



Strong operating performance, total income at record

**DBS Group Holdings
3Q 2017 financial results
November 6, 2017**

Highlights

Record third-quarter and nine-month operating performance

- Third-quarter and nine-month total income and profit before allowance at record highs; quarterly total income crosses \$3 billion for first time, underpinned by loan growth and fee income
- Underlying third-quarter loan growth of 2% from sustained momentum in corporate and consumer loans, bringing year-to-date loan growth to 6%; including ANZ, loan growth was 4% for the third quarter and 7% year-to-date
- Third-quarter and nine-month fee income at new highs, led by wealth management and cash management
- Nine-month expense growth kept to 1% and underlying headcount down 1% as digitalisation and cost management initiatives yield efficiency gains

Uncertainty over oil and gas support service exposures removed with net allowances of \$815 million

- Accelerated recognition of residual weak oil and gas support service exposures as NPAs and net allowances of \$815 million taken. Step removes uncertainty over asset quality, enabling investors to refocus on operating performance and digitalisation agenda
- Asset quality in other parts of portfolio remain benign and credit costs low
- Allowance coverage at 83% and at 171% with collateral; based on conservative recognition of oil and gas support service NPAs and vessel collateral markdowns to liquidation values

Capital and liquidity remain strong

- Final CET-1 at 13.6%, LCR at 141%, NSFR above 100%

Uncertainty over oil and gas support services portfolio removed with accelerated NPA recognition and specific allowances

	S\$m	
Exposure	5,267	< 2% of Group
Non-performing assets	3,008	57% of exposure
Not overdue	769	26% of NPA
Within 90 days overdue	1,112	37% of NPA
More than 90 days overdue	1,127	37% of NPA
Secured	1,499	50% of NPA
Unsecured	1,509	50% of NPA
Outstanding specific allowances	1,507	50% of NPA, 100% of unsecured NPA

- Conservative recognition of weak cases as NPAs including exposures that are not overdue or within 90 days overdue, which together form 63% of sector NPAs
- Conservative provisioning as specific allowances fully cover unsecured portion of NPAs after marking down vessel collateral to liquidation values

Asset quality for rest of portfolio remains benign

(S\$m)	3Q17	9M17 qtr avg	FY16 qtr avg
New non-performing assets	2,186	1,081	887
Oil and gas support services	1,741	786	394
ANZ consolidation	123	–	–
Others	322	295	493
Specific allowance charges	1,665	723	373
Oil and gas support services	1,490	611	155
Others	175	112	218
Non-performing loan rate (%)	Sep 17	Jun 17	Sep 16
Others	0.9	0.9	1.0

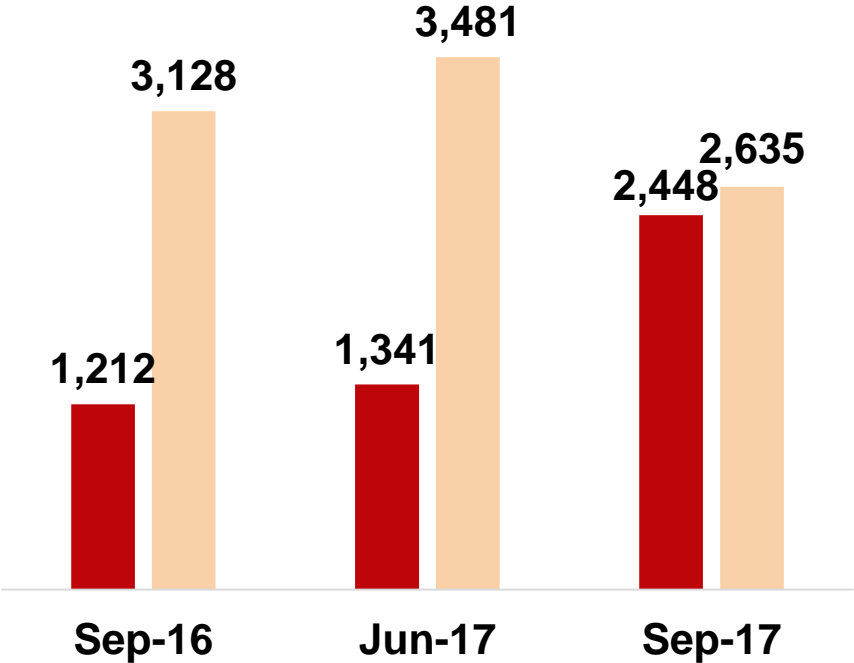
Portfolio outside oil and gas support services sector

- Underlying NPL rate of 0.9% has been stable over several quarters
- SP charges for 9M17 remain low
- NPAs from ANZ consolidation taken over with adequate allowance coverage

General allowance drawdown of \$850 million part of surplus over FRS 109 requirements

(S\$m)

■ SP
■ GP



- GP of \$2.6 billion after drawing \$850 million still above MAS 1% and FRS 109 requirements
- GP drawdown of \$850 million is part of surplus over FRS 109 amount and would have been transferred to shareholders' funds on 1 January 2018 if not taken through profit and loss before then

Cumulative general and specific allowances as % of:

NPA	100	100	83
Unsecured NPA	204	234	171

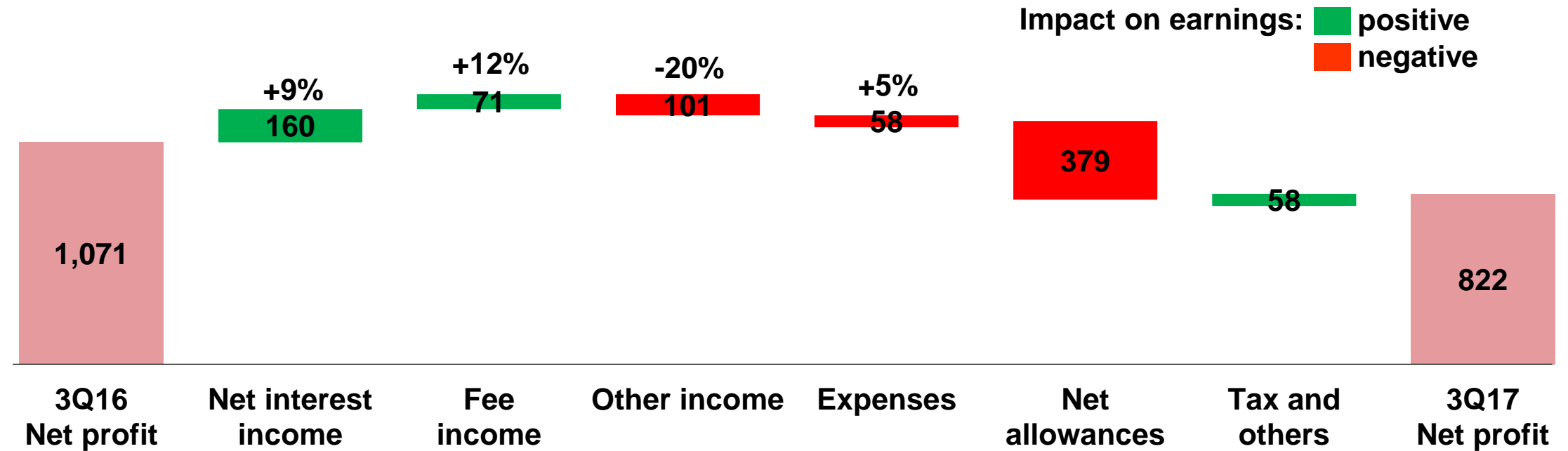
Allowance coverage for rest of portfolio at 115%

(S\$m)	Oil and gas support services	Others	Total
Specific allowances	1,507	941	2,448
General allowances	-	2,635	2,635
Total allowances	1,507	3,576	5,083
Non-performing assets	3,008	3,119	6,127
Allowance coverage	50%	115%	83%

- Conservative assumptions for NPA recognition and collateral valuations for oil and gas support service exposures mean that 50% allowance coverage more than adequate
- Remaining total allowances of \$3.6 billion translate to allowance coverage of 115% for rest of portfolio

3Q total income and profit before allowances at new highs

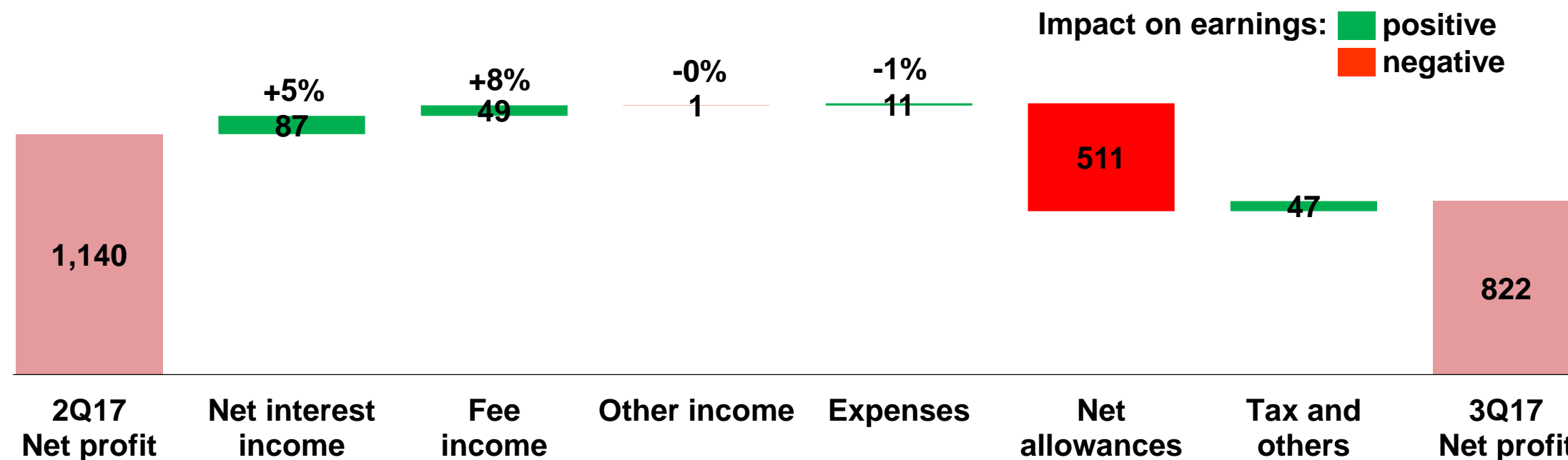
(S\$m)	3Q17	YoY %	
Total income	3,059	4	<ul style="list-style-type: none"> Net interest income up 9% from higher loan volumes Fee income up 12% from broad-based growth led by wealth management Strong business momentum more than offsets weaker trading income
Expenses	1,257	5	
Profit before allowances	1,802	4	
Allowances	815	87	
Net profit	822	(23)	<ul style="list-style-type: none"> Net allowances of \$815 million reflect SP charge of 1.67 billion and GP drawdown of 850 million



3Q profit before allowances up 9% on quarter

(S\$m)	3Q17	QoQ %
Total income	3,059	5
Expenses	1,257	(1)
Profit before allowances	1,802	9
Allowances	815	>100
Net profit	822	(28)

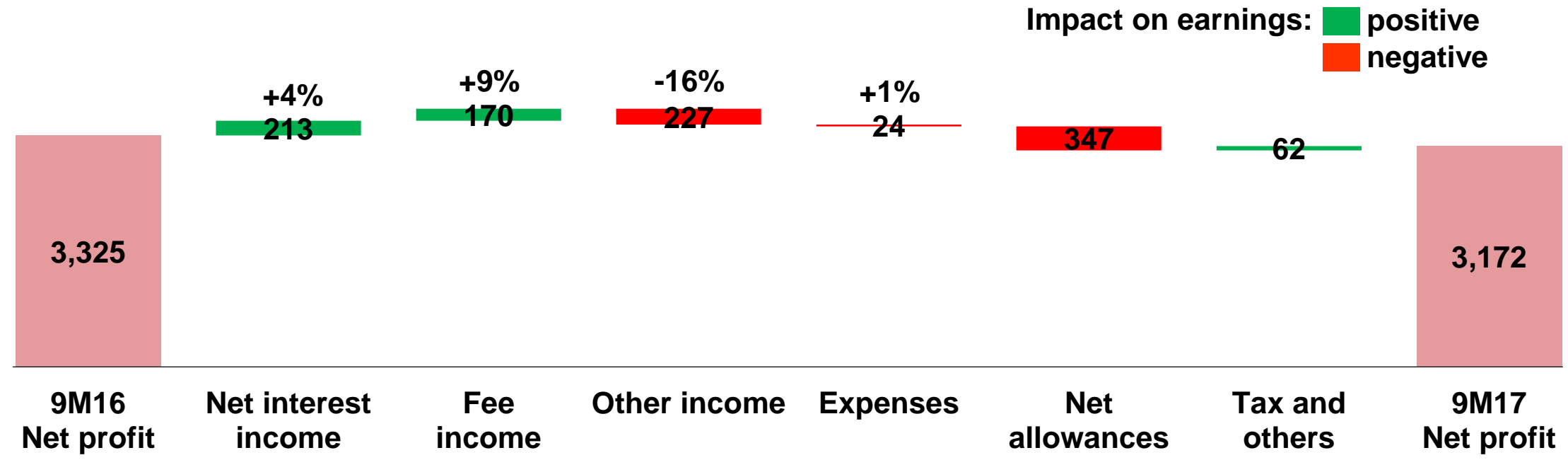
- Net interest income up 5% from sustained corporate and Singapore housing loan momentum
- Fee income up 8% led by wealth management and investment banking
- Expenses decline 1%



9M total income and profit before allowances at new highs

(S\$m)	9M17	YoY %
Total income	8,869	2
Expenses	3,773	1
Profit before allowances	5,096	3
Allowances	1,319	36
Net profit	3,172	(5)

- Total income up 2% to new high as loan and fee income growth more than offset lower NIM and trading income
- Efficiency gains from digitalisation and cost management limit expense growth to 1%
- Profit before allowances up 3% to record



3Q net interest income up 5% on quarter on higher loan volumes and stable NIM

Net interest margin (%)

1.83
1.74

Net interest income (S\$m)

5,481

5,694

9M
2016

9M
2017

1.85
1.87
1.77
1.71
1.74
1.74
1.73

1,833

1,833

1,815

1,824

1,831

1,888

1,975

1Q

2Q

3Q

4Q

1Q

2Q

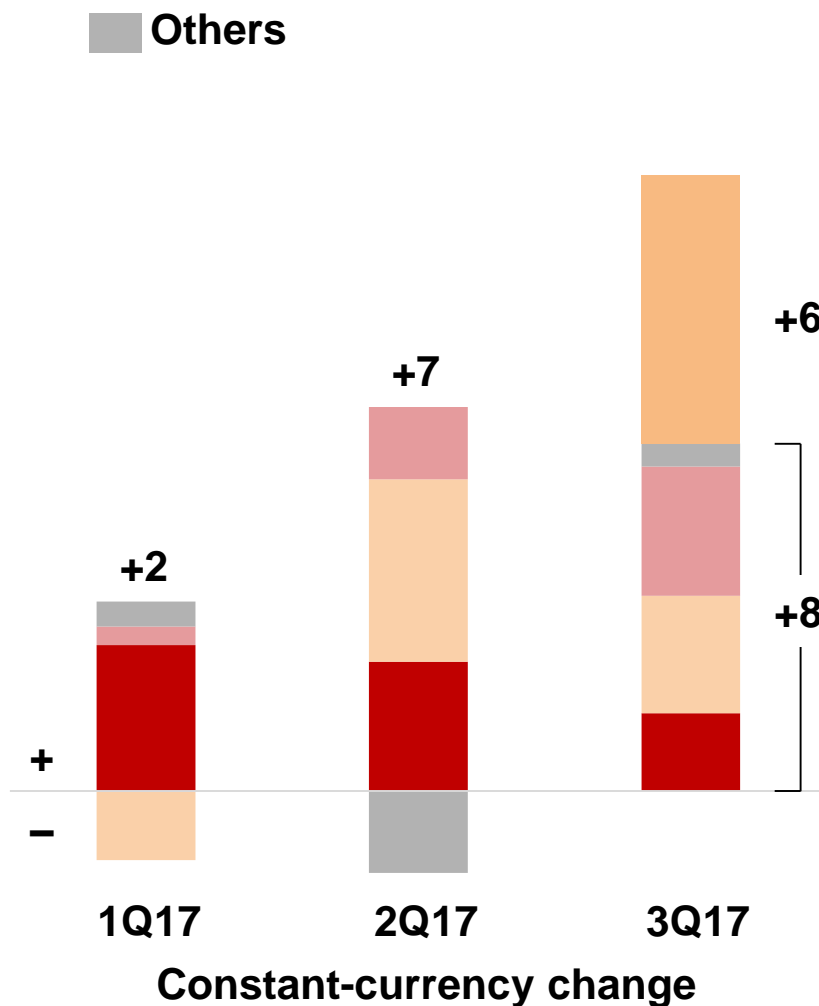
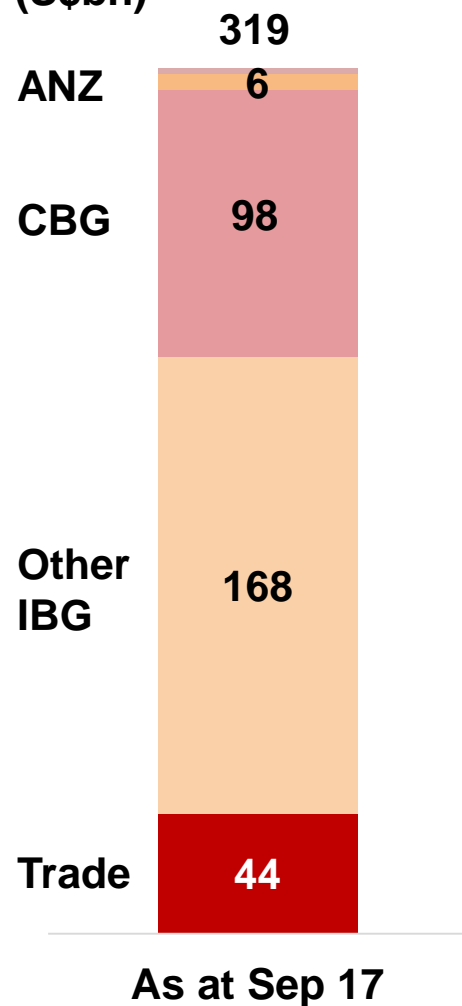
3Q

2016

2017

Loans up 4% on quarter, underlying growth at 2% on corporate and housing loan momentum

(S\$bn)



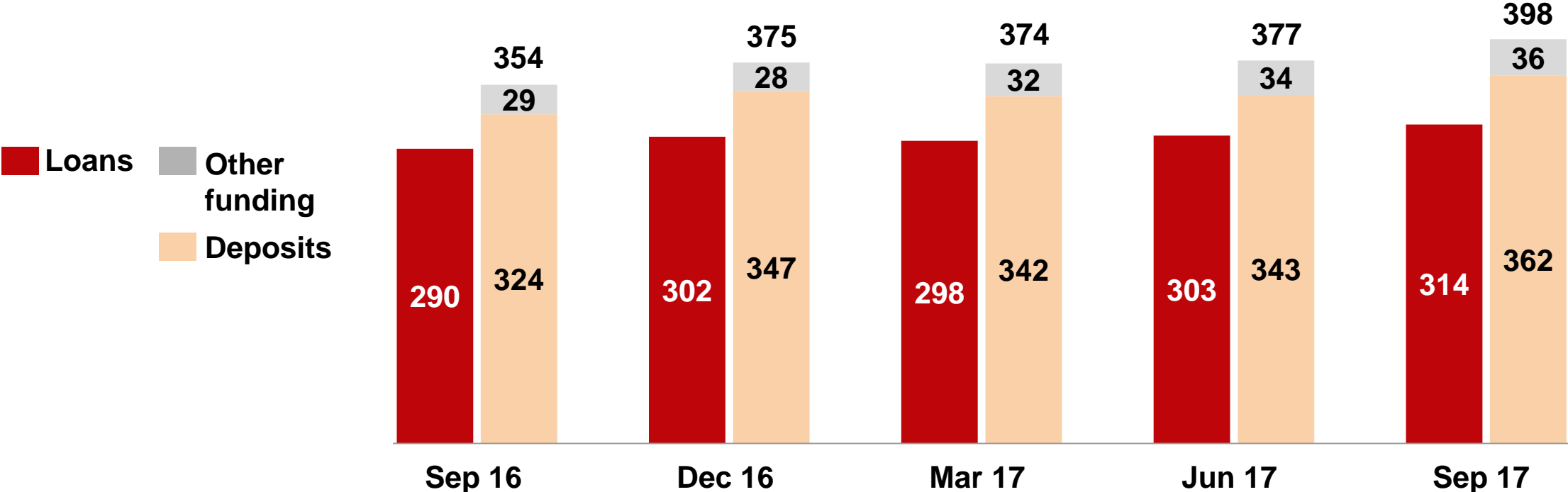
In constant-currency terms

- Gross loans up 4% on quarter, including \$6 billion from consolidation of ANZ
- Underlying loans up \$8 billion or 2% on quarter, \$16 billion or 6% year-to-date
- Non-trade corporate and consumer loans up \$5 billion or 2% on quarter, \$10 billion or 4% year-to-date
- Trade loans up \$2 billion or 4% on quarter, \$8 billion or 21% year-to-date

Gross loans

Ample liquidity with LCR at 141%

(S\$bn)



Ratios (%)

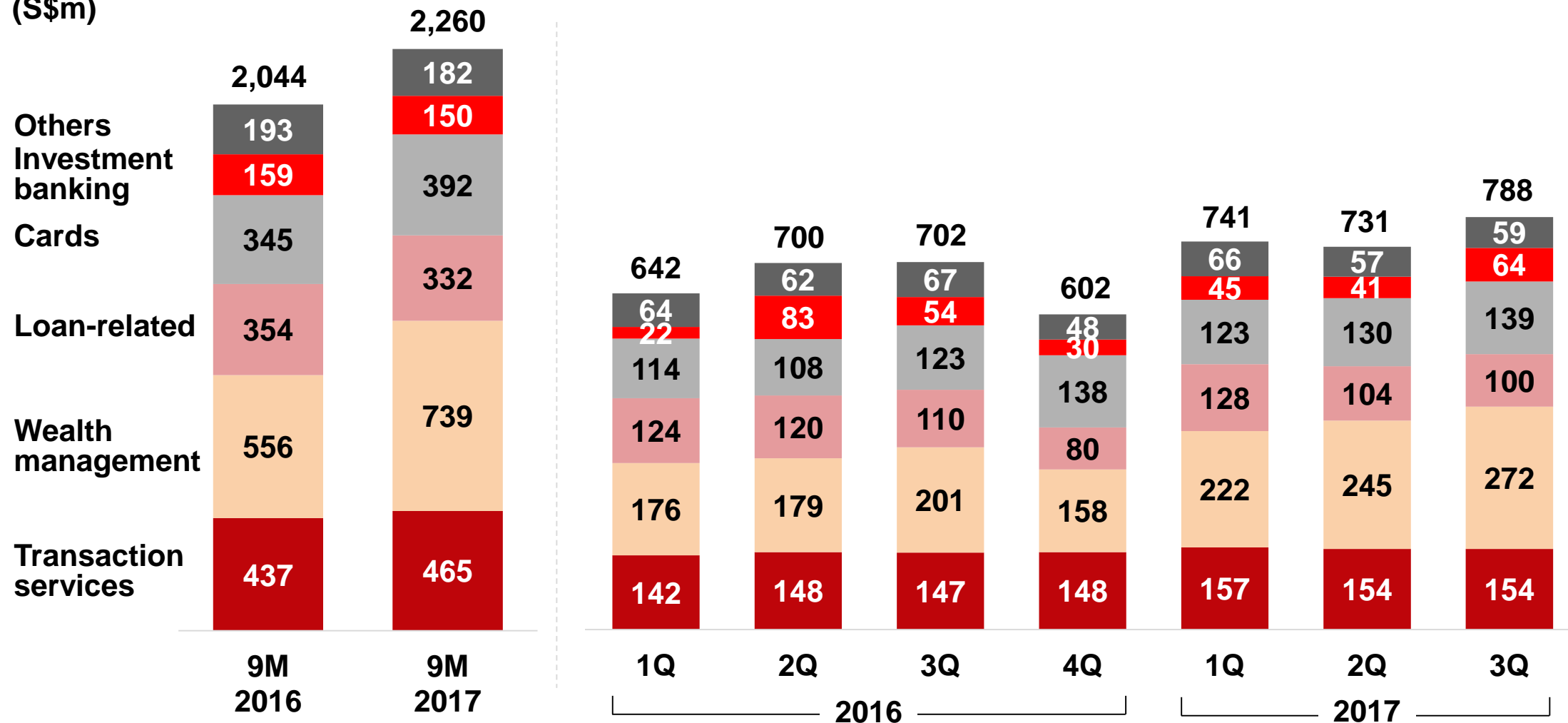
LDR	89	87	87	88	87
LCR	115	133	138	150	141

Including \$6 billion of loans and \$10 billion of deposits from ANZ consolidation for September 2017. Other funding comprises senior medium term notes, commercial papers, negotiable certificates of deposit, other debt securities and covered bonds



3Q fee income up 8% on quarter from higher growth in wealth management, investment banking and cards

(S\$m)



Gross fee income. Wealth management fees include \$23 million in 2Q17 and \$28 million in 3Q17 that would have been previously classified as other non-interest income. The amount represents income earned from products sold on open architecture platforms. The change in classification has been applied prospectively from 1 April 2017



9M IBG total income and profit before allowances little changed

(S\$m)	9M17	9M16	YoY %
Total income	3,944	3,961	(0)
Corporate	2,674	2,797	(4)
SME	1,270	1,164	9
Loans	2,055	2,137	(4)
Trade	550	554	(1)
Cash / SFS	784	602	30
Treasury	502	597	(16)
Investment banking	53	71	(25)
Expenses	1,296	1,277	1
Profit before allowances	2,648	2,684	(1)
Assets (S\$bn)	241	224	8
GTS deposits (S\$bn)	134	125	7

- Total income little changed as growth in cash management offset by lower contributions from other activities
- Expenses and profit before allowances also little changed
- Assets rise 8% or \$17 billion from loan growth
- Cash management deposits up 7% or \$9 billion

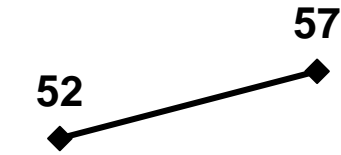
9M CBG / Wealth income and earnings rise to new highs

(S\$m)	9M17	9M16	YoY %
Total income	3,473	3,198	9
Retail	1,900	1,939	(2)
Wealth Management	1,573	1,259	25
Loans and deposits	1,938	1,864	4
Investment products	1,041	865	20
Cards	446	426	5
Others	48	44	9
Expenses	1,859	1,728	8
Profit before allowances	1,614	1,470	10
AUM (S\$bn)	195	159	23
SGD savings (S\$bn)	113	105	8

- Total income up 9% from broad-based growth led by 20% increase in income from investment products
- Wealth Management segment income rises 25% to \$1.57 billion
- AUM increases 23% to \$195 billion, including \$15 billion from ANZ
- Singapore housing loan market share crosses 30%, while SGD savings account market share maintained at above 50%

Weaker 3Q and 9M treasury income

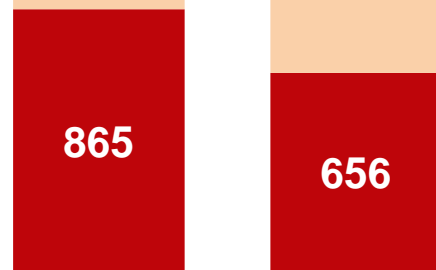
Customer income / Total treasury income (%)



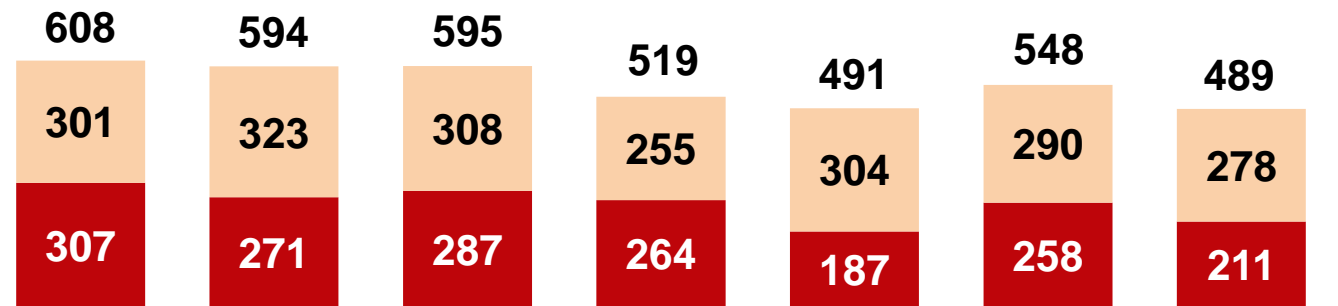
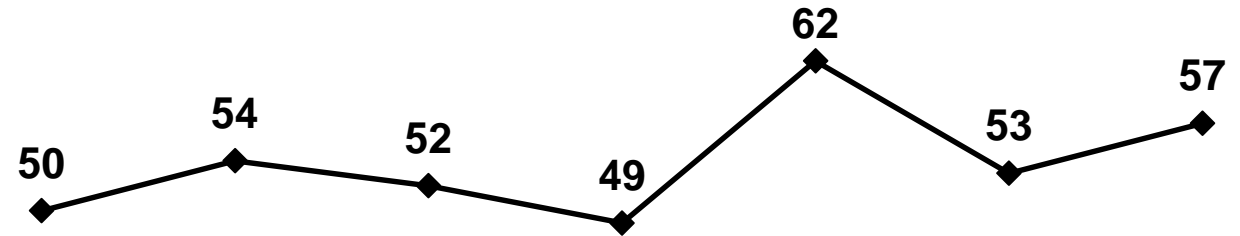
Customer income (S\$m)



Treasury Markets income (S\$m)



9M 2016 9M 2017



1Q 2Q 3Q 4Q 1Q 2Q 3Q
 2016 2017

Treasury customer income is included under IBG/CBG segment income. It is included in this chart for a complete product view

9M cost-income ratio at 43%

Cost / income (%)

43 43

Staff expenses (S\$m)

3,749 3,773

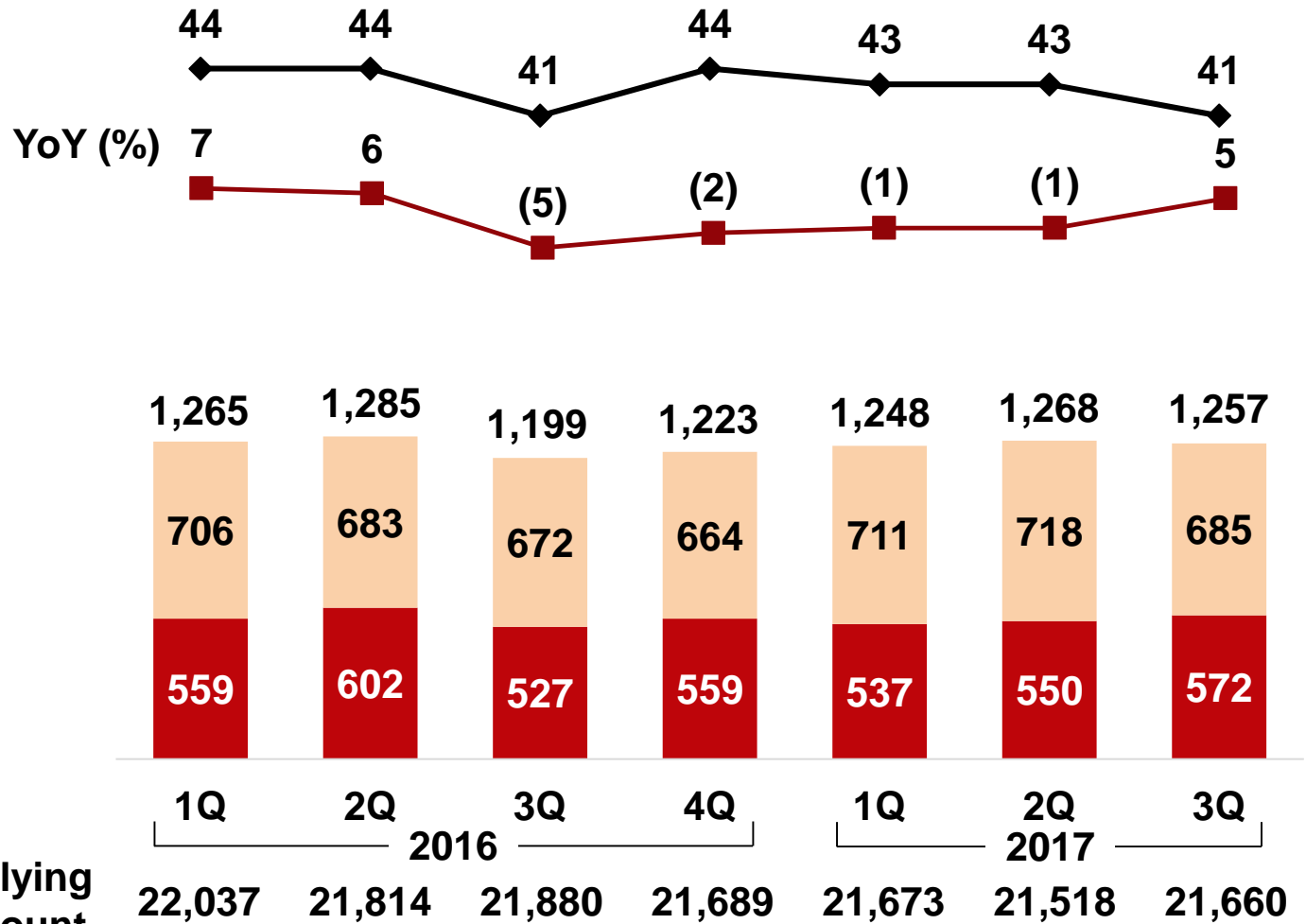
Other expenses (S\$m)

1,688 1,659

9M 2016

9M 2017

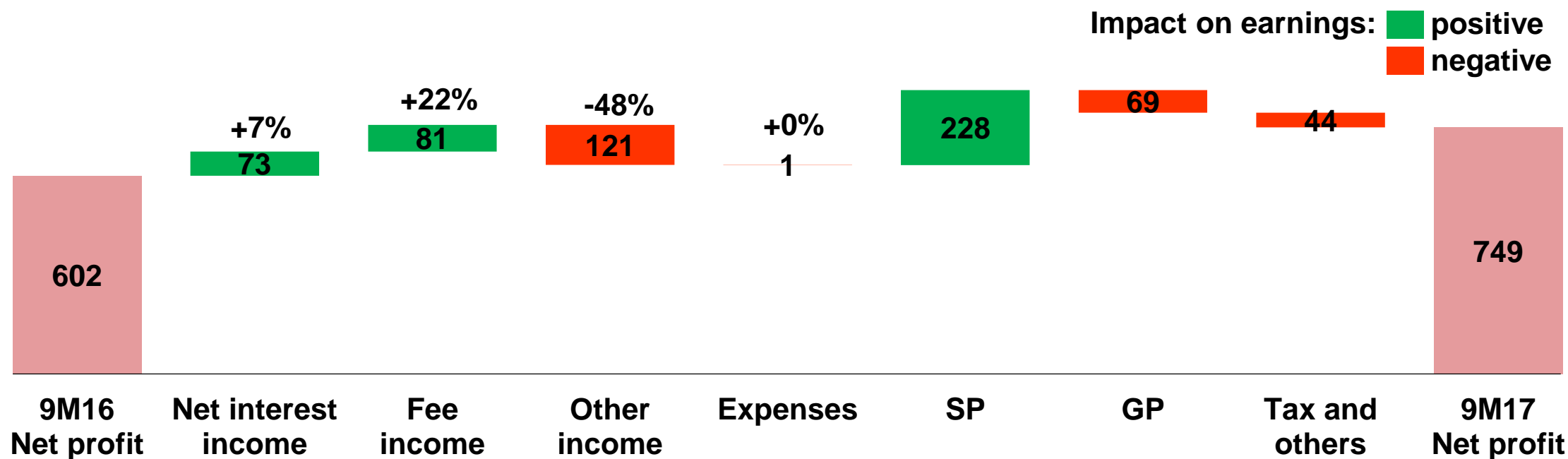
Underlying headcount



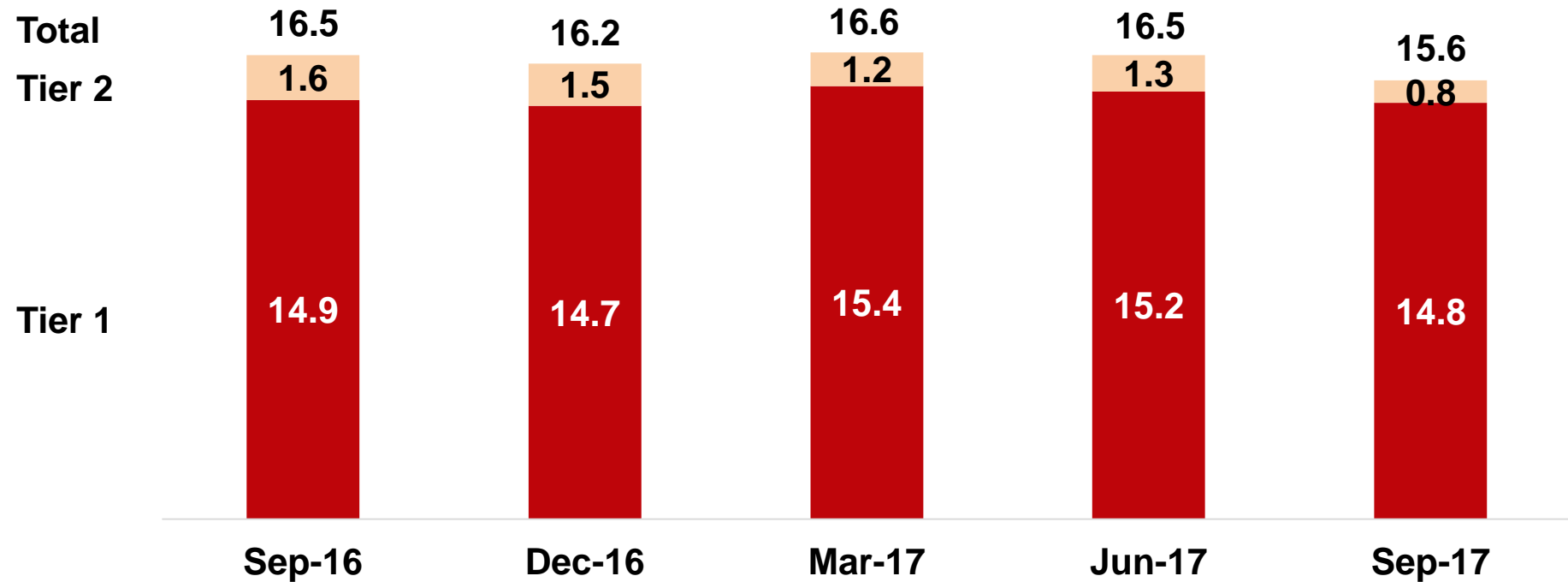
9M Hong Kong earnings up 24% as allowances decline

(S\$m)	9M17	YoY %	Underlying YoY %
Total income	1,623	2	1
Expenses	689	0	0
Profit before allowances	934	4	3
Allowances	36	(82)	(82)
Net profit	749	24	24

- Income up 2% as loan and broad-based fee income growth more than offset a decline in NIM and other non-interest income
- Expenses little changed
- SP declines from high year-ago base



Strong CET-1 and leverage ratios



Common Equity Tier-1 (%)

	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17
Transitional	14.4	14.1	14.6	14.4	14.0
Fully phased-in	13.5	13.3	14.2	14.0	13.6
RWA (S\$bn)	271	279	272	280	286
Leverage ratio (%)	7.8	7.7	7.9	7.9	7.5

In summary – strong operating performance

Sustained business momentum underpins record third-quarter and nine-month operating performance

Loan and broad-based fee income growth more than offset impact of softer interest rates and weaker trading income for nine months

Uncertainty over asset quality removed with accelerated NPL recognition and specific allowances for residual weak oil and gas support service exposures

Digitalisation efforts progressively transforming the bank, generating customer benefits and creating shareholder returns

Supplementary slides

DBS Group Holdings
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Record 9M total income

(S\$m)	9M17	9M16	YoY %
Net interest income	5,694	5,481	4
Fee income	1,986	1,816	9
Trading income	830	960	(14)
Other income	359	456	(21)
Non-interest income	3,175	3,232	(2)
Total income	8,869	8,713	2
Staff expenses	2,114	2,061	3
Other expenses	1,659	1,688	(2)
Expenses	3,773	3,749	1
Profit before allowances	5,096	4,964	3
General allowances	(850)	(59)	NM
Specific allowances	2,169	1,031	>100
Allowances	1,319	972	36
Net profit	3,172	3,325	(5)
One-time items	5	0	NM
Net profit incl. one-time items	3,177	3,325	(4)

Quarterly total income crosses \$3 billion

(S\$m)	3Q17	3Q16	YoY %	2Q17	QoQ %
Net interest income	1,975	1,815	9	1,888	5
Fee income	685	614	12	636	8
Trading income	265	338	(22)	295	(10)
Other income	134	162	(17)	105	28
Non-interest income	1,084	1,114	(3)	1,036	5
Total income	3,059	2,929	4	2,924	5
Staff expenses	685	672	2	718	(5)
Other expenses	572	527	9	550	4
Expenses	1,257	1,199	5	1,268	(1)
Profit before allowances	1,802	1,730	4	1,656	9
General allowances	(850)	169	NM	0	NM
Specific allowances	1,665	267	>100	304	>100
Allowances	815	436	87	304	>100
Net profit	822	1,071	(23)	1,140	(28)
One-time items	(20)	0	NM	(10)	100
Net profit incl. one-time items	802	1,071	(25)	1,130	(29)

Cost-income ratio improves on year, stable on quarter

(%)	3Q17	3Q16	2Q17	9M17	9M16
Net interest margin	1.73	1.77	1.74	1.74	1.83
Fee income / total income	22	21	22	22	21
Non-interest income / total income	35	38	35	36	37
Cost / income	41	41	43	43	43
ROE	7.1	10.0	10.1	9.4	10.7
Loan / deposit	87	89	88	87	89
SP / loans (bp)	195	30	40	89	32
NPL ratio	1.7	1.3	1.5	1.7	1.3

9M Hong Kong earnings up 24% on year

Constant-currency terms

(S\$m)	9M17	9M16	YoY %	YoY %
Net interest income	1,048	975	7	7
Non-interest income	575	615	(7)	(7)
Total income	1,623	1,590	2	1
Expenses	689	688	0	0
Profit before allowances	934	902	4	3
General allowances	68	(1)	NM	NM
Specific allowances	(32)	196	NM	NM
Allowances	36	195	(82)	(82)
Net profit	749	602	24	24
Net interest margin (%)	1.73	1.77		
Loan growth (%)				9
Non-trade growth (%)				7
Trade growth (%)				17
Deposit growth (%)				18

3Q Hong Kong earnings up 26% on year

Constant-currency terms

(S\$m)	3Q17	3Q16	YoY %	YoY %	2Q17	QoQ %	QoQ %
Net interest income	354	325	9	10	343	3	6
Non-interest income	209	241	(13)	(13)	193	8	10
Total income	563	566	(1)	-	536	5	7
Expenses	224	228	(2)	(1)	235	(5)	(2)
Profit before allowances	339	338	0	1	301	13	15
General allowances	40	(2)	NM	NM	16	>100	>100
Specific allowances	(50)	72	NM	NM	10	NM	NM
Allowances	(10)	70	NM	NM	26	NM	NM
Net profit	292	232	26	27	229	28	30
Net interest margin (%)	1.68	1.71			1.70		
Loan growth (%)				9			8
Non-trade growth (%)				7			6
Trade growth (%)				17			16
Deposit growth (%)				18			15

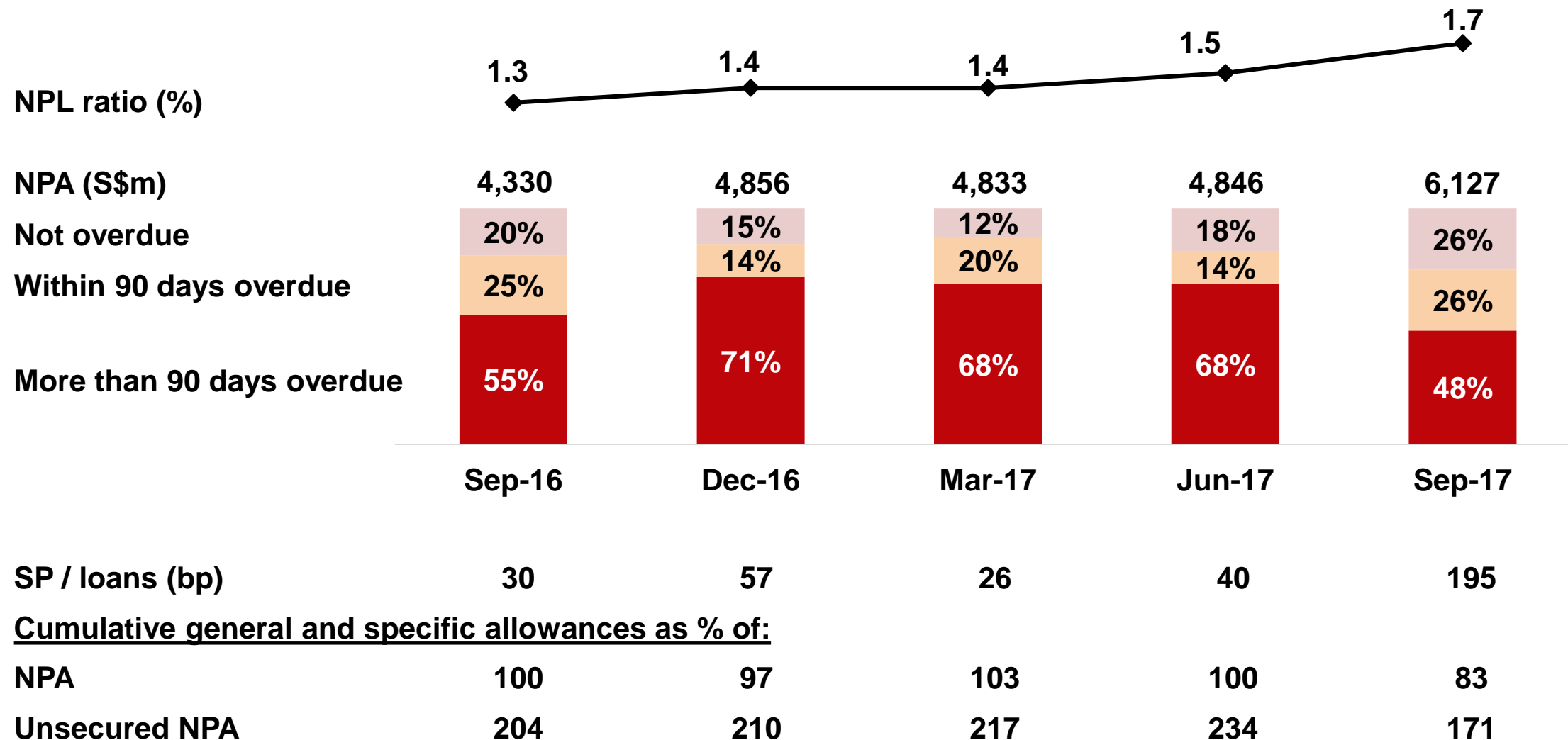
9M regional operating performance improves

(S\$m)	9M17	9M16	YoY %
Net interest income	914	807	13
Non-interest income	514	560	(8)
Total income	1,428	1,367	4
Expenses	858	830	3
Profit before allowances	570	537	6
Allowances	189	316	(40)
Net profit	306	149	>100

New NPAs mainly from recognition of residual weak oil and gas support service exposures as NPL

(S\$m)	3Q17	2Q17	3Q16
NPAs at start of period	4,846	4,833	3,854
New NPAs	2,063	657	1,055
Upgrades, recoveries and translation	(329)	(188)	(88)
Write-offs	(576)	(456)	(491)
NPAs at end of period (excluding ANZ)	6,004	4,846	4,330
ANZ consolidation	123	-	-
NPAs at end of period (including ANZ)	6,127	4,846	4,330
NPL ratio (%)	1.7	1.5	1.3
Specific allowance charges	1,665	304	267

NPL ratio up moderately, allowance coverage prudent at 83%



Increased 3Q specific allowances for residual weak oil and gas support service exposures

(S\$m)

Add charges for

New NPLs

Existing NPLs

Subtract charges for

Upgrading

Settlements

Recoveries

Total SP charges for loans

SP / loans (bp)

	3Q17	2Q17	3Q16
	943	178	94
	675	180	173
	1,618	358	267
	-	-	1
	57	46	30
	23	11	16
	80	57	47
	1,538	301	220
	195	40	30

AFS duration remains short

(S\$m)

Government securities

Less than 3 years

3 to 5 years

5 to 10 years

More than 10 years

Supranational, bank and corporate bonds

Equities

Total

AFS reserves

	Sep-17	Jun-17
Government securities	28,233	25,619
Less than 3 years	17,957	16,166
3 to 5 years	5,394	3,917
5 to 10 years	4,535	5,264
More than 10 years	347	272
Supranational, bank and corporate bonds	14,460	14,090
Equities	1,415	1,431
Total	44,108	41,140
AFS reserves	205	272

Time-banding is based on maturity date from reporting date

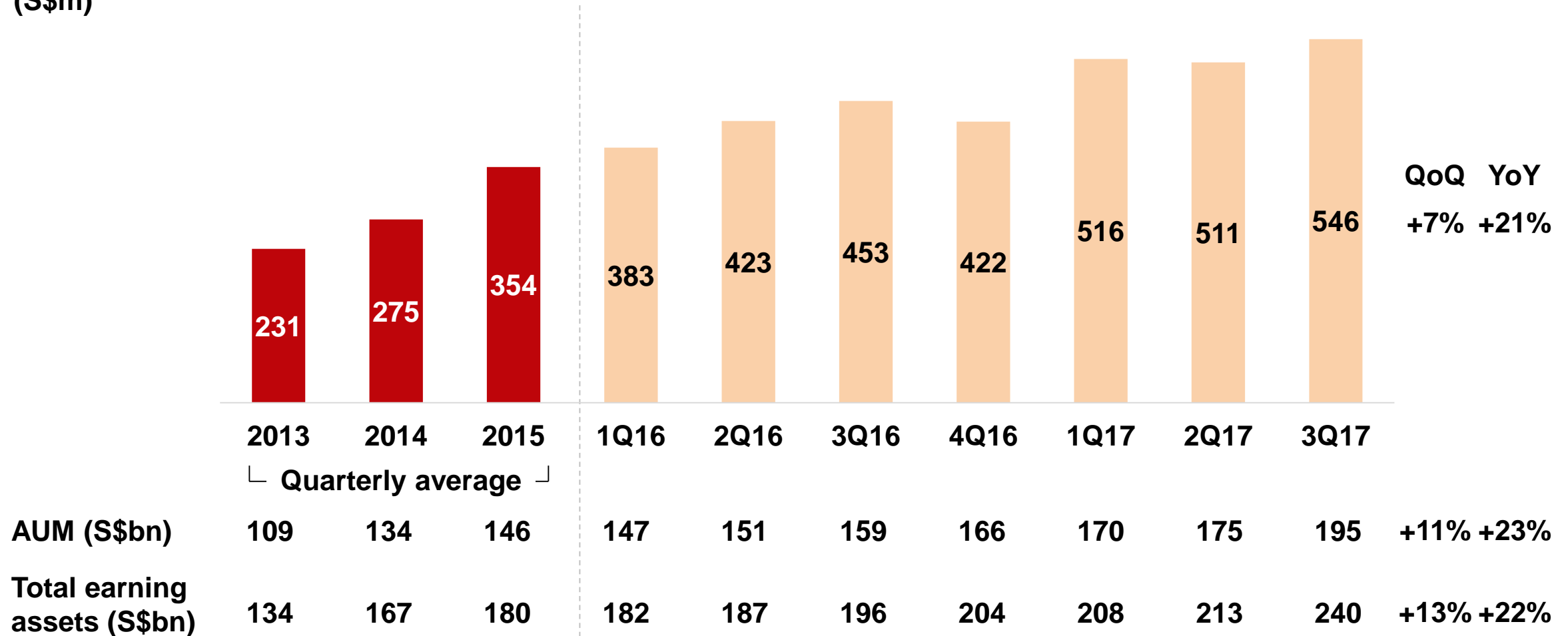
Deposits up 6% on quarter and up 12% on year in constant-currency terms

	(S\$bn)	QoQ (%)		YoY (%)	
	Sep 17	Reported	Underlying	Reported	Underlying
Deposits	362	6	6	12	12
By product					
Casa	227	5	5	13	13
Fixed deposits	132	8	8	10	11
Other	3	1	2	(7)	(6)
By currency					
Singapore dollar	157	2	2	5	5
US dollar	120	9	10	21	22
HK dollar	35	7	9	6	7
Chinese yuan	12	20	19	26	26
Others	38	4	4	17	16
LDR (%)	Sep 17	Jun 17		Sep 16	
Overall	87	88		89	
Singapore dollar	84	83		81	
US dollar	84	92		96	

Deposits as at Sep 17 include \$10 billion from ANZ consolidation

Wealth Management segment

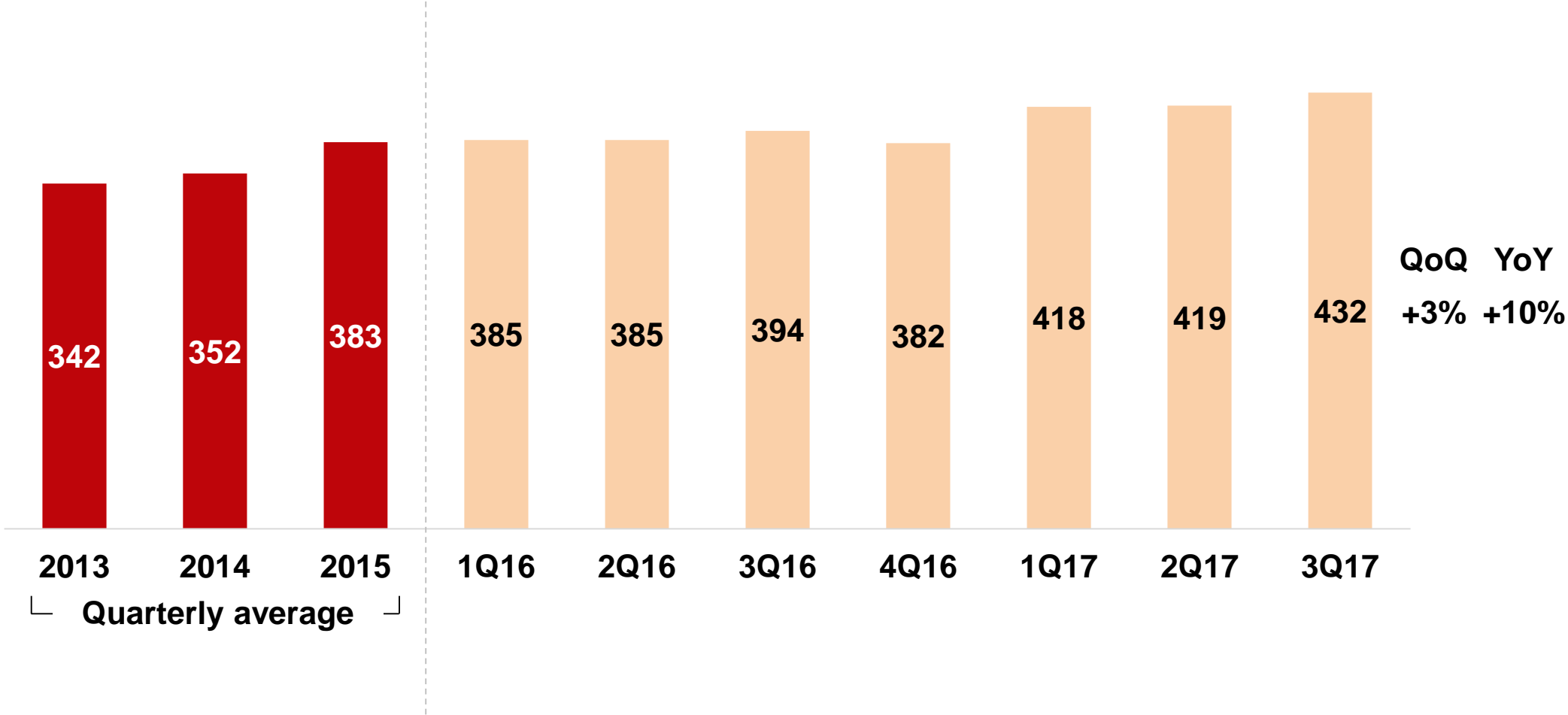
Income
(S\$m)



Comprising Treasures, Treasures Private Client and Private Bank
Total earning assets and AUMs at end of period

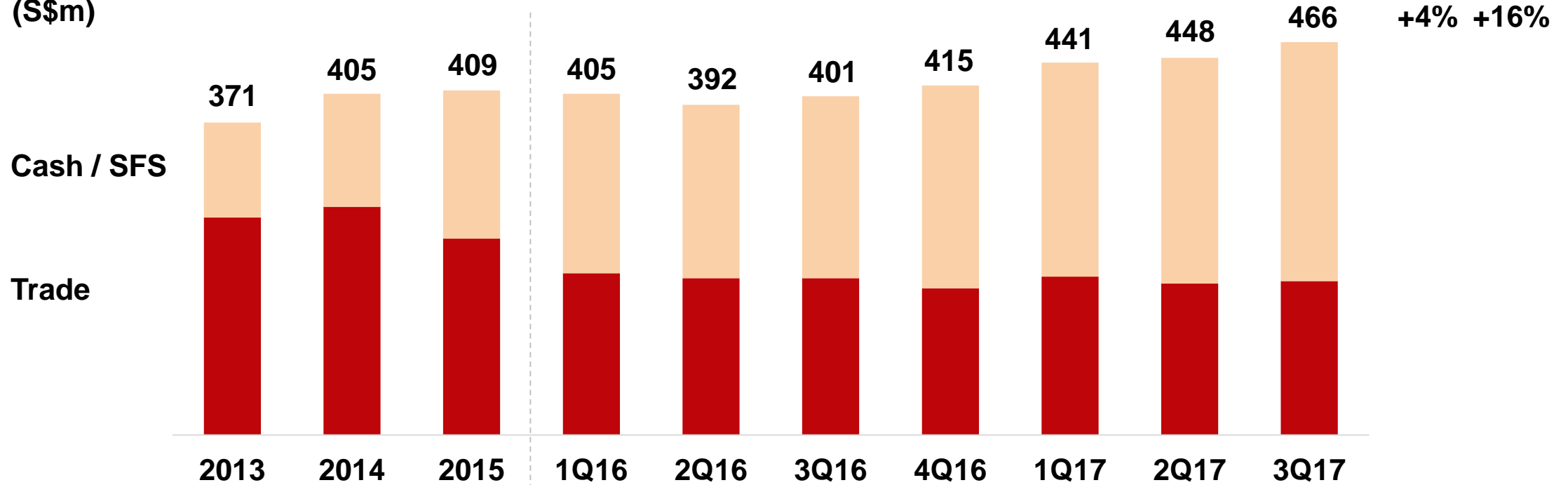
SME segment

Income
(S\$m)



Global transaction services

Income
(S\$m)



Cash / SFS

Trade

2013 2014 2015 1Q16 2Q16 3Q16 4Q16 1Q17 2Q17 3Q17

Quarterly average

Assets
(S\$bⁿ)^(a)

63 62 47 39 42 43 44 45 47 48 +2% +12%

Deposits
(S\$bⁿ)

119 135 127 121 122 125 137 134 130 134 +3% +7%

Assets and deposits at end of period

(a) Trade assets; includes bank exposures and loans of financial institutions





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