News Release

Ref No. 04/2017

**DBS THIRD-QUARTER EARNINGS AT SGD 822 MILLION,
QUARTERLY TOTAL INCOME CROSSES SGD 3 BILLION FOR FIRST TIME**

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Net allowances of SGD 815 million taken to remove uncertainty over residual weak oil and gas services exposures

SINGAPORE, 6 November 2017 – DBS Group Holdings reported net profit of SGD 822 million for third-quarter 2017. Net allowances of SGD 815 million were taken as residual weak oil and gas support services exposures were classified as non-performing assets (NPAs). Business momentum remained strong as quarterly total income crossed SGD 3 billion for the first time, rising 4% from a year ago to SGD 3.06 billion. Profit before allowances rose 4% to a record SGD 1.80 billion.

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For the nine months, total income and profit before allowances were also at new highs from broad-based growth in loan volumes and fee income, which more than offset the impact of softer Singapore-dollar interest rates and weaker trading income. The higher third-quarter allowances resulted in a 5% decline in nine-month net profit to SGD 3.17 billion.

Residual weak oil and gas support service exposures recognised as NPAs

The Group's exposure to the oil and gas support services sector amounted to SGD 5.3 billion, less than 2% of its overall loan portfolio. Consistent with the assessment of the sector provided in second-quarter 2017, and taking into account the impending implementation of Financial Reporting Standard 109, the Group accelerated the recognition of the residual weak cases as NPAs with a commensurate increase in specific allowances, while drawing SGD 850 million from general allowance reserves, resulting in a net allowance charge of SGD 815 million for the quarter. The step removes uncertainty about the asset quality outlook.

As at 30 September 2017, oil and gas support services non-performing assets amounted to SGD 3.0 billion, for which cumulative specific allowances of SGD 1.5 billion have been made. The specific allowances have been taken after applying significant haircuts to collateral valuations, which were further reduced during the quarter.

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General allowance reserves continued to be healthy at SGD 2.6 billion, which were in excess of both the 1% general allowance requirement by the MAS and the amount that would have to be set aside under FRS 109 from 1 January 2018.

The overall NPL rate rose from 1.5% in the previous quarter to 1.7%. Overall allowance coverage remained prudent at 83% and at 171% when collateral was considered.

Strong business momentum as third-quarter total income crosses SGD 3 billion

Third-quarter business momentum was strong. Total income rose 4% from a year ago to SGD 3.06 billion. A 9% increase in net interest income and 12% rise in fee income were partially offset by an 20% decline in other non-interest income.

Net interest income increased 9% to SGD 1.98 billion. Loans rose 8% or SGD 24 billion to SGD 314 billion, which included SGD 6 billion from the consolidation of the Singapore, Hong Kong and China operations of the wealth management and retail banking business acquired from ANZ. Underlying growth was broad-based across corporate, trade and Singapore housing loans. Net interest margin was four basis points lower at 1.73%.

Net fee income rose 12% to SGD 685 million from broad-based growth. Higher sales of unit trusts and other investment products resulted in a double-digit percentage increase in wealth management fees to SGD 272 million. Investment banking fees rose 19% to SGD 64 million from higher advisory income. Transaction banking fees grew 5%

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to SGD 154 million from higher cash management income. Other non-interest income fell 20% to SGD 399 million due to lower trading income as well as the impact of a SGD 41 million property disposal gain a year ago. These declines were partially offset by higher gains on investment securities.

Expenses rose 5% to SGD 1.26 billion and the cost-income ratio was stable from a year ago at 41%. Profit before allowances increased 4% to SGD 1.80 billion.

Total income up 5% from previous quarter

Compared to the previous quarter, total income was 5% higher, led by growth in net interest income and fee income. With expenses little changed, profit before allowances increased 9%.

Net interest income rose 5% as loans increased 4% from broad-based underlying growth as well as the consolidation of ANZ. Underlying loans expanded 2% from sustained corporate and housing loan growth momentum. Net interest margin was stable.

Fee income was 8% higher from increases in wealth management, investment banking and cards income. Other non-interest income was stable as higher gains on investment securities were offset by weaker trading income.

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Nine-month total income rises 2% to new high

For the nine months, total income rose 2% to a new high of SGD 8.87 billion. Increases in net interest income and fee income were partially offset by a decline in other non-interest income.

Net interest income rose 4% to SGD 5.69 billion as loans grew 8%. Net interest margin declined nine basis points to 1.74% due to softer average Singapore-dollar interest rates.

Fee income rose 9% to SGD 1.99 billion. Higher fees from wealth management, which grew by an underlying 24%, as well as from cards and transaction banking were partially offset by a decline in loan-related fees. Other non-interest income fell 16% to SGD 1.19 billion due to lower trading income and to non-recurring gains a year ago.

Expenses rose 1% to SGD 3.77 billion. Underlying headcount fell 1% in tandem with efficiency gains from ongoing digitalisation and cost-management initiatives. The cost-income ratio was at 43%. Profit before allowances was 3% higher at SGD 5.10 billion.

Liquidity and capital remain strong

Deposits rose 12% from a year ago and 6% from the previous quarter to SGD 362 billion; excluding ANZ, deposits were 8% and 3% higher respectively. The liquidity coverage ratio for the third quarter was 141%, above the regulatory requirement of 100% due in 2019. The net stable funding ratio was also above the regulatory requirement due in 2018.

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The Common Equity Tier-1 ratio was at 14.0%, declining 0.4 percentage points from the previous quarter as balance sheet growth and the payment of interim dividends more than offset the capital accretion from the third quarter's earnings. The leverage ratio of 7.5% was more than twice the minimum of 3% currently envisaged by the Basel Committee.

DBS CEO Piyush Gupta said, "The recognition of the residual weak oil and gas support service exposures as NPAs will enable investors to return their focus to our operating performance and digital agenda. Business momentum has been strong as we continued to capture opportunities in a reflationary environment across the markets we operate in. Broad-based loan and fee income growth propelled third-quarter and nine-month total income and profit before allowances to new highs, more than offsetting the impact of less favourable interest rates and trading income. Our digitalisation efforts are progressively transforming the bank, generating customer benefits and creating shareholder returns."

About DBS

DBS - Living, Breathing Asia

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

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

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

With its extensive network of operations in Asia and emphasis on engaging and empowering its staff, DBS presents exciting career opportunities. The bank acknowledges the passion, commitment and can-do spirit in all of our 23,000 staff, representing over 40 nationalities. For more information, please visit www.dbs.com.

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