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# **Record full-year and quarterly earnings and ROE**

**DBS Group Holdings  
4Q 2022 financial results  
February 13, 2023**

# Additional disclosures on net interest income drivers and contributions from associates

## Net interest income (NII) from Commercial book and Treasury Markets (TM)

- Separate presentation of Commercial book and TM NII introduced to enhance transparency of customer franchise performance trends
- Commercial book NII drivers disclosed – NIM and interest-earning assets
- Disclosure format in line with global banks
- TM income format emphasises longstanding guidance on aggregate of NII and non-NII

## Share of profits of associates and JVs

- Share of associates' profits has become more material following the acquisition of Shenzhen Rural Commercial Bank in 2021
- Previously reflected in other non-interest income, share of associates' profits is reclassified to a separate line on income statement

# Highlights

## **Record full-year total income of \$16.5 billion, net profit of \$8.19 billion and ROE of 15%**

- Commercial book total income up 21% to \$15.3 billion
  - Net interest income rises 40% from 48bp increase in NIM to 2.11% and 4% loan growth
  - Partially offset by lower wealth management and investment banking fee income
- Treasury Markets total income declines 22% to \$1.17 billion from year-ago record
- Expenses up 10%, cost-income ratio improves three percentage points to 43%

## **Record quarterly total income of \$4.59 billion, net profit of \$2.34 billion and ROE of 17%**

- Commercial book total income up 4% QoQ, driven by 14% increase in net interest income as NIM rises 31bp to 2.61%
- Expenses up 3% QoQ and cost-income ratio at 41% on underlying basis

## **Balance sheet healthy**

- NPA declines 8% QoQ, NPL ratio at 1.1%, SP at 6bp for 4Q and 8bp for full year
- CET-1 at 14.6%, LCR at 146%, NSFR at 117%

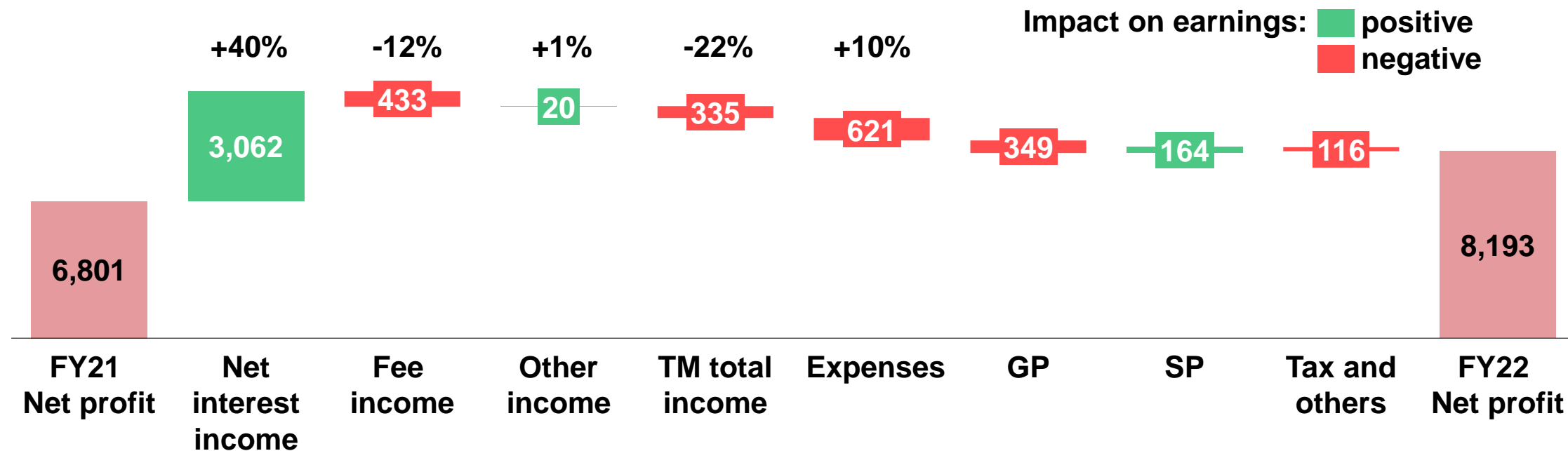
## **Quarterly dividend rises to 42 cents per share, special dividend of 50 cents per share**

- Combined fourth-quarter dividend and special dividend totalling 92 cents per share brings full-year payout to \$2.00 per share

# Full-year net profit up 20% to record as total income rises 16%

(S\$m)		<u>FY22</u>	<u>YoY %</u>
Total income	record	16,502	16
Commercial book		15,328	21
Treasury Markets (TM)		1,174	(22)
Expenses		7,090	10
Profit before allowances	record	9,412	22
Allowances		237	>100
Net profit	record	8,193	20

- Commercial book total income rises 21%
- Net interest income up 40% from higher NIM and loan growth, partially offset by lower wealth management and investment banking fee income
- Treasury Markets income normalises from record
- Lower GP write-back, partially offset by SP decline of 33% to 8bp

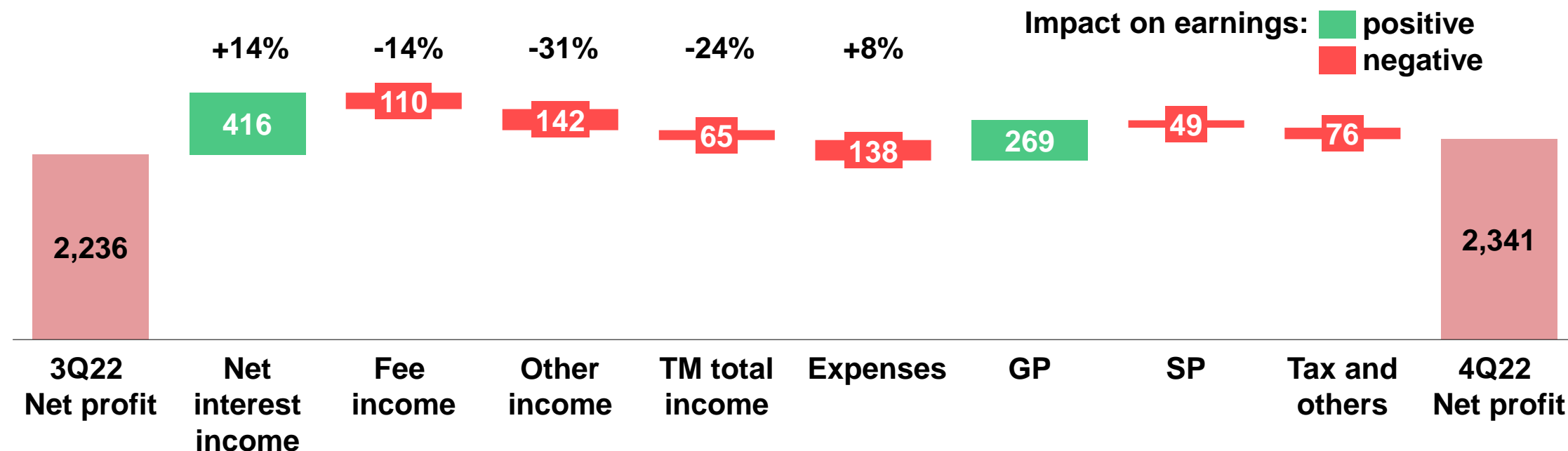


Commercial book

# 4Q net profit and total income at new quarterly high

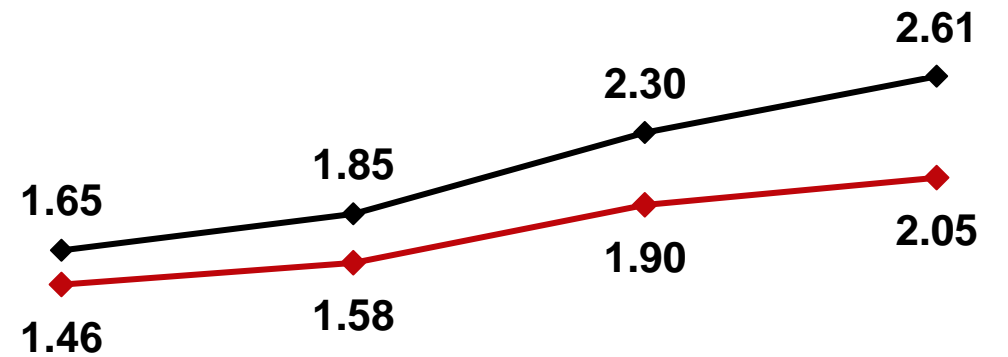
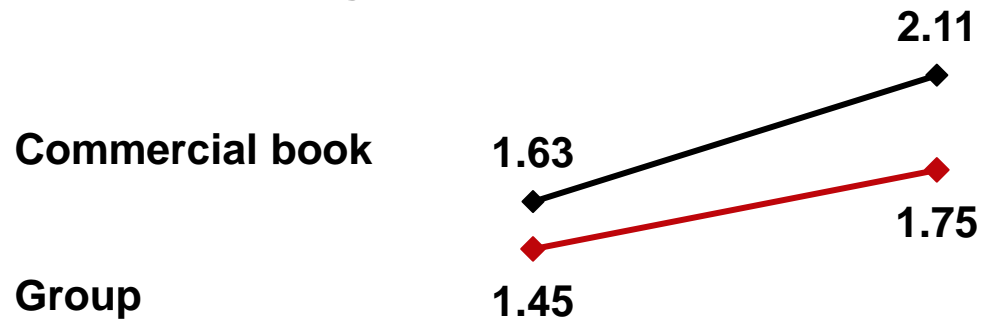
(S\$m)		4Q22	QoQ %
Total income	record	4,590	2
Commercial book		4,386	4
Treasury Markets (TM)		204	(24)
Expenses		1,963	8
Profit before allowances		2,627	(1)
Allowances		(42)	NM
Net profit	record	2,341	5

- Commercial book total income up 4% QoQ
- Net interest income up 14% as NIM rises 31bp to 2.61%, partially offset by lower non-interest income due partly to seasonal effects
- Underlying expenses up 3%, cost-income ratio at 41%
- SP at 6bp, GP write-back of \$116 million

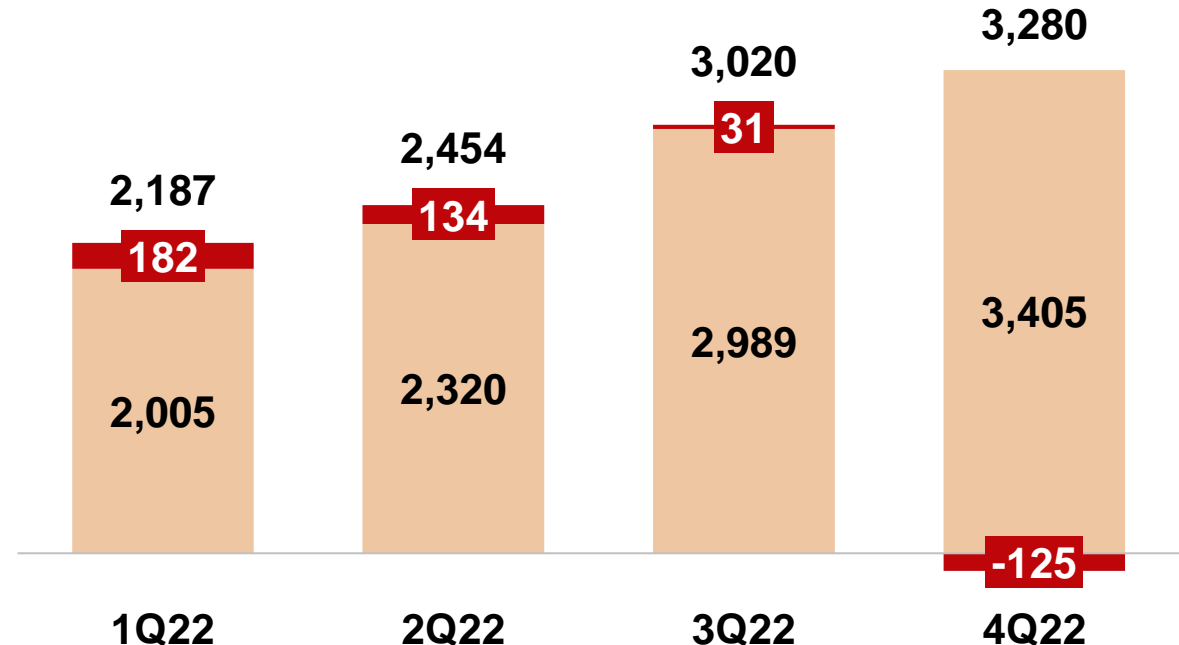
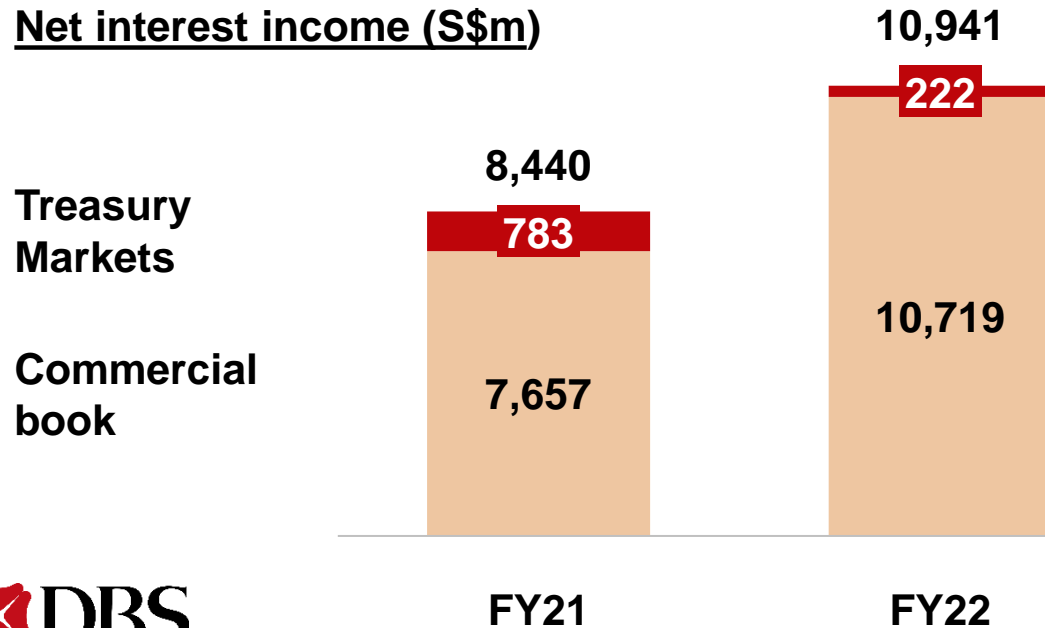


# 4Q Commercial book net interest income up 14% QoQ as NIM rises 31bp to 2.61%

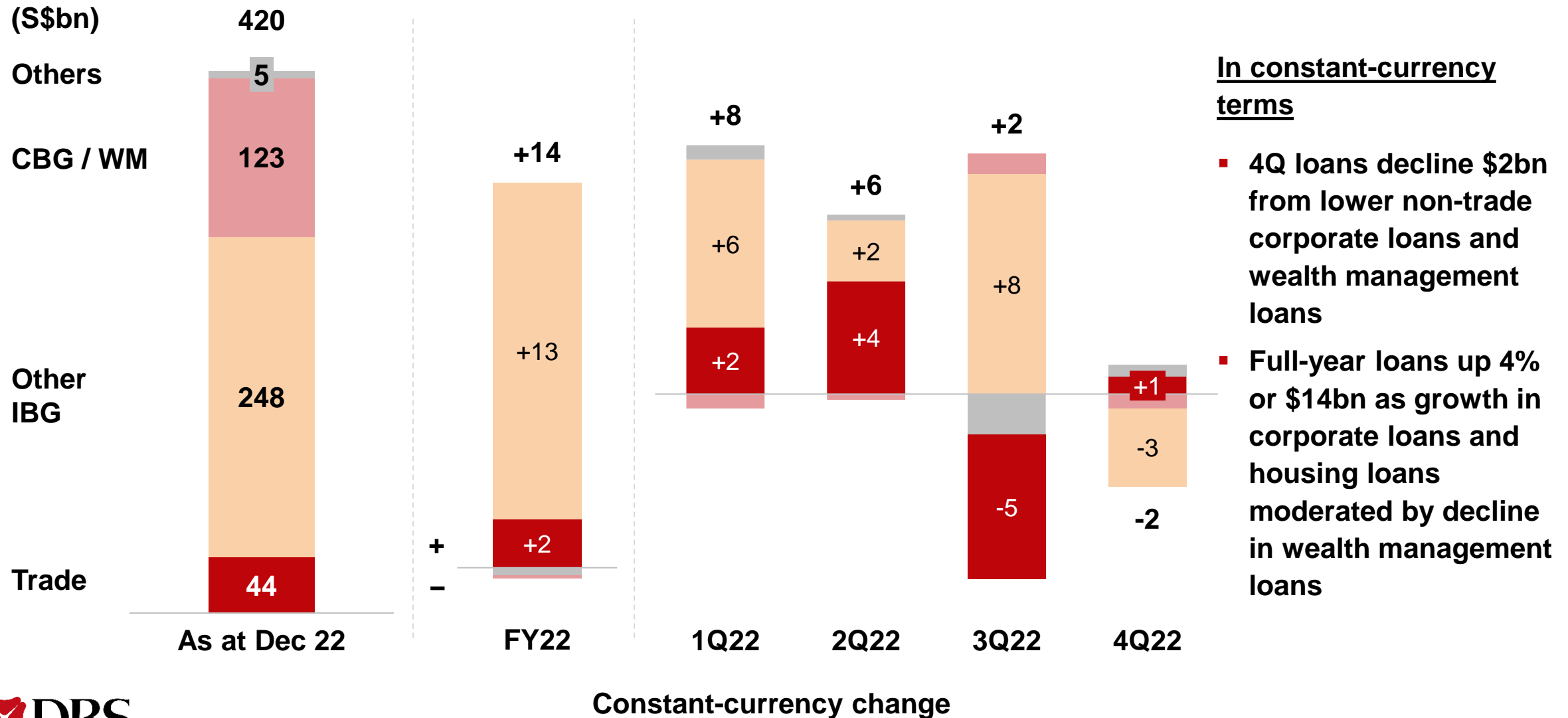
Net interest margin (%)



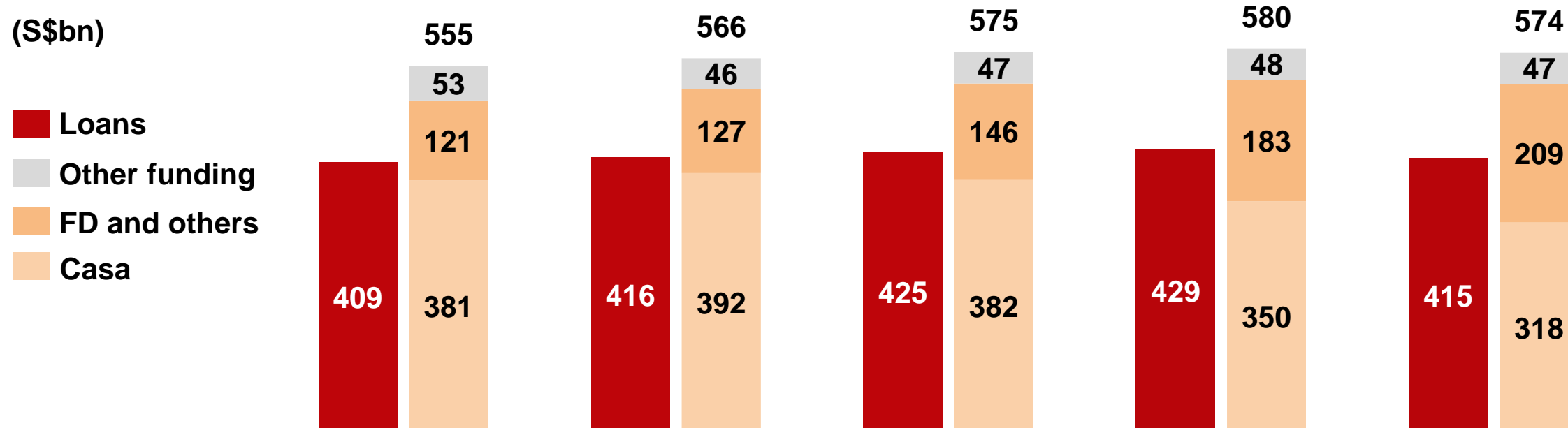
Net interest income (S\$m)



# 4Q loans decline slightly, underlying demand remains healthy



# Deposits rise 2% on quarter, 7% from year ago in constant-currency terms



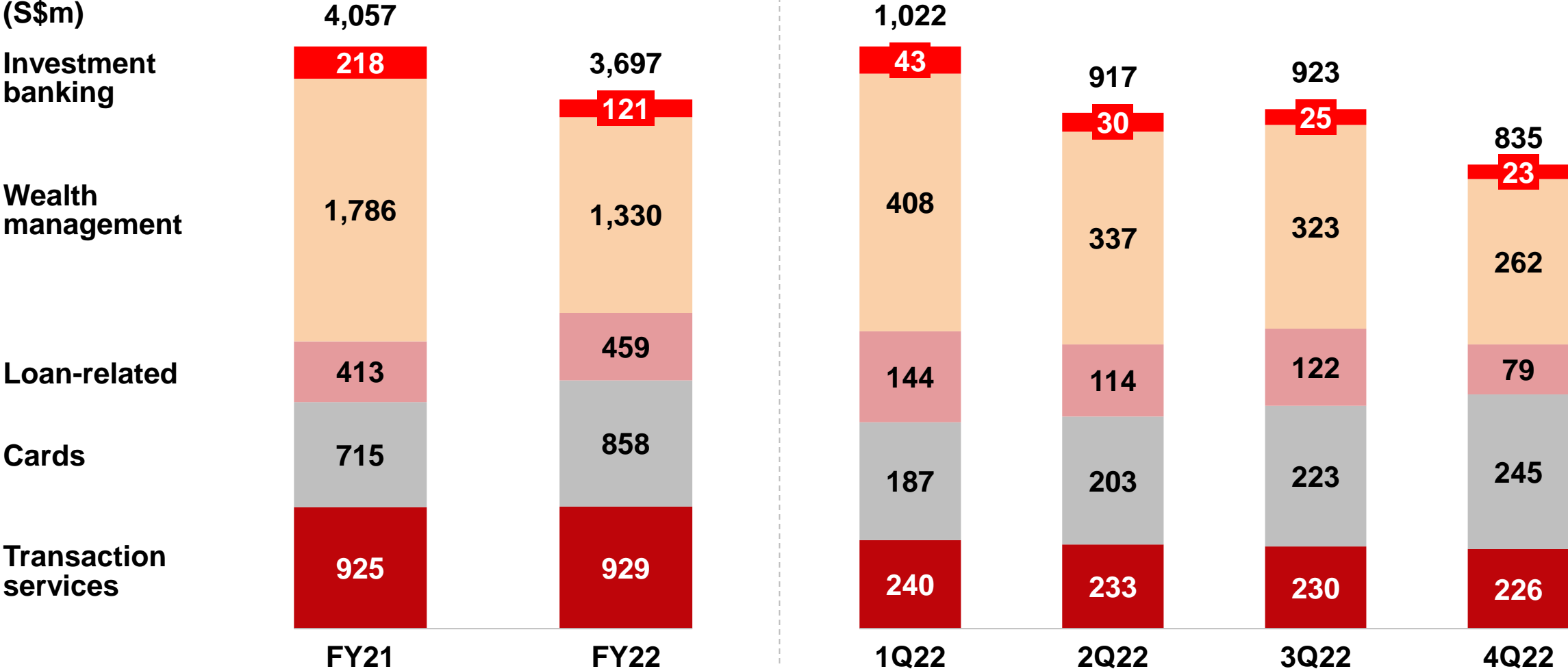
	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22
HQLA (S\$bn)	126	134	140	138	145
<u>Ratios (%)</u>					
LDR	81	80	80	81	79
LCR	135	138	142	133	146
NSFR	123	122	118	114	117



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



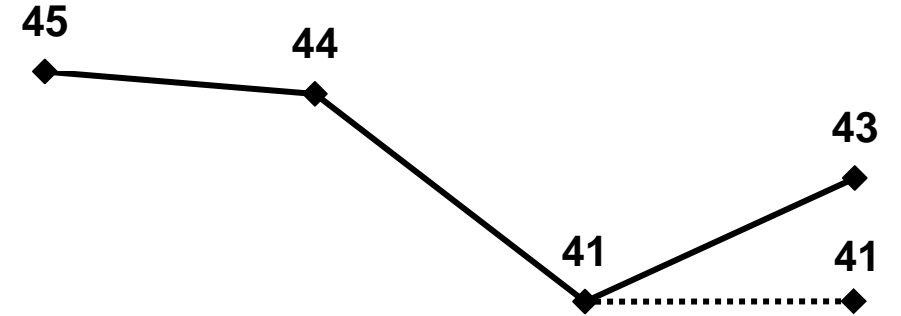
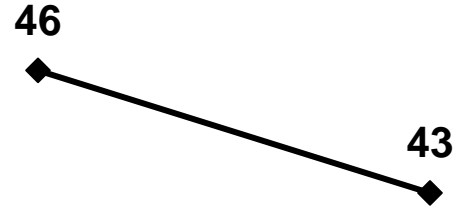
# Full-year fee income declines, with lower wealth management and investment banking moderated by record card fees



Gross fee income

# 4Q underlying cost-income ratio stable QoQ at 41%

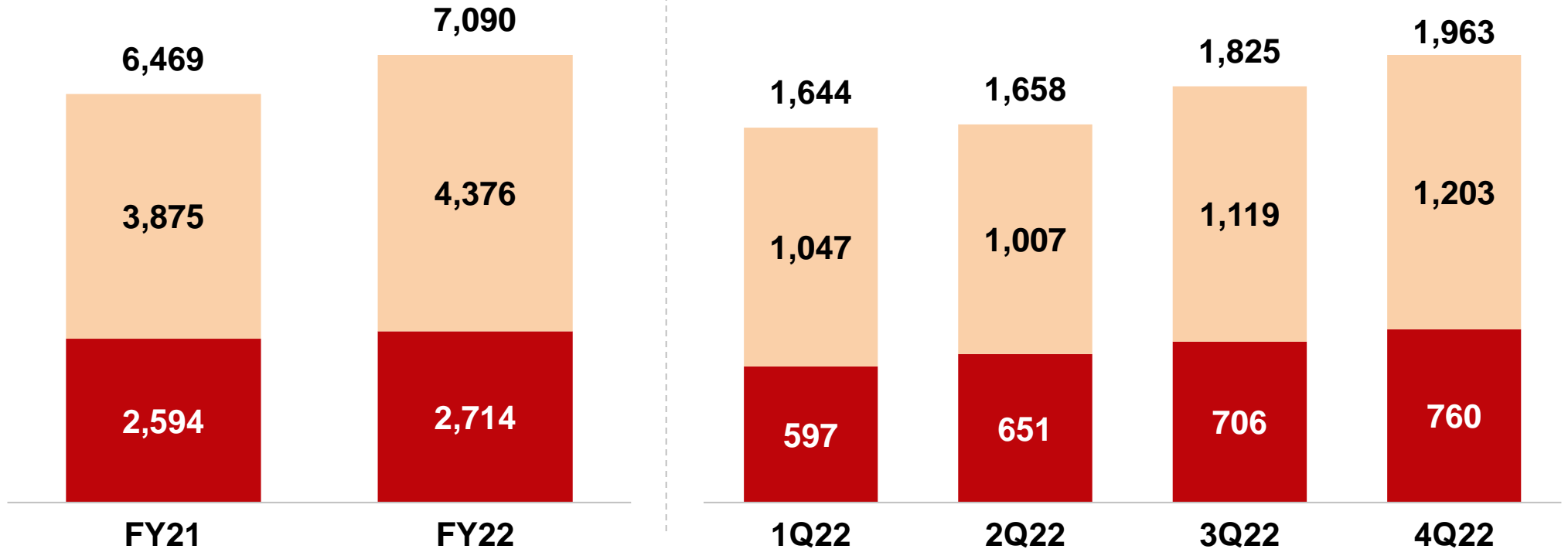
Cost / income (%)



(S\$m)

Staff expenses

Other expenses

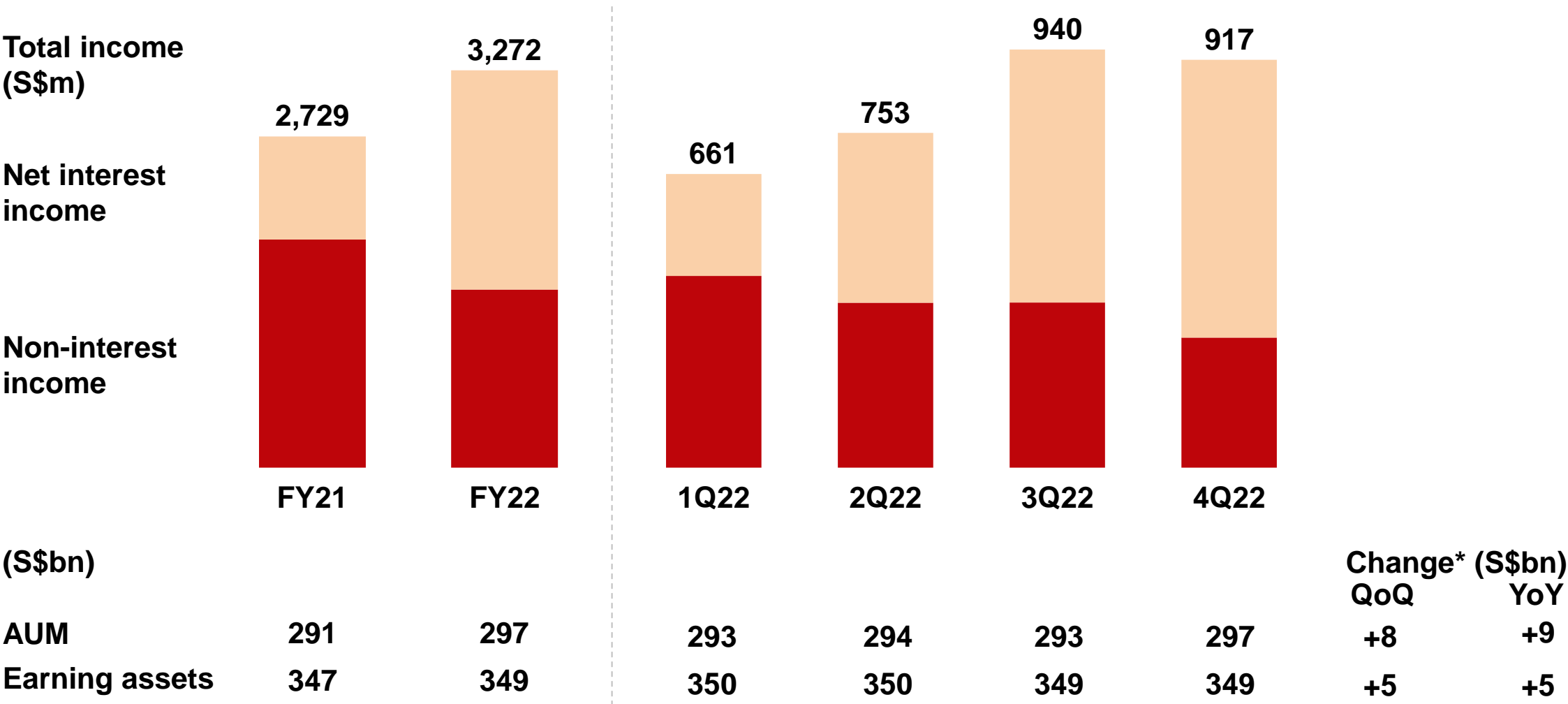


# Full-year CBG total income up 25% from higher interest rates

(S\$m)	FY22	FY21	YoY %
<b>Total income</b>	<b>6,654</b>	<b>5,322</b>	<b>25</b>
Loans and deposits	3,999	2,263	77
Investment products	1,815	2,221	(18)
Cards	717	755	(5)
Others	123	83	48
<b>Expenses</b>	<b>3,803</b>	<b>3,353</b>	<b>13</b>
<b>Profit before allowances</b>	<b>2,851</b>	<b>1,969</b>	<b>45</b>
<b>AUM (S\$bn)</b>	<b>297</b>	<b>291</b>	<b>2</b>
<b>SGD savings (S\$bn)</b>	<b>138</b>	<b>156</b>	<b>(11)</b>

- Full-year total income up 25% to \$6.65bn
- Higher loan and deposit income from higher interest rates more than offsets lower investment product income
- Wealth Management AUM increases 3% in constant-currency terms to record \$297bn
- Market share of savings deposits and Singapore housing loans maintained

# Full-year Wealth Management total income rises 20% to record, AUM and net new money also at new highs



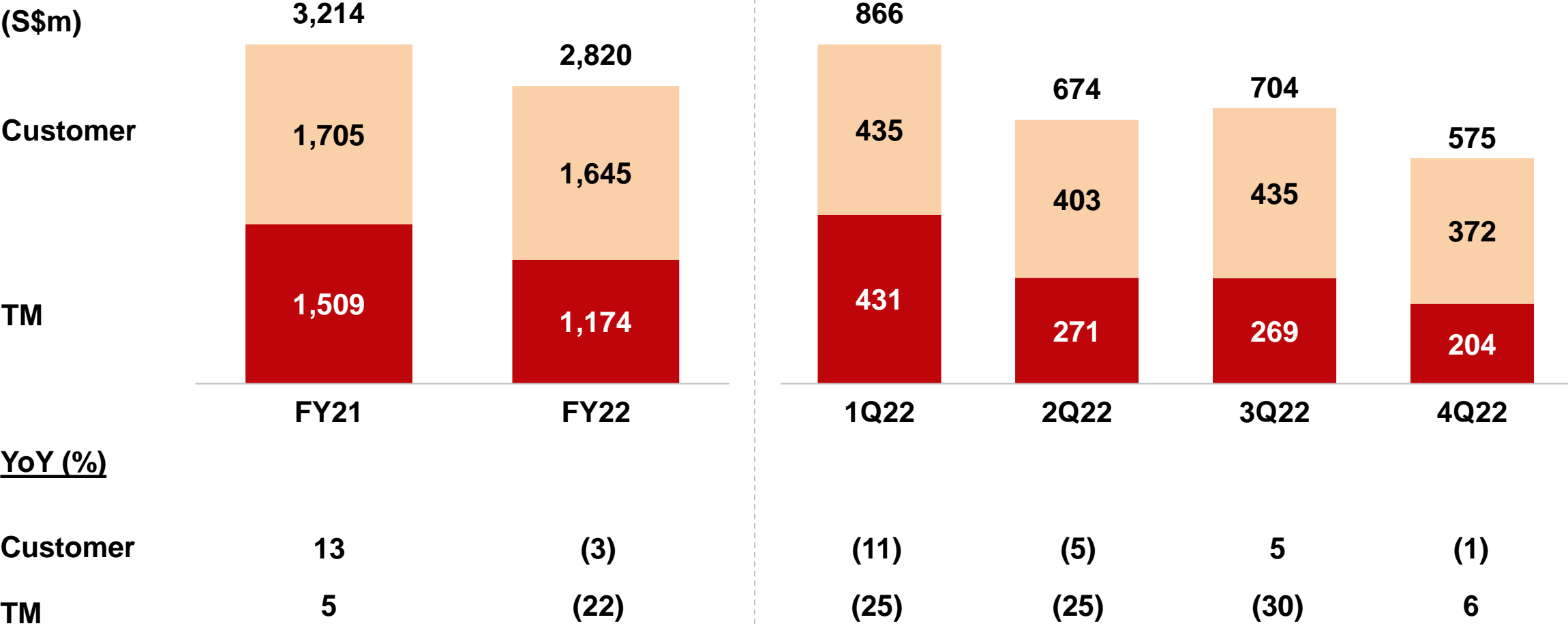
Comprising Treasures, Treasures Private Client and Private Bank  
 \* In constant-currency terms

# Full-year IBG total income up 28% as cash management income more than doubles

(S\$m)	FY22	FY21	YoY %
<b>Total income</b>	<b>7,688</b>	<b>5,984</b>	<b>28</b>
Loans	3,445	3,300	4
Trade	764	757	1
Cash / SFS	2,499	1,002	>100
Treasury	892	764	17
Investment banking	88	161	(46)
<b>Expenses</b>	<b>2,254</b>	<b>2,086</b>	<b>8</b>
<b>Profit before allowances</b>	<b>5,434</b>	<b>3,898</b>	<b>39</b>
<b>Assets (S\$bn)</b>	<b>326</b>	<b>313</b>	<b>4</b>
<b>GTS deposits (S\$bn)</b>	<b>197</b>	<b>186</b>	<b>6</b>

- Full-year total income up 28% to \$7.69bn
- Broad-based growth led by cash management income, which more than doubles from higher interest rates
- GTS deposits up 6% to \$197bn

# Full-year TM and customer income decline from year-ago record



Treasury Markets business unit income excludes customer sales income, which is reflected in IBG and CBG business unit income. Both types of income are included in this chart for a complete view.

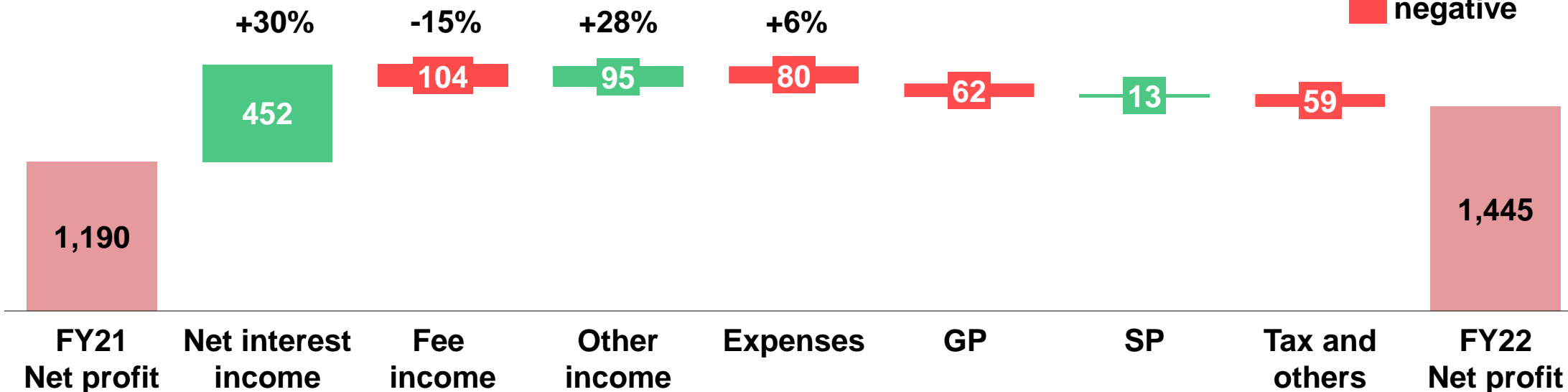
# Hong Kong full-year earnings up 19%

(S\$m)	<u>FY22</u>	<u>YoY %</u>	<u>Constant-currency YoY %</u>
Total income	2,923	18	16
Expenses	1,137	8	6
Profit before allowances	1,786	26	23
Allowances	56	>100	>100
Net profit	1,445	21	19

- Total income up 16% led by increase in net interest income from higher interest rates
- Expenses up 6% from higher staff costs, cost-income ratio at 39%
- Credit costs remain benign

Constant-currency change YoY%:

Impact on earnings: ■ positive ■ negative



# NPA declines 8% QoQ as repayments, write-offs and currency effects more than offset new NPA formation

(S\$m)	FY21	FY22	1Q22	2Q22	3Q22	4Q22
<b>NPAs at start of period</b>	6,686	5,849	5,849	5,981	5,908	5,600
<b>IBG and others</b>	(872)	(464)	187	(98)	(346)	(207)
New NPAs	1,006	1,157	465	271	278	350
Upgrades, settlements and recoveries	(1,345)	(1,002)	(269)	(173)	(411)	(357)
Write-offs	(533)	(619)	(9)	(196)	(213)	(200)
<b>CBG / WM</b>	(47)	(112)	(41)	(14)	(26)	(31)
<b>Translation</b>	82	(148)	(14)	39	64	(237)
<b>NPAs at end of period</b>	5,849	5,125	5,981	5,908	5,600	5,125
<b>NPL ratio (%)</b>	1.3	1.1	1.3	1.3	1.2	1.1



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



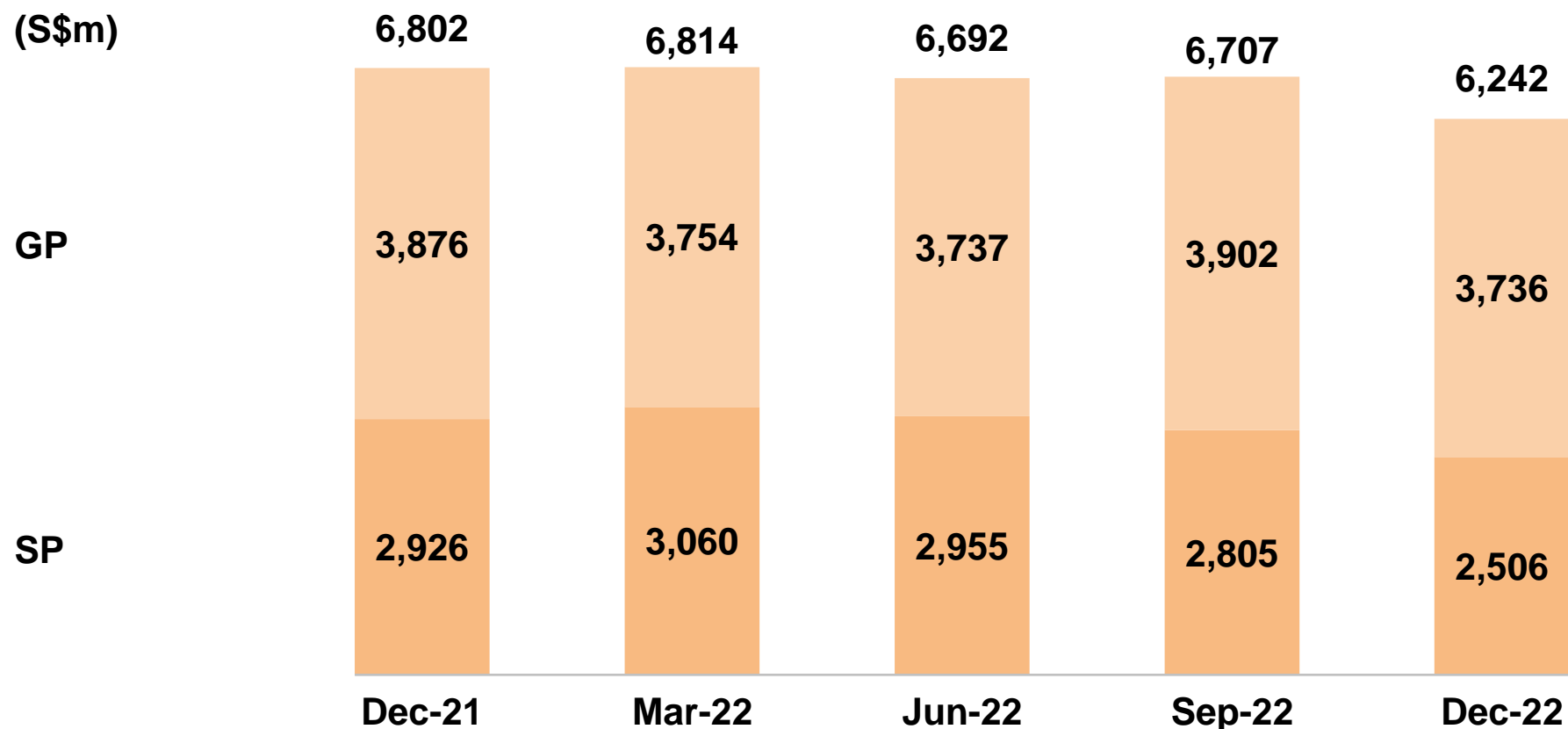
# 4Q SP remains low at 6bp, full-year SP at 8bp

(S\$m)	FY21	FY22	1Q22	2Q22	3Q22	4Q22
<b>IBG and others</b>	<b>344</b>	<b>194</b>	<b>122</b>	<b>52</b>	<b>(7)</b>	<b>27</b>
<b>Add charges for</b>	<b>586</b>	<b>465</b>	<b>189</b>	<b>91</b>	<b>74</b>	<b>152</b>
New NPLs	346	307	157	58	7	67
Existing NPLs	240	158	32	33	67	85
<b>Subtract charges for</b>	<b>242</b>	<b>271</b>	<b>67</b>	<b>39</b>	<b>81</b>	<b>125</b>
Upgrades	1	47	0	0	45	2
Settlements	196	183	62	28	26	108
Recoveries	45	41	5	11	10	15
<b>CBG / WM</b>	<b>127</b>	<b>129</b>	<b>32</b>	<b>32</b>	<b>28</b>	<b>37</b>
<b>SP charges for loans</b>	<b>471</b>	<b>323</b>	<b>154</b>	<b>84</b>	<b>21</b>	<b>64</b>
<b>Other credit exposures</b>	<b>27</b>	<b>9</b>	<b>13</b>	<b>(16)</b>	<b>4</b>	<b>8</b>
<b>Total SP charges</b>	<b>498</b>	<b>332</b>	<b>167</b>	<b>68</b>	<b>25</b>	<b>72</b>
<b>SP / loans (bp)</b>	<b>12</b>	<b>8</b>	<b>15</b>	<b>8</b>	<b>2</b>	<b>6</b>



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

# Allowance coverage at 122%

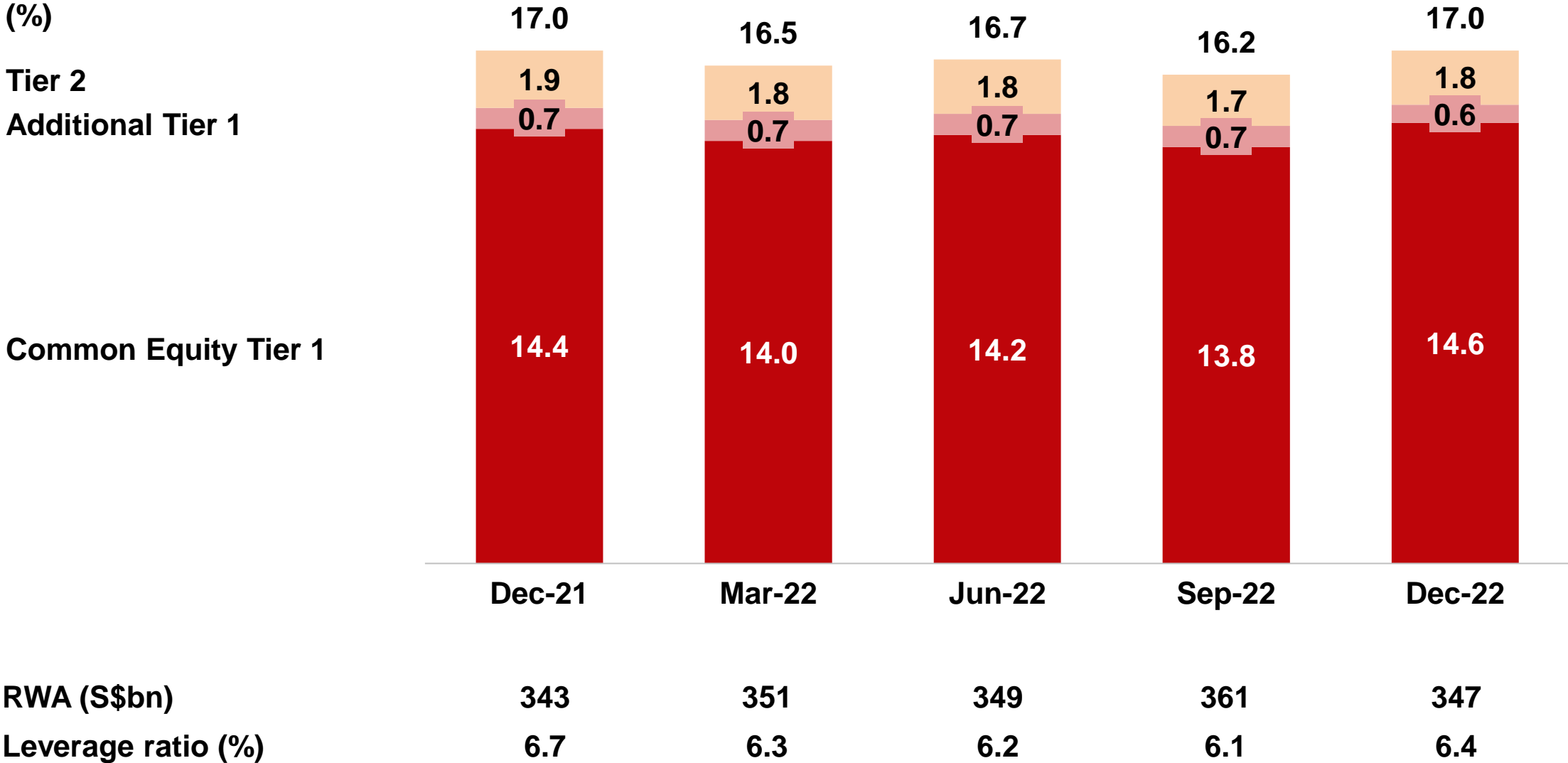


▪ Allowance coverage comfortably above 100% and exceeds 200% after considering collateral

## Total allowance reserves as % of:

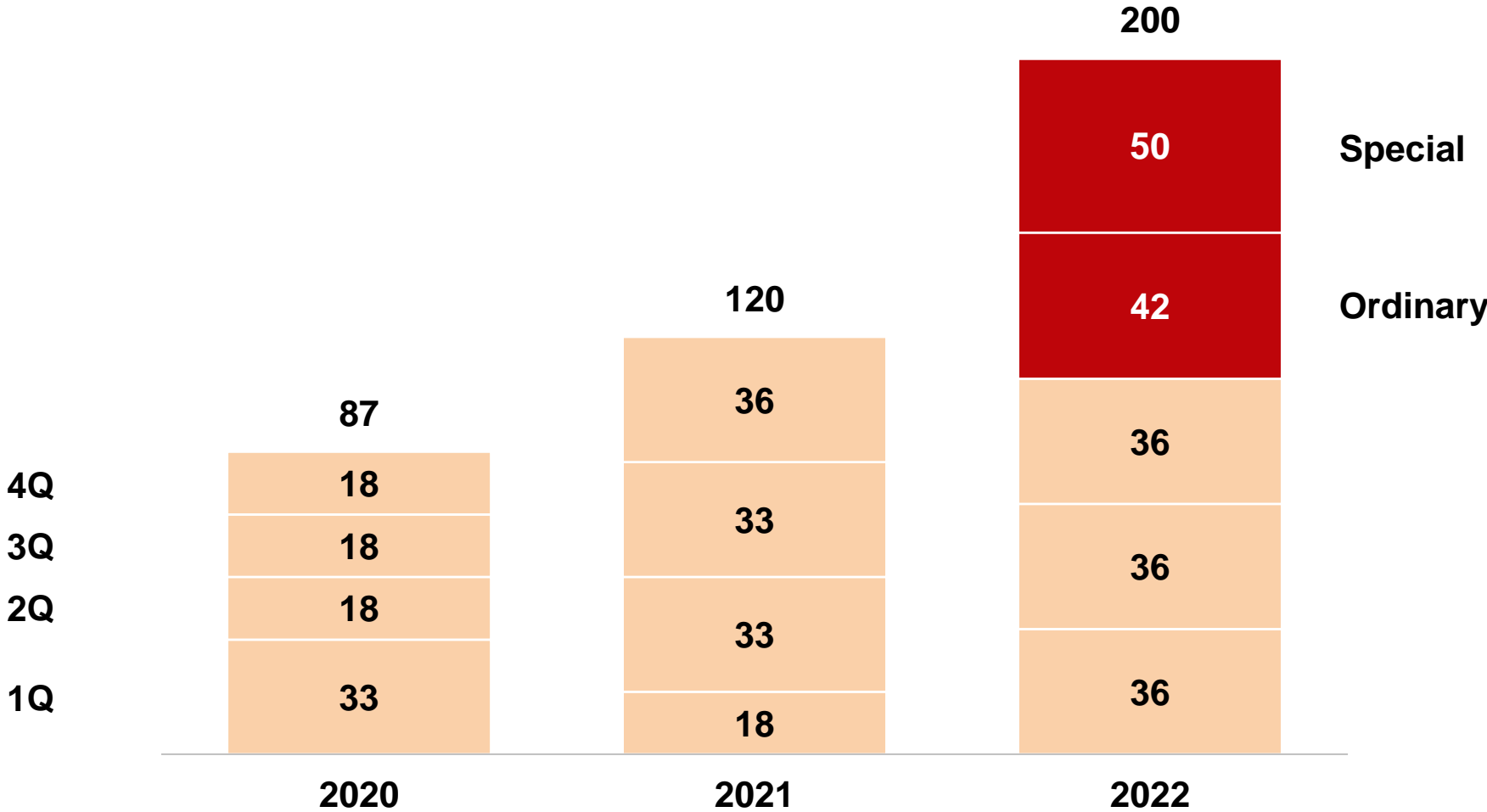
NPA	116	114	113	120	122
Unsecured NPA	214	193	199	216	215

# Strong CET-1 and leverage ratios



# Ordinary quarterly dividend rises to 42 cents per share, special dividend of 50 cents

(S¢ per share)



# **In summary – record full-year and quarterly earnings and ROE**

**Record ROE of 15% for full year and 17% for 4Q reflect benefit of higher rates and significant structural gains from decade-long transformation**

**Commercial book total income growth of 21% for full year and 43% for fourth quarter attest to our franchise strength**

**Our pipelines are healthy, asset quality robust**

**Confidence returning to markets as interest rate increases ease and China reopens**

**Ordinary dividend increase and special dividend bring total to 92 cents per share, full-year payout to \$2.00 per share**



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# Supplementary slides

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# Full-year earnings up 20% to record \$8.19 billion

(S\$m)	FY22	FY21	YoY %
<b>Net interest income</b>	<b>10,941</b>	<b>8,440</b>	<b>30</b>
Fee income	3,091	3,524	(12)
Trading income	2,313	1,791	29
Other income	157	433	(64)
<b>Non-interest income</b>	<b>5,561</b>	<b>5,748</b>	<b>(3)</b>
<b>Total income</b>	<b>16,502</b>	<b>14,188</b>	<b>16</b>
Staff expenses	4,376	3,875	13
Other expenses	2,714	2,594	5
<b>Expenses</b>	<b>7,090</b>	<b>6,469</b>	<b>10</b>
<b>Profit before allowances</b>	<b>9,412</b>	<b>7,719</b>	<b>22</b>
GP	(98)	(447)	78
SP	335	499	(33)
<b>Allowances</b>	<b>237</b>	<b>52</b>	<b>&gt;100</b>
Share of profits/losses of associates and JVs	207	109	90
<b>Net profit</b>	<b>8,193</b>	<b>6,801</b>	<b>20</b>
One-time items	-	4 <sup>1</sup>	NM
<b>Net profit incl. one-time items</b>	<b>8,193</b>	<b>6,805</b>	<b>20</b>



<sup>1</sup> Refers to gain recognised on completion of Shenzhen Rural Commercial Bank (SZRCB) acquisition of \$104 million net of Corporate Social Responsibility (CSR) commitment to DBS Foundation and other charitable causes of \$100 million

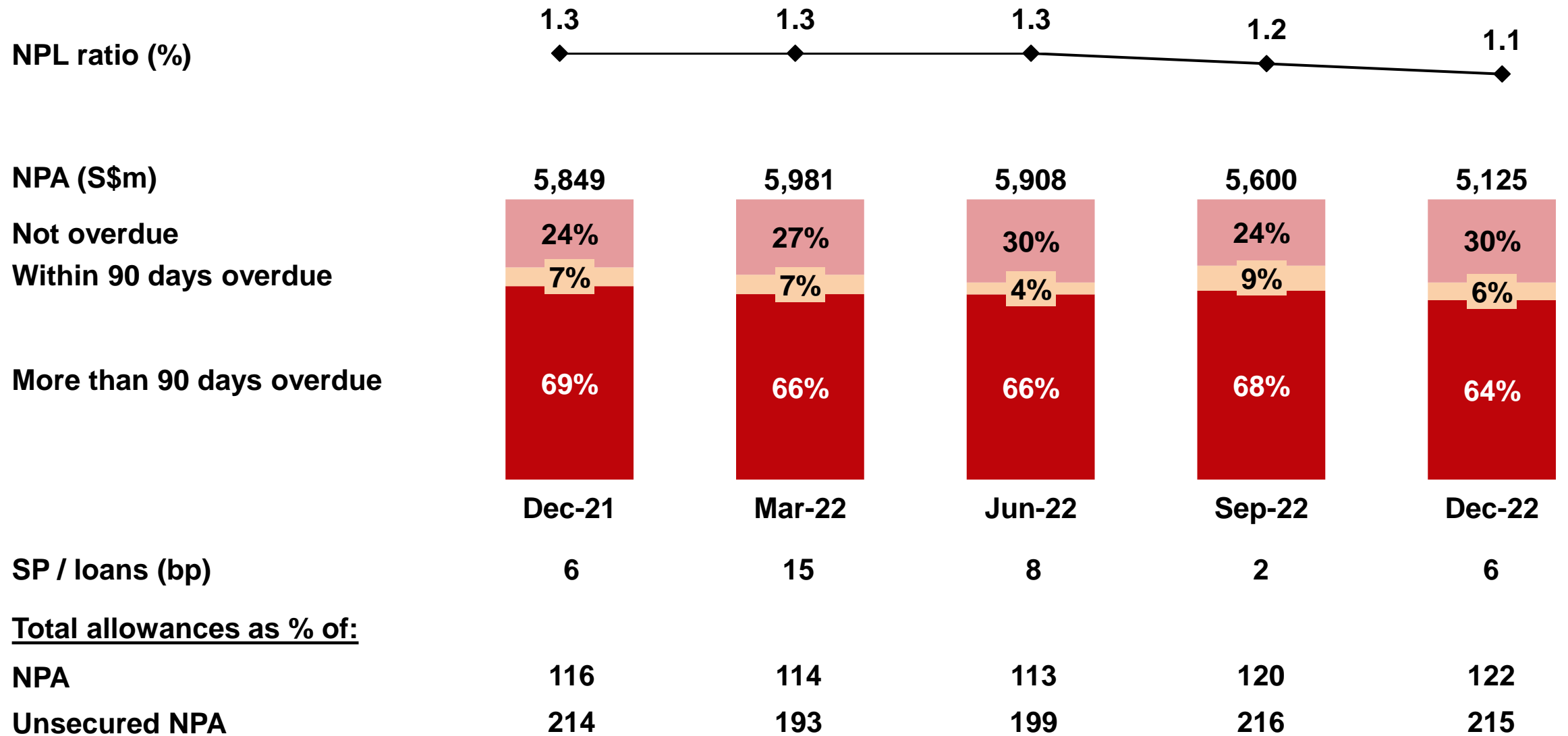
# Full-year Hong Kong earnings up 19%

Constant-currency terms

(S\$m)	FY22	FY21	YoY %	YoY %
Net interest income	1,844	1,392	32	30
Net fee and commission income	672	776	(13)	(15)
Other non-interest income	407	312	30	28
<b>Total income</b>	<b>2,923</b>	<b>2,480</b>	<b>18</b>	<b>16</b>
<b>Expenses</b>	<b>1,137</b>	<b>1,057</b>	<b>8</b>	<b>6</b>
<b>Profit before allowances</b>	<b>1,786</b>	<b>1,423</b>	<b>26</b>	<b>23</b>
GP	(25)	(87)	71	71
SP	81	94	(14)	(15)
<b>Allowances</b>	<b>56</b>	<b>7</b>	<b>&gt;100</b>	<b>&gt;100</b>
<b>Net profit</b>	<b>1,445</b>	<b>1,190</b>	<b>21</b>	<b>19</b>
<b>Net interest margin (%)</b>	<b>1.47</b>	<b>1.25</b>		
<b>Loan growth (%)</b>				<b>(5)</b>
Non-trade growth (%)				<b>(5)</b>
Trade growth (%)				<b>(13)</b>
<b>Deposit growth (%)</b>				<b>4</b>



# NPL at 1.1%, allowance coverage above 100%



# Fixed income duration remains short

(\$m)	Dec 22	
	FVOCI	HTC
<b>Government securities</b>	<b>28,158</b>	<b>23,595</b>
Less than 3 years	20,942	10,143
3 to 5 years	2,998	4,796
5 to 10 years	3,749	7,643
More than 10 years	469	1,013
<b>Supranational, bank and corporate bonds</b>	<b>20,219</b>	<b>31,679</b>
<b>Total</b>	<b>48,377</b>	<b>55,274</b>

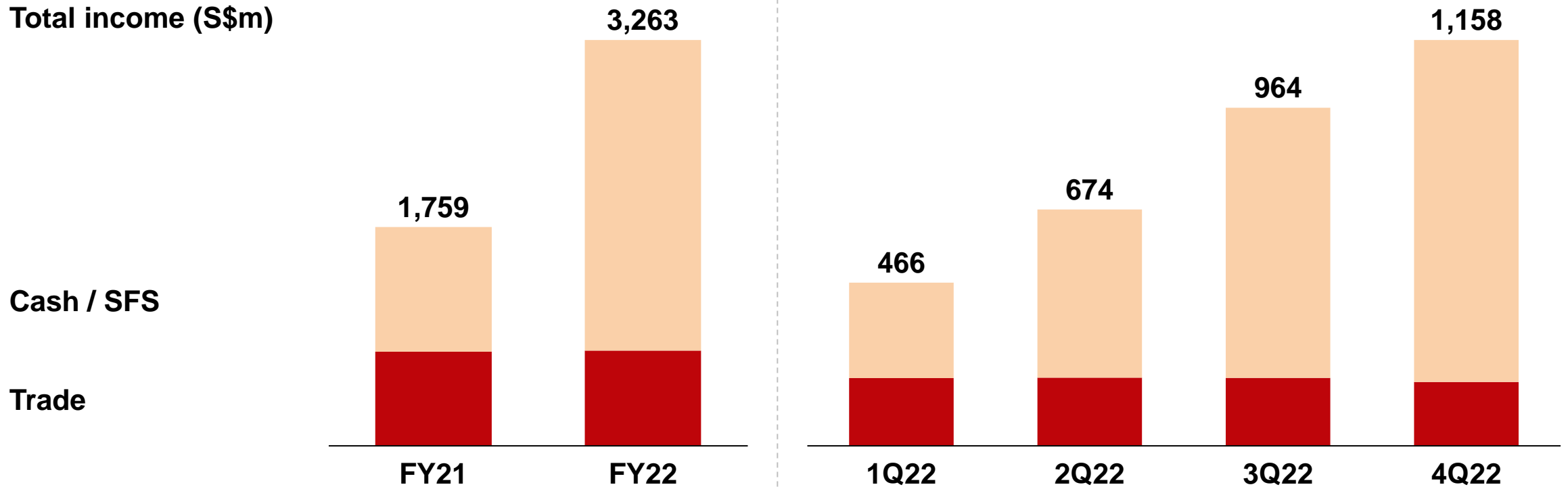
# Deposits up 2% HoH and 7% YoY in constant-currency terms

	(S\$bn) Dec-22	HoH (%)		YoY (%)	
		Reported	Underlying	Reported	Underlying
<b>Deposits</b>	<b>527</b>	<b>(0)</b>	<b>2</b>	<b>5</b>	<b>7</b>
<b>By product</b>					
Casa	318	(17)	(15)	(17)	(16)
Fixed deposits and others	209	43	49	74	80
<b>By currency</b>					
Singapore dollar	213	(5)	(5)	(3)	(3)
US dollar	198	5	9	14	14
HK dollar	36	(5)	(2)	17	17
Chinese yuan	22	11	19	4	14
Others	58	0	5	3	14

LDR (%)	Dec-22	Jun-22	Dec-21
<b>Overall</b>	<b>79</b>	<b>80</b>	<b>81</b>
Singapore dollar	77	72	72
US dollar	58	69	70

# Full-year GTS total income up 86% to record

Total income (S\$m)



(S\$bn)

Trade assets

Deposits

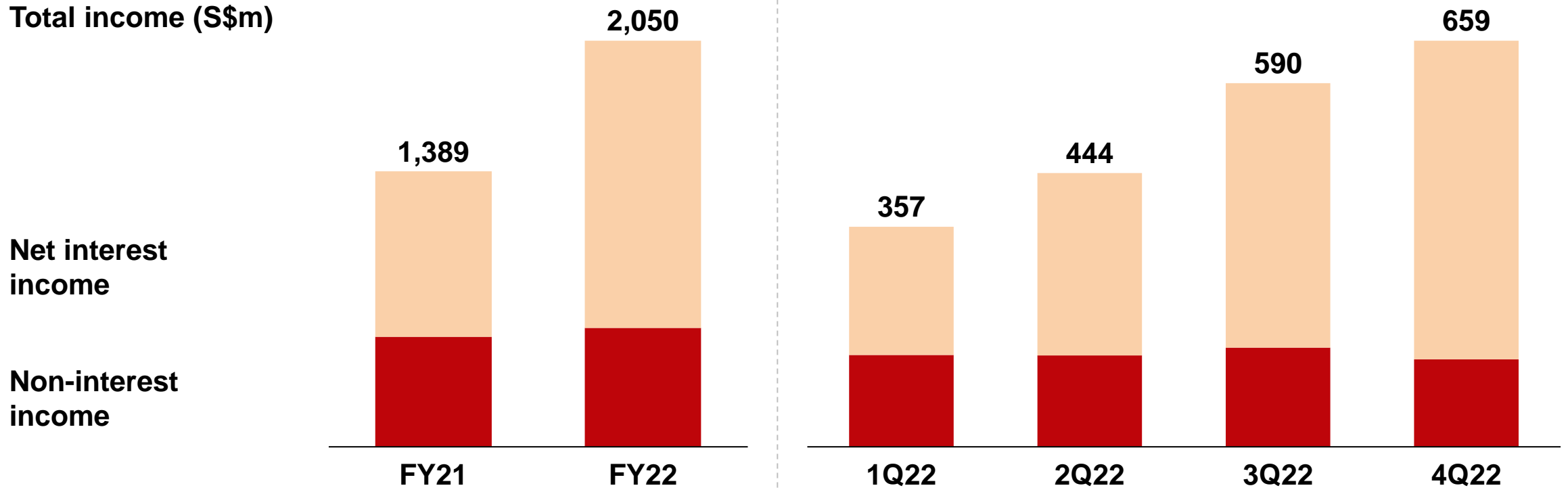
	FY21	FY22	1Q22	2Q22	3Q22	4Q22
Trade assets	48	51	52	57	53	51
Deposits	186	197	196	199	197	197



Assets and deposits at end of period

# Full-year SME segment income up 48%

Total income (S\$m)



(S\$bn)

	FY21	FY22	1Q22	2Q22	3Q22	4Q22
Loans	27	27	27	28	28	27
Deposits	72	70	71	74	72	70



With effect from 1 January 2022, the SME segment is defined as companies with annual revenues up to \$100 million. Comparatives have been restated on this chart.



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