been named “Asia’s Best Bank” by several publications including The Banker, Global Finance, IFR Asia and Euromoney since 2012. In addition, the bank has been named “Safest Bank in Asia” by Global Finance for nine consecutive years from 2009 to 2017.

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

With its extensive network of operations in Asia and emphasis on engaging and empowering its staff, DBS presents exciting career opportunities. The bank acknowledges the passion, commitment and can-do spirit in all of its 24,000 staff, representing over 40 nationalities. For more information, please visit www.dbs.com.

[End]

For more information, contact:

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

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