



Live more,
Bank less

Strong operating performance enables conservative build-up of allowances

**DBS Group Holdings
2Q 2020 financial results
August 6, 2020**

Highlights

First-half profit before allowances up 12% to record \$4.71bn, GP of \$1.26bn conservatively set aside

- Net interest income up 1% as 5% loan growth offset by 16bp decline in net interest margin
- Fee income up 1% as a record first quarter was offset by weaker activity in the second quarter
- Total income up 7% to \$7.75bn, led by three-fold increase in investment gains
- Expenses stable; positive jaw of seven percentage points lowers cost-income ratio from 42% to 39%

GP reserves 24% above MAS minimum requirement, allowance coverage exceeds 100%

- GP reserves up 50% to \$3.80bn, boosts total allowance reserves 25% to \$6.72bn
- Allowance coverage at 106% and at 199% after taking collateral into account
- Excluding significant exposure in first quarter, underlying NPA formation stable; NPL rate unchanged at 1.5%

Ample liquidity and healthy capital

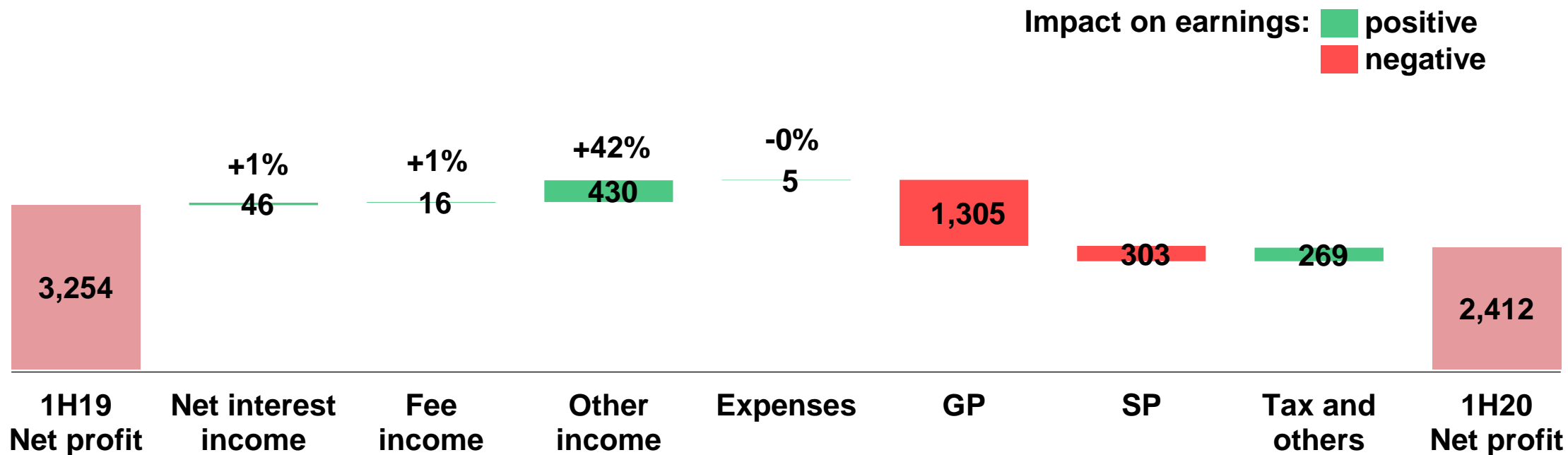
- Ample liquidity with LCR at 134% and NSFR at 121% as deposits grow 9% over first half from Casa inflows
- CET-1 at 13.7%, comfortably above regulatory requirements

Second-quarter dividend at 18 cents per share

- Payout in line with MAS guidance

Record 1H operating profit enables conservative GP of \$1.26bn

(S\$m)		1H20	YoY %	
Total income	record	7,752	7	▪ Net interest income up 1% as 5% loan growth offsets 16bp decline in NIM to 1.74%
Expenses		3,039	(0)	▪ Fee income up 1% as 14% increase in 1Q offset by 11% decline in 2Q
Profit before allowances	record	4,713	12	▪ Other non-interest income up 42% from investment gains
Allowances		1,935	>100	▪ GP of \$1.26bn conservatively taken
Net profit		2,412	(26)	

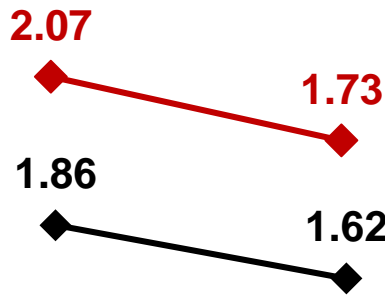
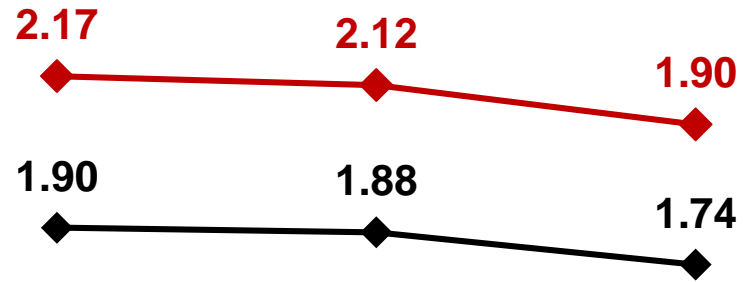


1H net interest income up 1% on year as loan and deposit growth offset by lower net interest margin

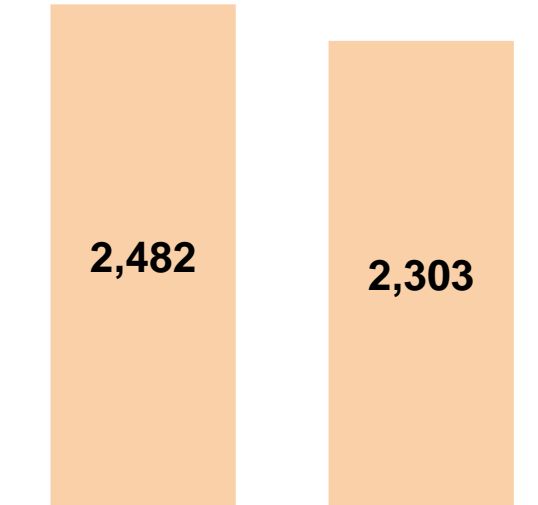
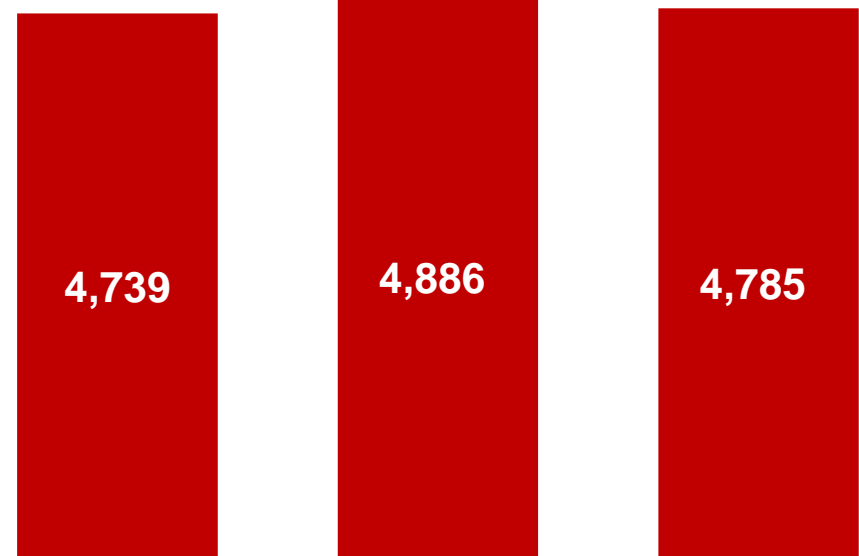
Net interest margin (%)

Excluding TM

Group



Net interest income (S\$m)



1H19

2H19

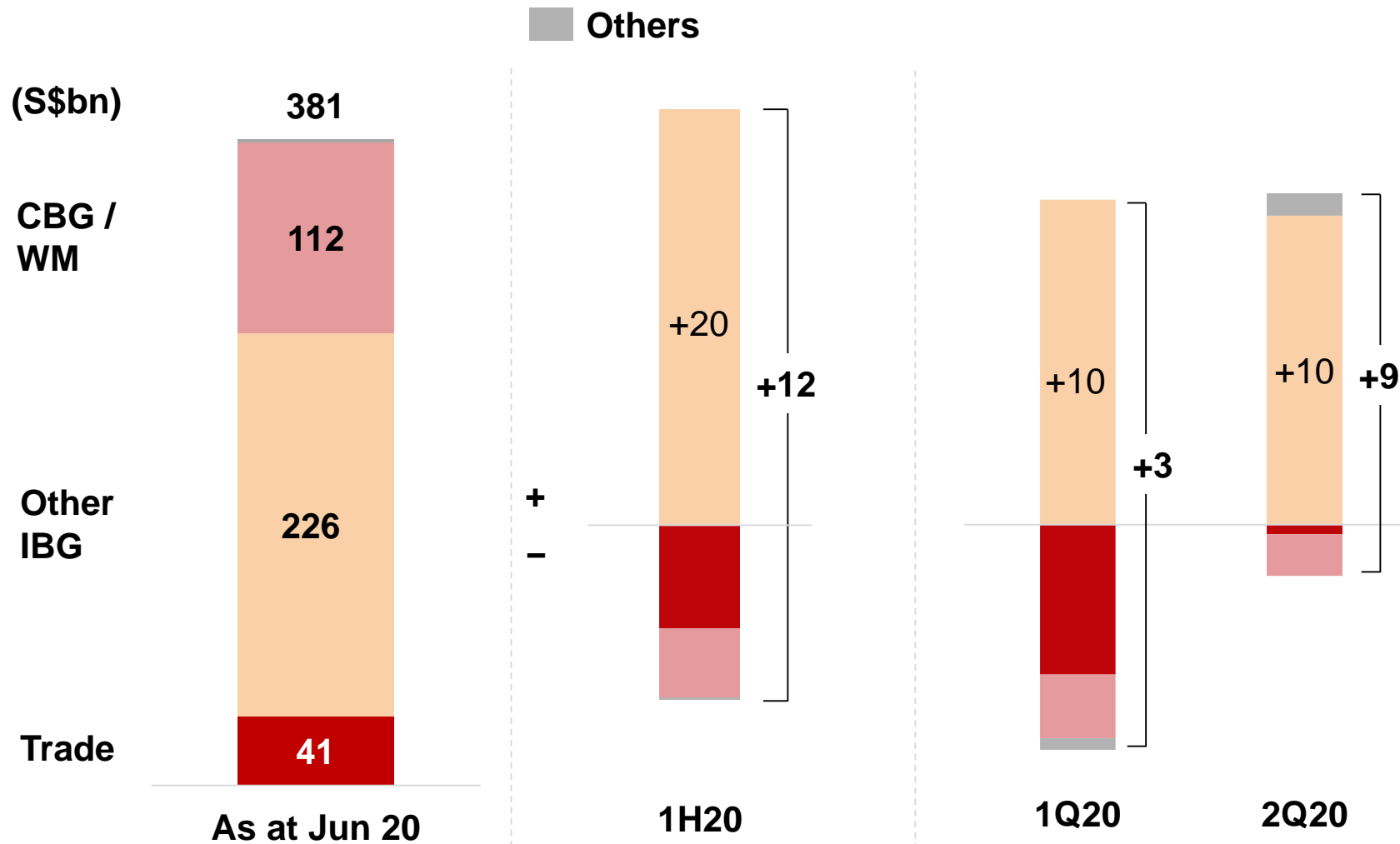
1H20

1Q20

2Q20



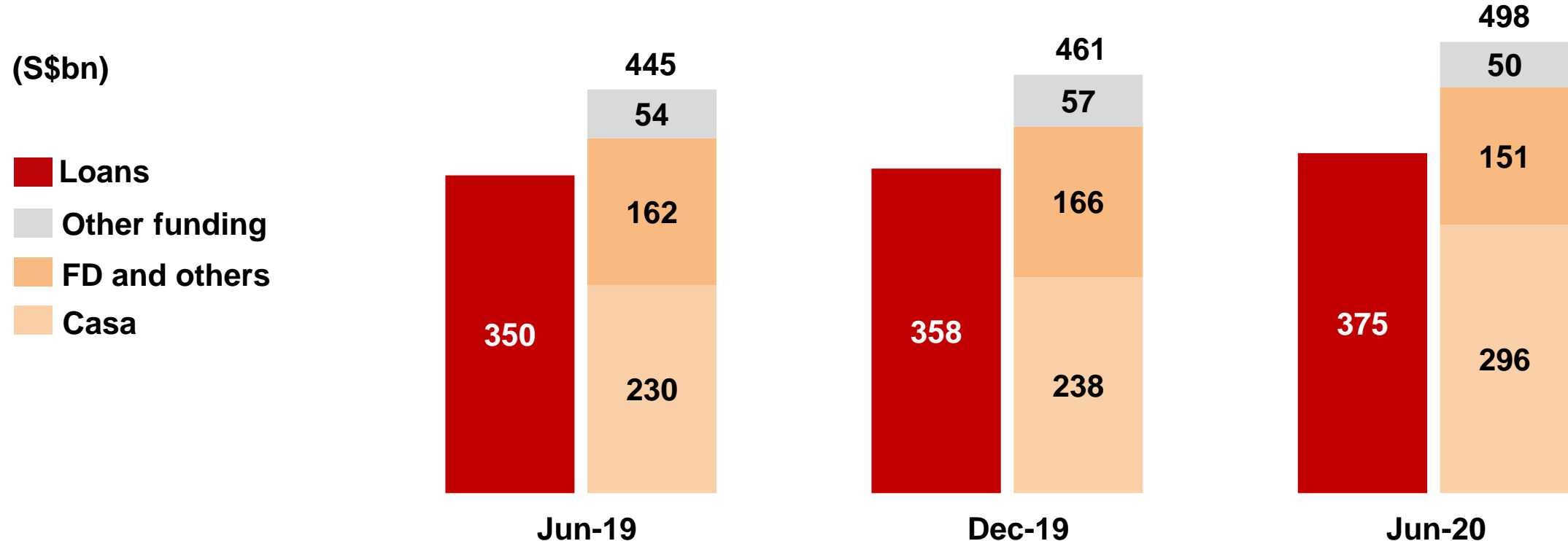
Loans up 3% on half due to non-trade corporate loan growth



In constant-currency terms

- Loans up \$12bn or 3% in first half
- Non-trade corporate loans up \$20bn led by Singapore and Hong Kong. Includes \$2bn of Singapore government risk-share loans
- Trade loans and consumer loans decline

Deposits up 9% on half from Casa inflows



HQLA (S\$bn)

92

92

108

Ratios (%)

LDR

90

89

84

LCR

137

135

134

NSFR

109

110

121



HQLA is high quality liquid assets; Other funding comprises senior medium term notes, commercial papers, negotiable certificates of deposit, other debt securities and covered bonds

1H gross fee income stable on year as record 1Q offset by lower 2Q

(S\$m)

Brokerage

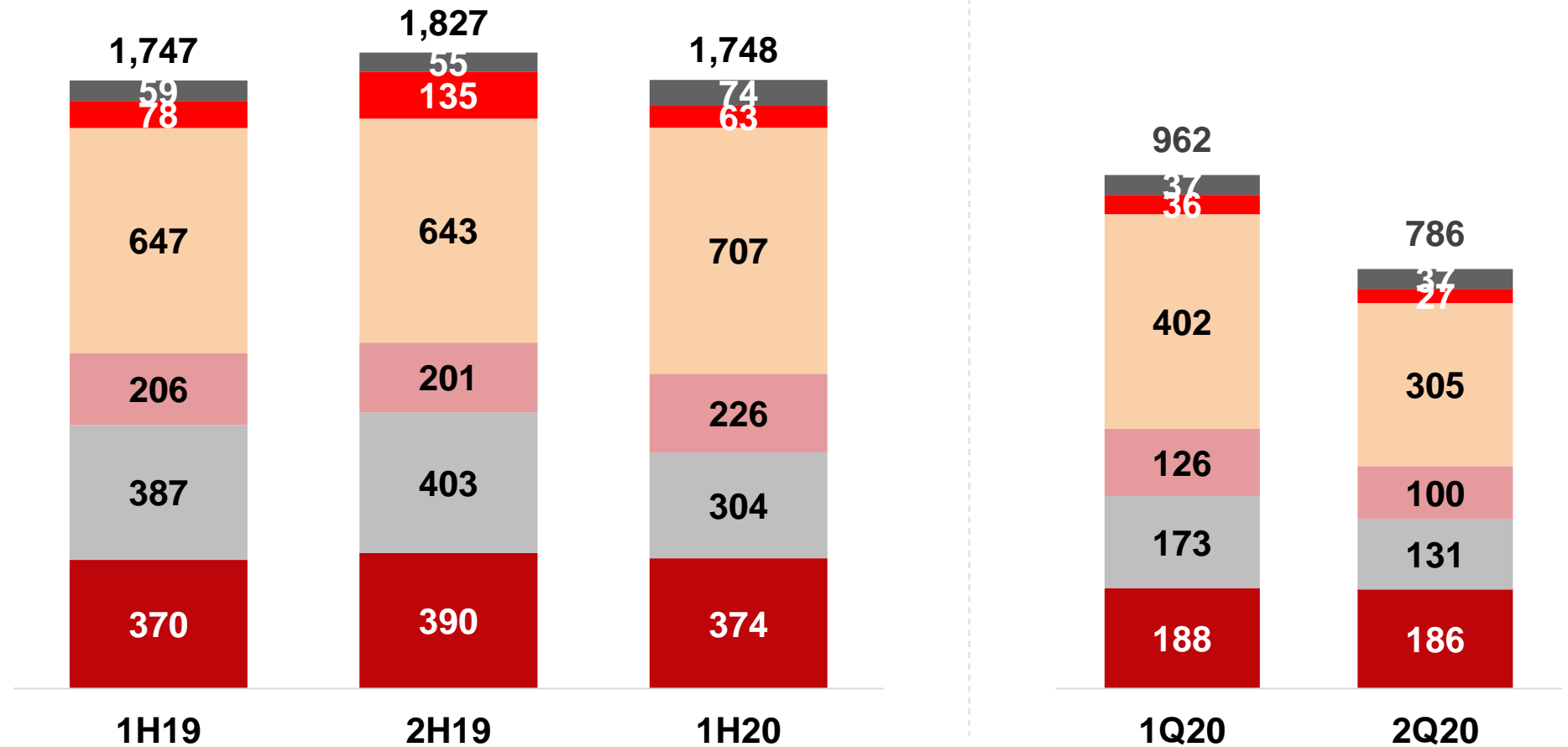
Investment banking

Wealth management

Loan-related

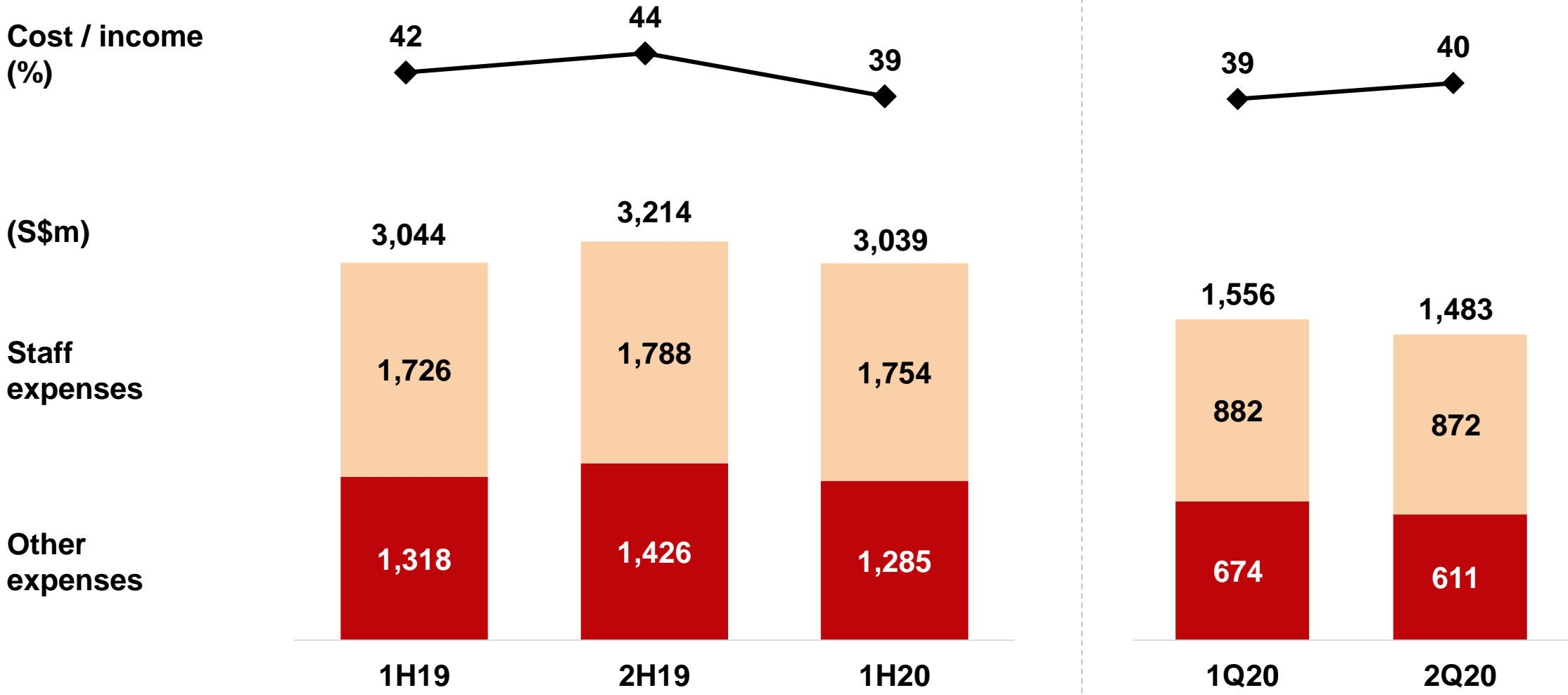
Cards

Transaction services



Gross fee income

1H expenses stable, cost-income ratio at 39%



1H CBG income down 3% on year from lower interest rates and card spending

(S\$m)	1H20	1H19	YoY %	2H19	HoH %
Total income	3,080	3,166	(3)	3,133	(2)
Retail	1,526	1,611	(5)	1,608	(5)
Wealth Management	1,554	1,555	(0)	1,525	2
Loans and deposits	1,729	1,882	(8)	1,847	(6)
Investment products	968	857	13	857	13
Cards	349	400	(13)	395	(12)
Others	34	28	25	33	2
Expenses	1,615	1,607	0	1,673	(3)
Profit before allowances	1,465	1,559	(6)	1,460	0
AUM (S\$bn)	251	234	7	246	2
SGD savings (S\$bn)	128	115	12	116	10

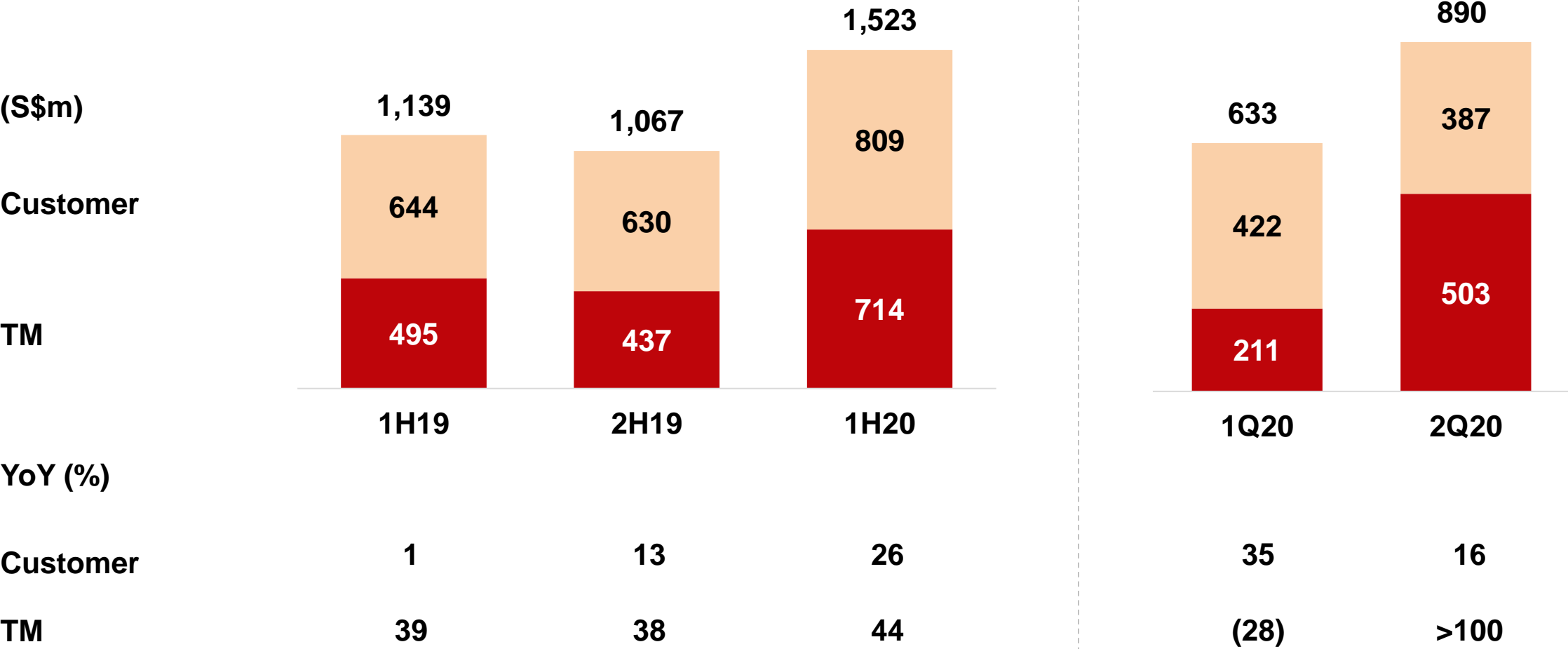
- First-half total income at \$3.08bn, 3% lower than year ago
- Higher investment product income more than offset by weaker income from deposits and cards
- Wealth Management AUM increases 7% to \$251bn
- Domestic market share maintained
 - SGD savings deposits at 52%
 - Housing loans at 31%

1H IBG income down 1% on year as lower interest rates offset loan growth and higher treasury sales

(S\$m)	1H20	1H19	YoY %	2H19	HoH %
Total income	3,009	3,037	(1)	3,036	(1)
Corporate	2,104	1,956	8	1,991	6
SME	905	1,081	(16)	1,045	(13)
Loans	1,489	1,325	12	1,352	10
Trade	349	331	6	335	4
Cash / SFS	733	1,008	(27)	947	(23)
Treasury	382	307	24	294	30
Investment banking	56	66	(15)	108	(48)
Expenses	973	961	1	1,054	(8)
Profit before allowances	2,036	2,076	(2)	1,982	3
Assets (S\$bn)	302	270	12	278	9
GTS deposits (S\$bn)	158	132	20	140	13

- First-half total income at \$3.01bn, 1% lower from a year ago
- Weaker cash management income due to lower interest rates, offset by higher loan-related income and treasury customer income
- Strong loan and deposit growth
 - Assets up 12%
 - GTS deposits up 20%

1H TM income increases 44%, customer income up 26%

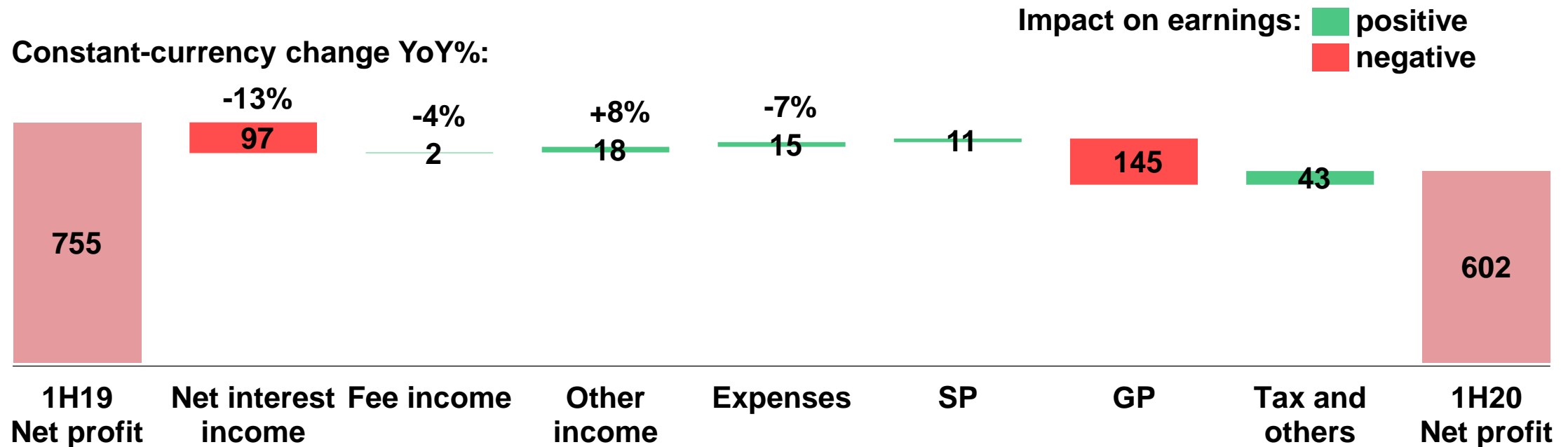


Treasury customer income is included under IBG/CBG segment income. It is included in this chart for a complete product view

Hong Kong 1H net profit 24% lower after conservative GP

(S\$m)	1H20	YoY (%)	Constant-currency YoY%
Total income	1,382	(5)	(9)
Expenses	513	(3)	(7)
Profit before allowances	869	(7)	(11)
Allowances	157	>100	>100
Net profit	602	(20)	(24)

- Total income declines 9% to \$1.38bn from lower interest rates
- Profit before allowances 11% lower at \$869m
- GP of \$124m conservatively taken for risks arising from the pandemic



New NPA formation mostly in 1Q, which included a significant exposure

(S\$m)	1H19	2H19	1H20	1Q20	2Q20
NPAs at start of period	5,684	5,821	5,773	5,773	6,592
IBG and others	121	(4)	419	620	(201)
New NPAs	377	902	1,034	1,023	115
Upgrades, settlements and recoveries	(211)	(261)	(437)	(340)	(201)
Write-offs	(45)	(645)	(178)	(63)	(115)
CBG / WM	50	(27)	27	(0)	27
Translation	(34)	(17)	135	199	(64)
NPAs at end of period	5,821	5,773	6,354	6,592	6,354
NPL ratio (%)	1.5	1.5	1.5	1.6	1.5



Quarterly movements may not sum up to the half year as the presentation is based on the classification of the borrower in the respective period

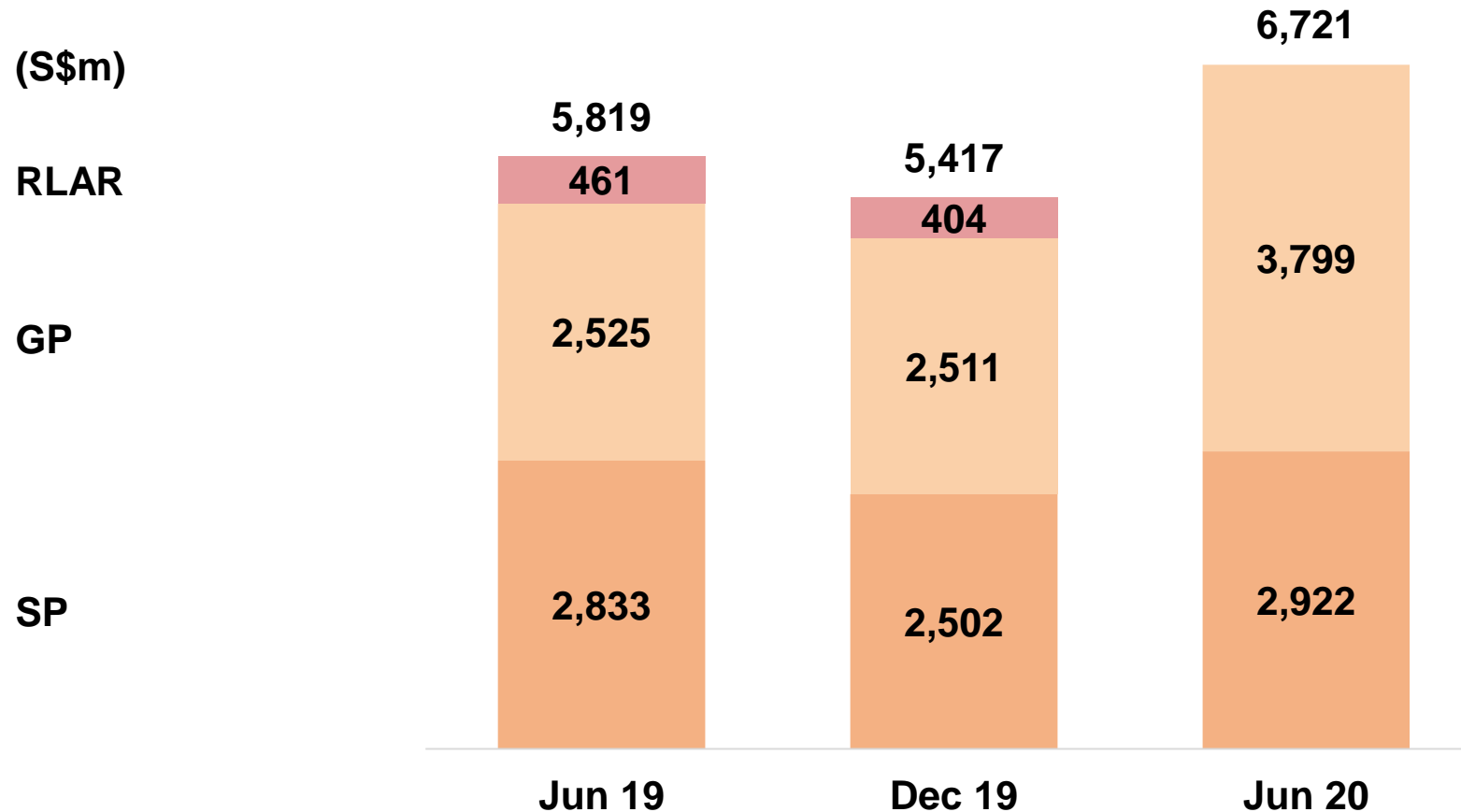
Increase in 1H SP due to significant exposure

(S\$m)	1H19	2H19	1H20	1Q20	2Q20
IBG and others	229	272	403	257	146
Add charges for	253	331	514	359	165
New NPLs	71	162	389	315	16
Existing NPLs	182	169	125	44	149
Subtract charges for	24	59	111	102	19
Upgrades	0	1	0	0	0
Settlements	15	47	105	100	15
Recoveries	9	11	6	2	4
CBG / WM	91	106	153	57	96
SP charges for loans	320	378	556	314	242
Other credit exposures	46	18	116	69	47
Total SP charges	366	396	672	383	289
SP / loans (bp)	18	21	30	35	26



Quarterly movements may not sum up to the half year as the presentation is based on the classification of the borrower in the respective period

GP reserves rise 50% on year to \$3.80bn



Conservative GP reserves

- Balance sheet conservatively fortified against risks arising from the Covid-19 pandemic
- GP reserves raised beyond Tier-2 eligibility by \$1bn, providing future store of CET-1 to buffer against unforeseen credit deterioration
- GP reserves exceed MAS requirement by 24%

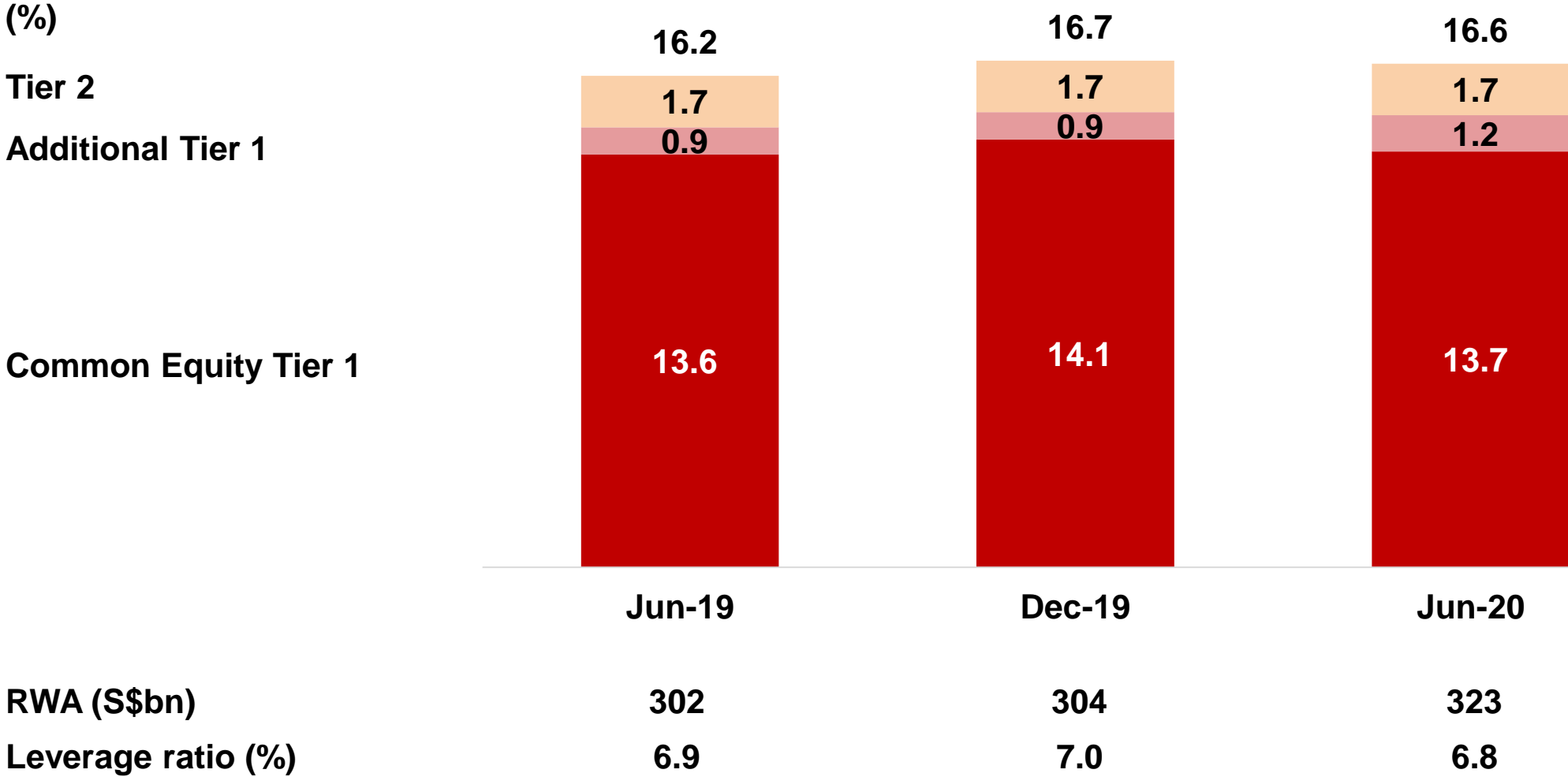
Total allowance reserves as % of:

NPA	100	94	106
Unsecured NPA	181	191	199



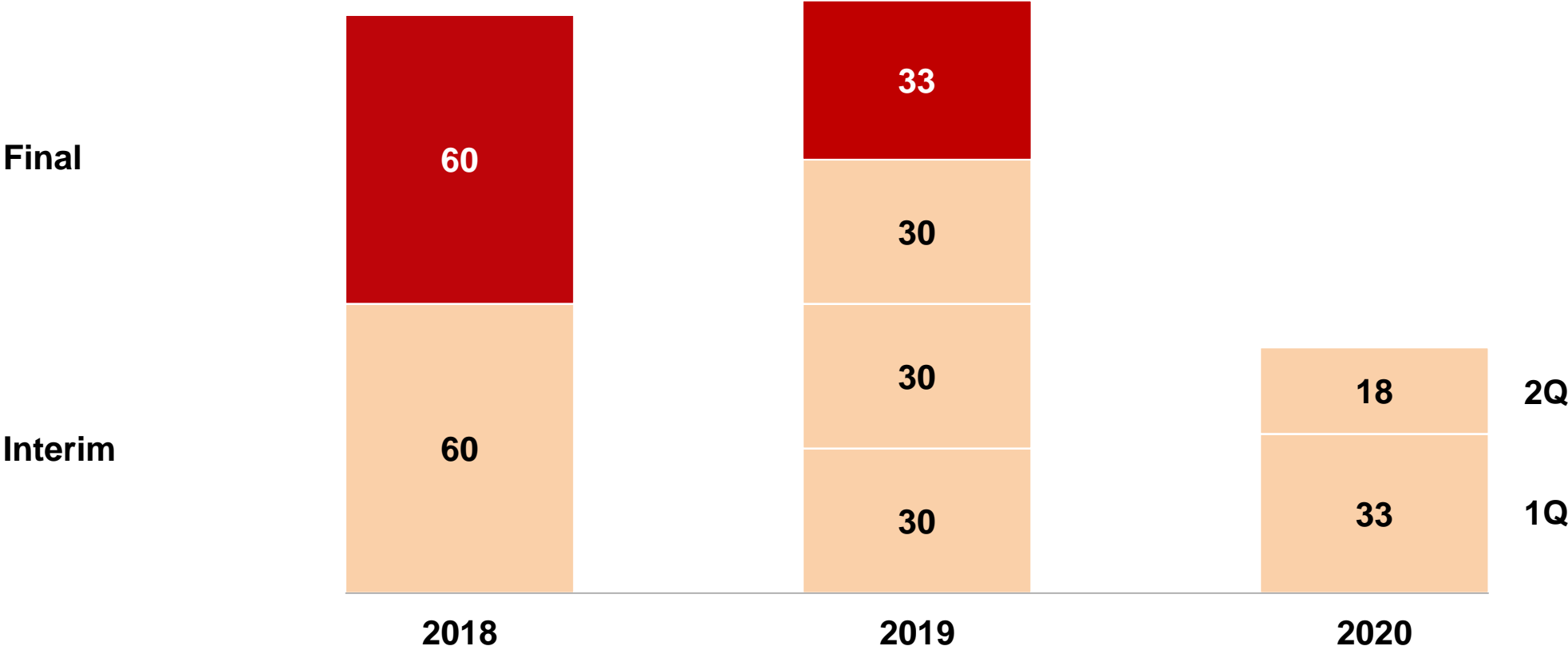
RLAR is regulatory loss allowance reserves which is set aside from retained earnings

Strong CET-1 and leverage ratios



2Q dividend at 18 cents per share

(S¢ per share)



In summary – strong operating performance enables conservative GP

Strong operating performance amidst severe macroeconomic headwinds in first half reflects resilience of franchise

Conservatively raised general allowances by \$1.26 billion to \$3.80 billion to fortify balance sheet, 24% above MAS minimum requirement

Capital and liquidity remain strong

Well positioned to continue supporting customers and the community through the difficult months ahead



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Supplementary slides

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Record 1H profit before allowances

(S\$m)

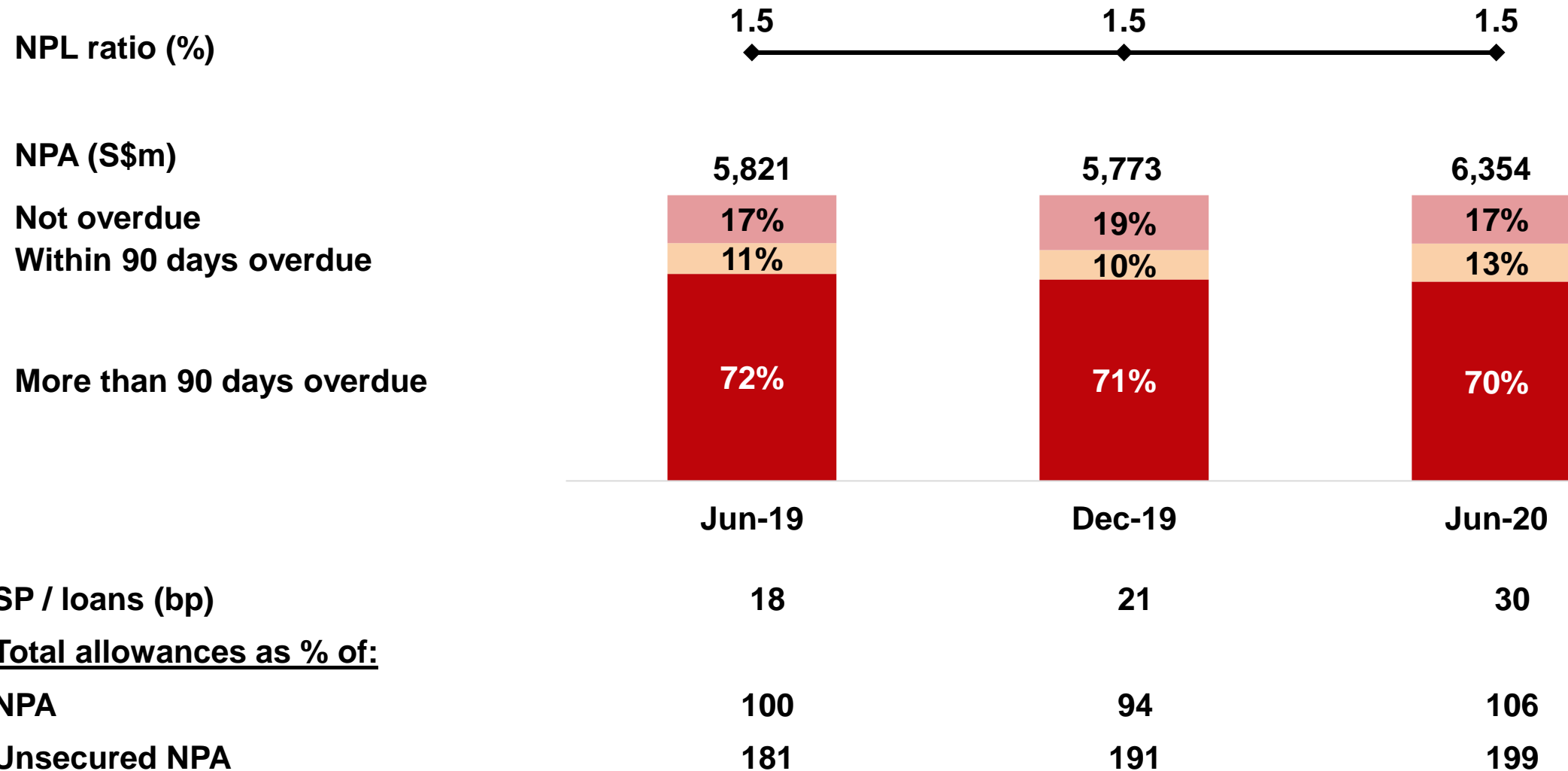
	1H20	1H19	YoY %	2H19	HoH %
Net interest income	4,785	4,739	1	4,886	(2)
Fee income	1,513	1,497	1	1,555	(3)
Trading income	752	800	(6)	659	14
Other income	702	224	>100	184	>100
Non-interest income	2,967	2,521	18	2,398	24
Total income	7,752	7,260	7	7,284	6
Staff expenses	1,754	1,726	2	1,788	(2)
Other expenses	1,285	1,318	(3)	1,426	(10)
Expenses	3,039	3,044	(0)	3,214	(5)
Profit before allowances	4,713	4,216	12	4,070	16
GP	1,263	(42)	NM	(16)	NM
SP	672	369	82	392	71
Allowances	1,935	327	>100	376	>100
Net profit	2,412	3,254	(26)	3,137	(23)

Hong Kong 1H earnings down 24% on year

Constant-currency terms

(S\$m)	1H20	1H19	YoY %	YoY %	2H19	HoH %	HoH %
Net interest income	897	994	(10)	(13)	1,018	(12)	(15)
Net fee and commission income	325	323	1	(4)	344	(6)	(9)
Other non-interest income	160	142	13	8	108	48	45
Total income	1,382	1,459	(5)	(9)	1,470	(6)	(9)
Expenses	513	528	(3)	(7)	581	(12)	(14)
Profit before allowances	869	931	(7)	(11)	889	(2)	(5)
GP	124	(21)	NM	NM	52	>100	>100
SP	33	44	(25)	(27)	27	22	19
Allowances	157	23	>100	>100	79	99	91
Net profit	602	755	(20)	(24)	673	(11)	(13)
Net interest margin (%)	1.74	2.10			2.04		
Loan growth (%)				8			6
Non-trade growth (%)				13			6
Trade growth (%)				(21)			(0)
Deposit growth (%)				(4)			(7)

NPL stable, allowance coverage above 100%



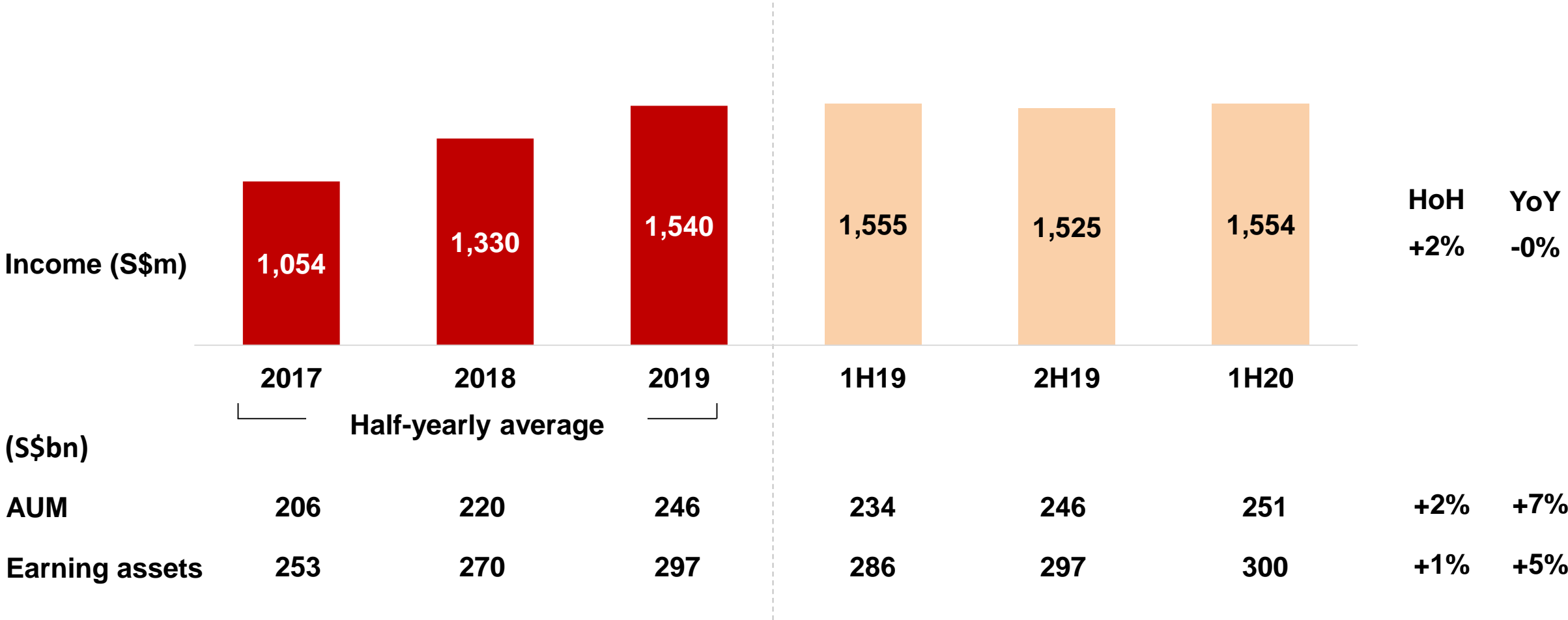
Fixed income duration remains well-balanced across the curve

(\$m)	Jun 20	
	FVOCI	HTC
Government securities	17,811	25,655
Less than 3 years	12,525	13,556
3 to 5 years	1,902	4,405
5 to 10 years	2,758	5,770
More than 10 years	626	1,924
Supranational, bank and corporate bonds	18,875	28,186
Total	36,686	53,841

Deposits up 9% on half and up 13% on year in constant-currency terms

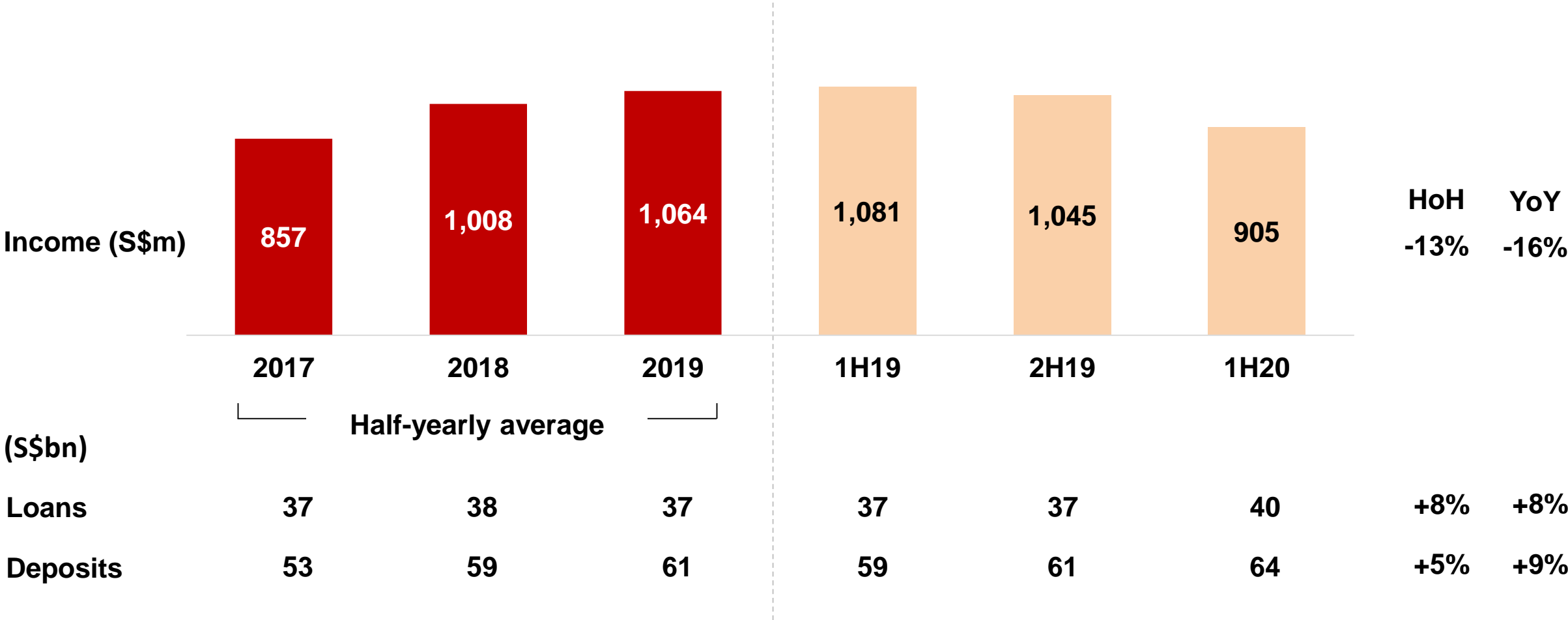
	(S\$bn)	HoH (%)		YoY (%)	
	Jun-20	Reported	Underlying	Reported	Underlying
Deposits	447	11	9	14	13
By product					
Casa	296	24	23	29	28
Fixed deposits and others	151	(9)	(11)	(6)	(9)
By currency					
Singapore dollar	196	21	21	23	23
US dollar	151	7	3	11	8
HK dollar	36	(3)	(7)	3	(1)
Chinese yuan	13	2	(1)	14	14
Others	51	1	(1)	4	2
LDR (%)	Jun-20	Dec-19		Jun-19	
Overall	84	89		90	
Singapore dollar	75	89		90	
US dollar	77	77		79	

Wealth Management segment

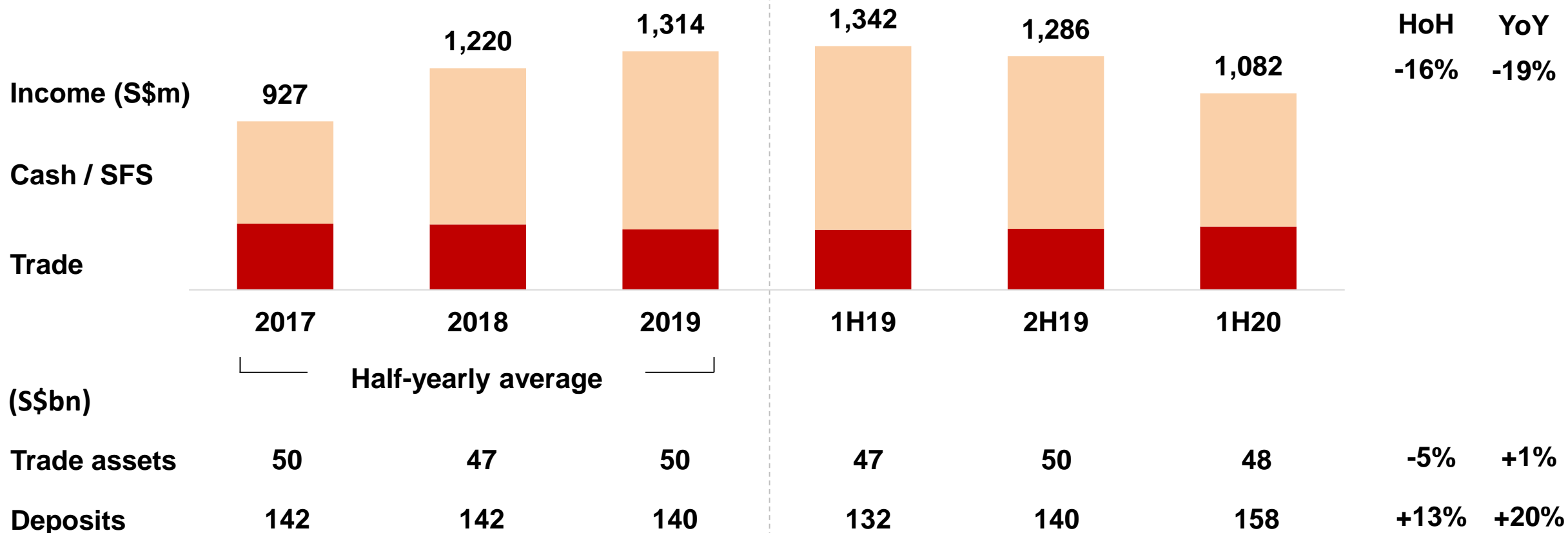


Comprising Treasures, Treasures Private Client and Private Bank

SME segment



Global transaction services



Assets and deposits at end of period



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