



News Release

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DBS FIRST-QUARTER NET PROFIT RISES 6% TO SGD 1.20 BILLION

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Total income up 5% to new high of SGD 2.87 billion

SINGAPORE, 3 May 2016 – DBS Group achieved net profit of SGD 1.20 billion for first quarter 2016. Excluding one-time items in prior periods, the earnings were a record and 6% higher than a year ago. Total income also reached a new high, rising 5% to SGD 2.87 billion as net interest income grew 8% to SGD 1.83 billion. Despite heightened risk aversion during the quarter, non-interest income of SGD 1.03 billion was comparable to the quarterly high a year ago, when financial market activities were boosted by favourable central bank policy actions.



Asset quality continued to be sound. The non-performing loan rate rose slightly to 1.0% while specific allowances increased 6% to SGD 170 million, both of which were in line with earlier guidance. Allowance coverage of non-performing assets remained healthy at 134% and at 286% if collateral was considered.

Return on equity was 11.9%. The results once again demonstrated the resilience of the DBS franchise as it continued to be nimble in capturing opportunities and rigorous in managing risks in a challenging operating environment.

Total income growth of 5% from year ago underpins 6% increase in net profit

Net interest income rose 8% to SGD 1.83 billion. Loans declined 1% in constant-currency terms to SGD 274 billion. A 23% contraction in trade loans was offset by a 3% increase in non-trade loans from corporate borrowing and a 13% increase in Singapore housing loans. Net interest margin improved 16 basis points to 1.85% in line with higher Singapore dollar interest rates.

Non-interest income was 2% lower at SGD 1.03 billion. While fee income rose to a new high, trading income was affected by financial market volatility during the quarter.

Net fee income rose 3% to SGD 574 million. Wealth management fees increased 5% to SGD 176 million as bancassurance income grew 63% to SGD 98 million. Card fees rose 12% to SGD 114 million, led by higher credit and debit card transactions in Singapore. Trade and transaction fees were 2% lower at SGD 142 million as growth in cash management offset a decline in trade finance. Fees from investment banking and brokerage also fell in line with market conditions.



Other non-interest income declined 7% to SGD 458 million. Trading income fell 12% to SGD 315 million due to lower treasury customer activities. Gains from investment securities also fell. These declines were partially offset by a non-recurring net gain of SGD 38 million in other income.

By business unit, Consumer Banking / Wealth Management income rose 19% to SGD 1.02 billion, led by higher contributions from deposits and bancassurance. Institutional Banking income fell 3% to SGD 1.31 billion as growth in cash management was more than offset by declines in trade finance and treasury customer sales. Treasury segment income was 20% lower at SGD 307 million due to less favourable market conditions.

Total expenses rose 7% to SGD 1.27 billion. The increase represented a further deceleration in year-on-year cost growth from 10% in the previous quarter and 14% in the first three quarters of 2015. Underpinning the smaller cost increase were a slower growth in headcount and continued improvements in operating efficiency through strategic cost management initiatives. Profit before allowances rose 3% to a new high of SGD 1.60 billion.

Specific allowances increased 6% to SGD 170 million. No additional general allowances were taken in view of the healthy cumulative general allowances of SGD 3.2 billion already built up.



Net profit rises 20% from the previous quarter

Compared to the previous quarter, net profit rose 20% as a result of higher non-interest income and a lower cost-income ratio.

Net interest income was flat on a day-adjusted basis. Net interest margin was stable at 1.85%. In constant-currency terms, loans contracted 1% as an 11% decline in trade loans was offset by a 1% increase in non-trade loans.

Non-interest income increased 29%. Net fee income rose 18% from higher wealth management, loan activities and brokerage fees. Other non-interest income increased 46%, led by higher income from investment securities and other income. Trading income was also higher as treasury customer flows increased from a seasonally-slower fourth quarter.

Total income rose 8%, faster than expense growth of 2%. Profit before allowances was 13% higher.

Total allowances declined 31% due mainly to the absence of general allowances.

Balance sheet remains strong

Asset quality continued to be resilient. The non-performing loan rate rose slightly from the previous quarter to 1.0%. The allowance coverage of non-performing assets was healthy at 134% and at 286% if collateral was considered.



The average liquidity coverage ratio was 119%, comfortably above the final requirement of 100% due in 2019. The net stable funding ratio was also above the regulatory requirements due in 2018.

The Common Equity Tier-1 ratio rose 0.5% points from the previous quarter to 14.0%. The increase resulted from higher retained earnings and a decline in risk-weighted assets due mainly to currency translation effects. The leverage ratio was at 7.8%, more than twice the minimum of 3% currently envisaged by the Basel Committee.

DBS CEO Piyush Gupta said, "While we have had a succession of record earnings, this quarter's performance is particularly satisfying because it was achieved in unusually challenging market conditions. We are proud of the depth and quality of the franchise we have systematically built over the past few years. Our continuing investments in regional businesses and efforts to reinforce risk management, together with a robust balance sheet, put us in a strong position to continue supporting customers and delivering consistent 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 capital position, as well as "AA-" and "Aa1" credit ratings, is among the highest in Asia-Pacific. DBS has been recognised for its leadership in the region, having been named "Asia's Best Bank" by The Banker, a member of the Financial Times group, and "Best Bank in Asia-Pacific" by Global Finance. The bank has also been named "Safest Bank in Asia" by Global Finance for seven consecutive years from 2009 to 2015.



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. The bank is also at the forefront of leveraging digital technology to shape the future of banking. 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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