



News Release

Ref No. 02/2017

DBS FIRST-QUARTER NET PROFIT AT RECORD SGD 1.21 BILLION

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***Results underpinned by record fee income, productivity gains
and easing of specific allowances***

SINGAPORE, 2 May 2017 – DBS Group's net profit for first-quarter 2017 rose to a record SGD 1.21 billion, up 1% from a year ago. Business momentum remained healthy with fee income climbing to a record. Productivity gains resulted in 1% reduction in expenses and a one percentage point improvement in the cost-income ratio compared to a year ago. Specific allowances eased from recent quarters as non-performing loan formation moderated. Allowance coverage of non-performing assets was at 103%.

Including one-time items, net profit was SGD 1.25 billion. As previously announced, there was a gain of SGD 350 million from the divestment of PWC Building in Singapore. The amount was set aside as general allowances, raising general allowance reserves to SGD 3.49 billion. In addition, SGD 10 million of integration costs for the retail and wealth management business acquired from ANZ was accrued. The general allowance and integration cost charges had a tax impact of SGD 45 million.



Net profit 1% higher than a year ago

Net interest income was unchanged from a year ago at SGD 1.83 billion. The impact of softer Singapore-dollar interest rates was offset by higher loan volumes, which rose 7% in constant-currency terms to SGD 298 billion from growth in corporate, trade and Singapore housing loans.

Net fee income rose 16% to SGD 665 million. The growth was led by a 26% increase in wealth management fees to a quarterly high of SGD 222 million from stronger sales of unit trusts and other investment products. Transaction service fees increased 11% to SGD 157 million due to higher trade finance and cash management income. Investment banking fees doubled to SGD 45 million from increased equity and fixed income fees. Cards and loan-related fees were also higher.

Other non-interest income fell 15% or SGD 68 million to SGD 390 million due to lower trading gains and a non-recurring net gain of SGD 38 million a year ago. Income from treasury customer sales was little changed at SGD 304 million with an increase in wealth management treasury sales offset by a decline in corporate treasury sales.

By business unit, income for Consumer Banking / Wealth Management rose 13% to SGD 1.16 billion. The increase was across all product segments and led by double-digit percentage growth in investment products. Institutional Banking income was stable at SGD 1.32 billion as higher transaction service income was offset by lower treasury customer income. Treasury Markets income fell 39% to SGD 187 million.

Total income rose 1% to SGD 2.89 billion. Expenses declined 1% to SGD 1.25 billion as productivity gains arising from concerted digitalisation and cost management



efforts enabled the bank to support higher business volumes with fewer resources. The positive jaw resulted in a one percentage point improvement in the cost-income ratio to 43% and contributed to a 2% increase in profit before allowances to SGD 1.64 billion.

Net profit 33% higher than previous quarter

Compared to the previous quarter, net profit was 33% higher as specific allowances fell.

Net interest income rose 3% on a day-adjusted basis. Net interest margin increased three basis points to 1.74% due to higher interest rates in Hong Kong and Singapore. Loans increased 1% in constant-currency terms from growth in trade loans.

Net fee income rose 29%, led by a 41% increase in wealth management and 60% increase in loan-related fees. Other income fell 11% as lower trading gains were partially offset by an increase in treasury customer income and gains from investment securities.

Total income increased 4% compared to a 2% rise in expenses. Profit before allowances was 5% higher.

Balance sheet remains healthy

Compared to the previous quarter, the amount of non-performing assets fell slightly to SGD 4.83 billion. The non-performing loan rate was unchanged at 1.4%. Non-performing loan formation, which had been elevated in recent quarters due to stresses in the oil and gas support services sector, moderated and was offset by recoveries and



write-offs. Specific allowance charges amounted to SGD 200 million or 26 basis points of loans, compared to 38 basis points for full-year 2016. Allowance coverage was at 103% and at 217% when collateral was considered.

Deposits rose 7% from a year ago and were stable from the previous quarter in constant-currency terms to SGD 342 billion. The liquidity coverage ratio was 138%, above the regulatory requirement of 100% due in 2019. The net stable funding ratio was above the regulatory requirement due in 2018.

The Common Equity Tier-1 ratio rose 0.5 percentage points from the previous quarter to 14.6%. The increase was due to higher retained earnings and a decline in risk-weighted assets due partly to currency effects. The leverage ratio of 7.9% was more than twice the minimum of 3% currently envisaged by the Basel Committee.

DBS CEO Piyush Gupta said, "We have had a good start to the year. Earnings were maintained at the quarterly high achieved a year ago as business momentum and productivity gains were sustained, offsetting the impact of a lower net interest margin. Our business pipeline is healthy, consistent with the recent improvement in economic data for key markets. While asset quality pressures appear to be moderating, we remain vigilant to continued headwinds in the oil and gas support services sector. Our diversified business lines, nimbleness in execution and strong balance sheet put us in good stead for the coming year."



About DBS

DBS - Living, Breathing Asia

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

DBS is at the forefront of leveraging digital technology to shape the future of banking, and has been named "World's Best Digital Bank" by Euromoney. The bank has also been recognised for its leadership in the region, having been named "Asia's Best Bank" by several publications including The Banker, Global Finance, IFR Asia and Euromoney since 2012. In addition, the bank has been named "Safest Bank in Asia" by Global Finance for eight consecutive years from 2009 to 2016.

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

With its extensive network of operations in Asia and emphasis on engaging and empowering its staff, DBS presents exciting career opportunities. The bank acknowledges the passion, commitment and can-do spirit in all of our 22,000 staff, representing over 40 nationalities. For more information, please visit www.dbs.com.

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