3Q results reflect improving business momentum

DBS Group Holdings

3Q 2020 financial results

November 5, 2020

Highlights

3Q net profit up 4% on quarter to $1.30bn as business momentum recovers

- Net interest income declines 6% due to 9bp fall in net interest margin, underlying loan growth healthy
- Fee income rebounds 17% to pre-Covid levels, third-highest on record
- Total income declines 4% due partly to lower trading income from high base

9M total allowances quadruple to $2.49bn, including GP of $1.50bn

- GP reserves up 60% to $4.02bn over 9M, exceeding Tier-2 eligibility by $1.2bn
- Allowance coverage at 107% and at 200% after taking collateral into account
- NPA rise 3% on quarter, NPL rate higher at 1.6%

Ample liquidity and healthy capital

- Ample liquidity with 3Q LCR at 135% and NSFR at 123% as deposits grow 9% over 9M from $70bn Casa inflows
- CET-1 at 13.9%, comfortably above regulatory requirements

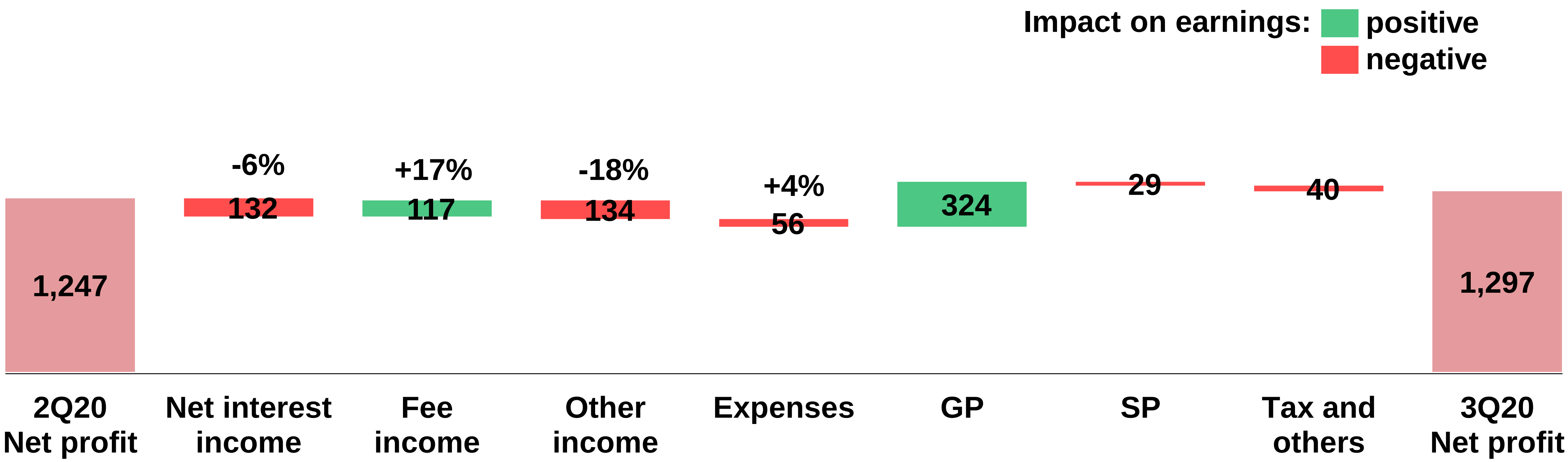
3Q dividend at 18 cents per share

- Payout in line with MAS guidance

3Q net profit up 4% on quarter as fee income rebounds 17%

(S$m)	3Q20	QoQ %
Total income	3,577	(4)
Expenses	1,539	4
Profit before allowances	2,038	(9)
Allowances	554	(35)
Net profit	1,297	4

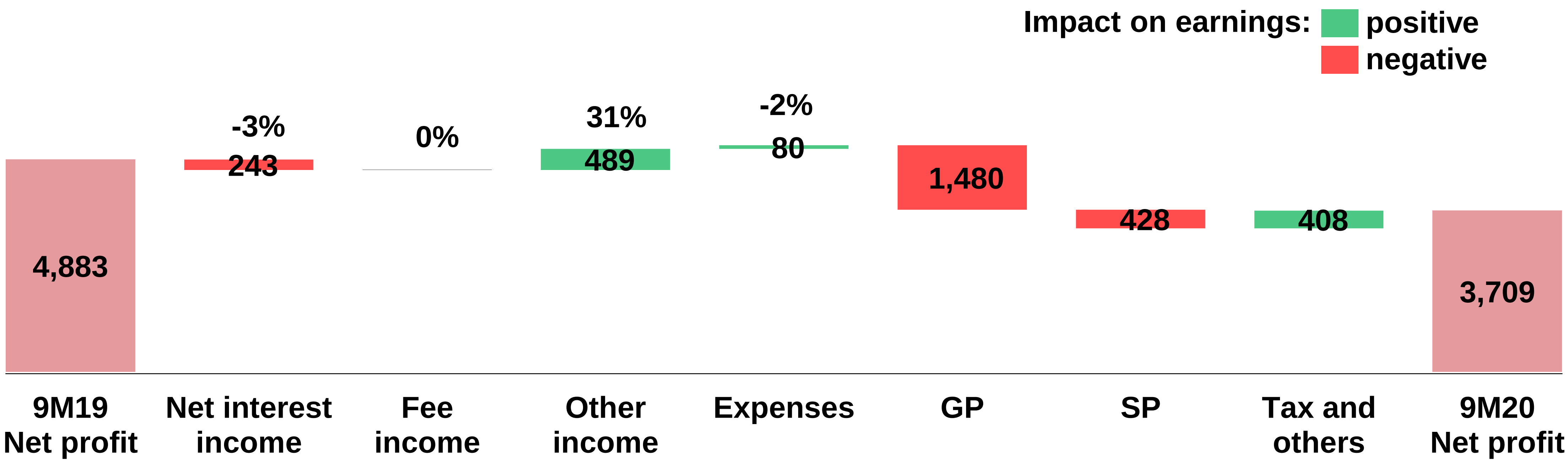
- Net interest income down 6% as impact of interest rate cuts in 1H is felt more fully
- Fee income up 17% led by wealth management and card fees
- Trading income declines from a high base
- Pace of total allowances slows after accelerated build-up in 1Q and 2Q



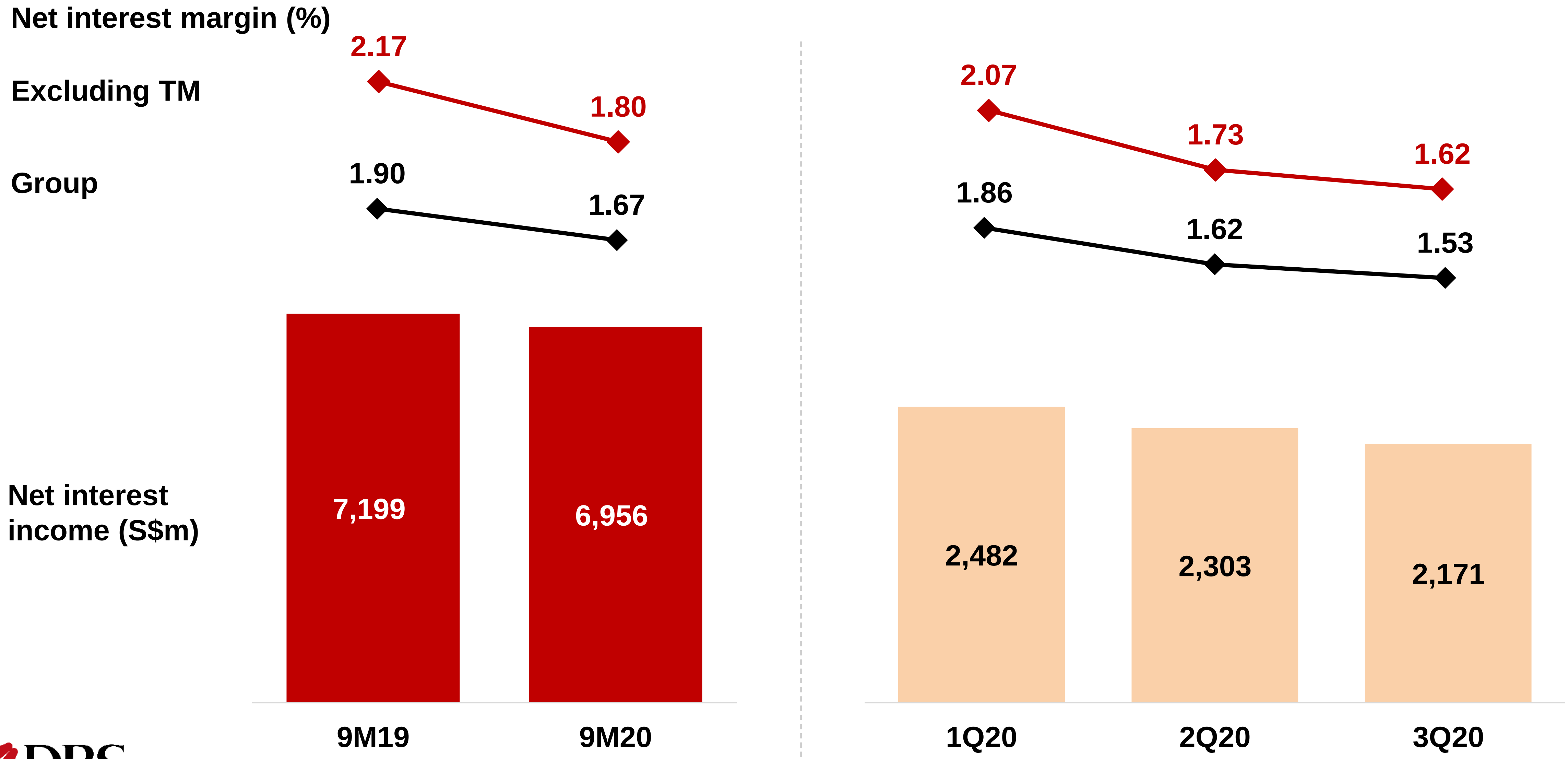
Record 9M operating profit enables conservative GP of $1.50bn

(S$m)		9M20	YoY %
Total income	record	11,329	2
Expenses		4,578	(2)
Profit before allowances	record	6,751	5
Allowances		2,489	>100
Net profit		3,709	(24)

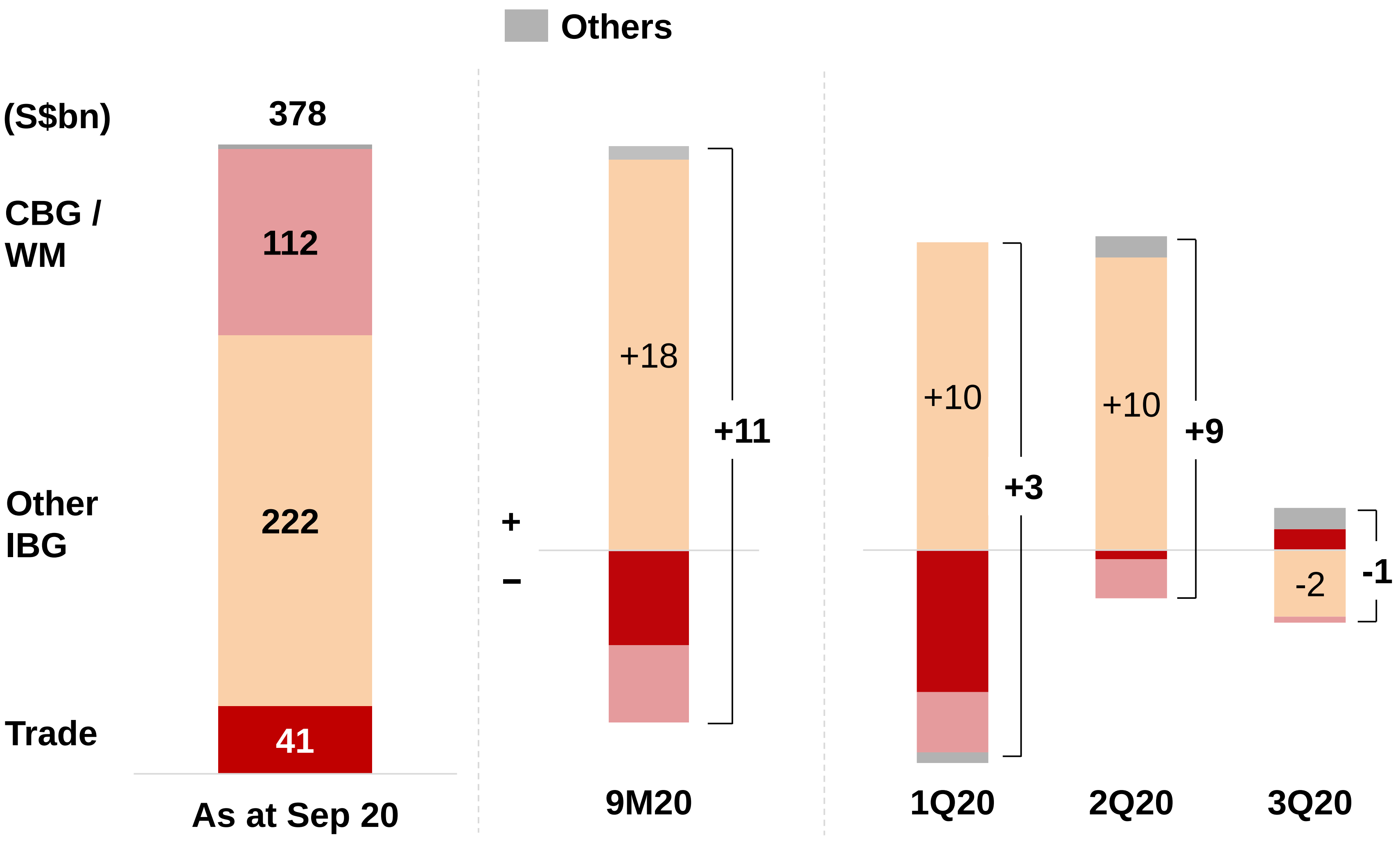
- Net interest income down 3% as NIM declines 23bp to offset 5% loan growth
- Fee income flat as 3Q rebound offsets weak 2Q
- Other income up 31% as investment gains triple with lower interest rates
- GP of $1.50bn conservatively set aside against risks arising from the pandemic



Net interest income down 6% on quarter as NIM tightens 9bp



Loans up 3% over 9M, stable on quarter

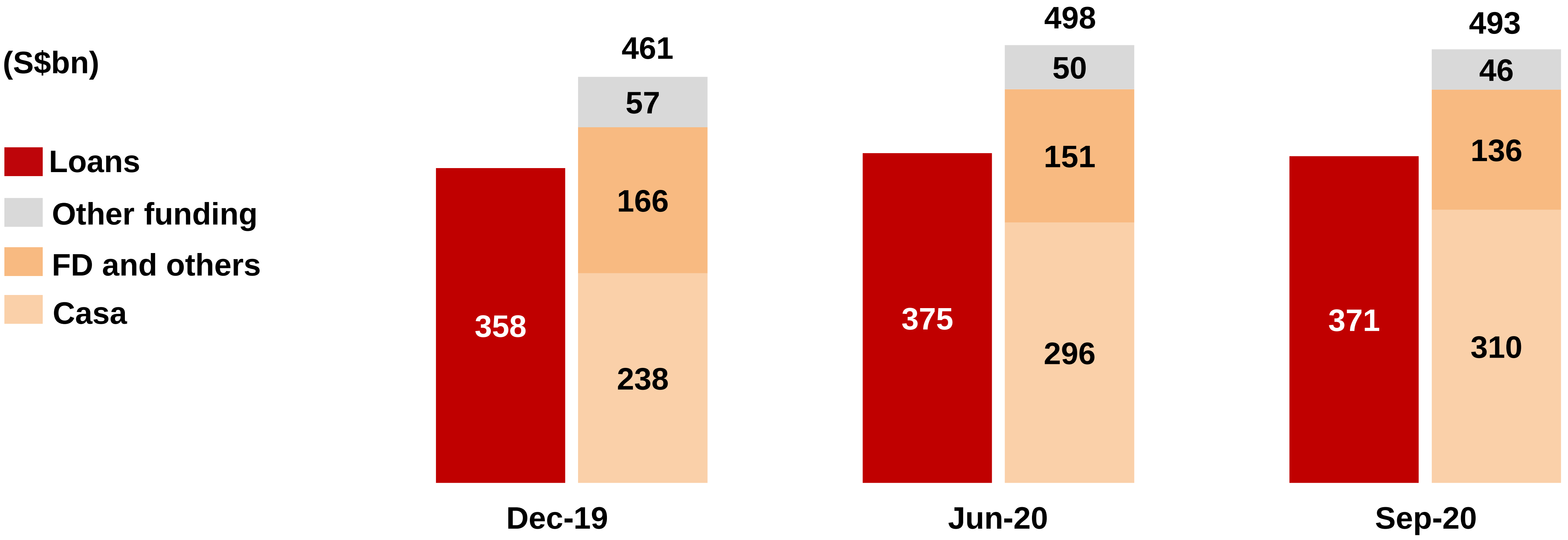


Constant-currency change

- Loans up $11 billion or 3% year to date, stable on quarter in constant currency terms
- 3Q non-trade corporate loan drawdowns offset by repayments of short-term facilities
- Singapore housing loans dipped due to the lagged impact of circuit breaker in 2Q. New bookings rebounded strongly in 3Q

Gross loans

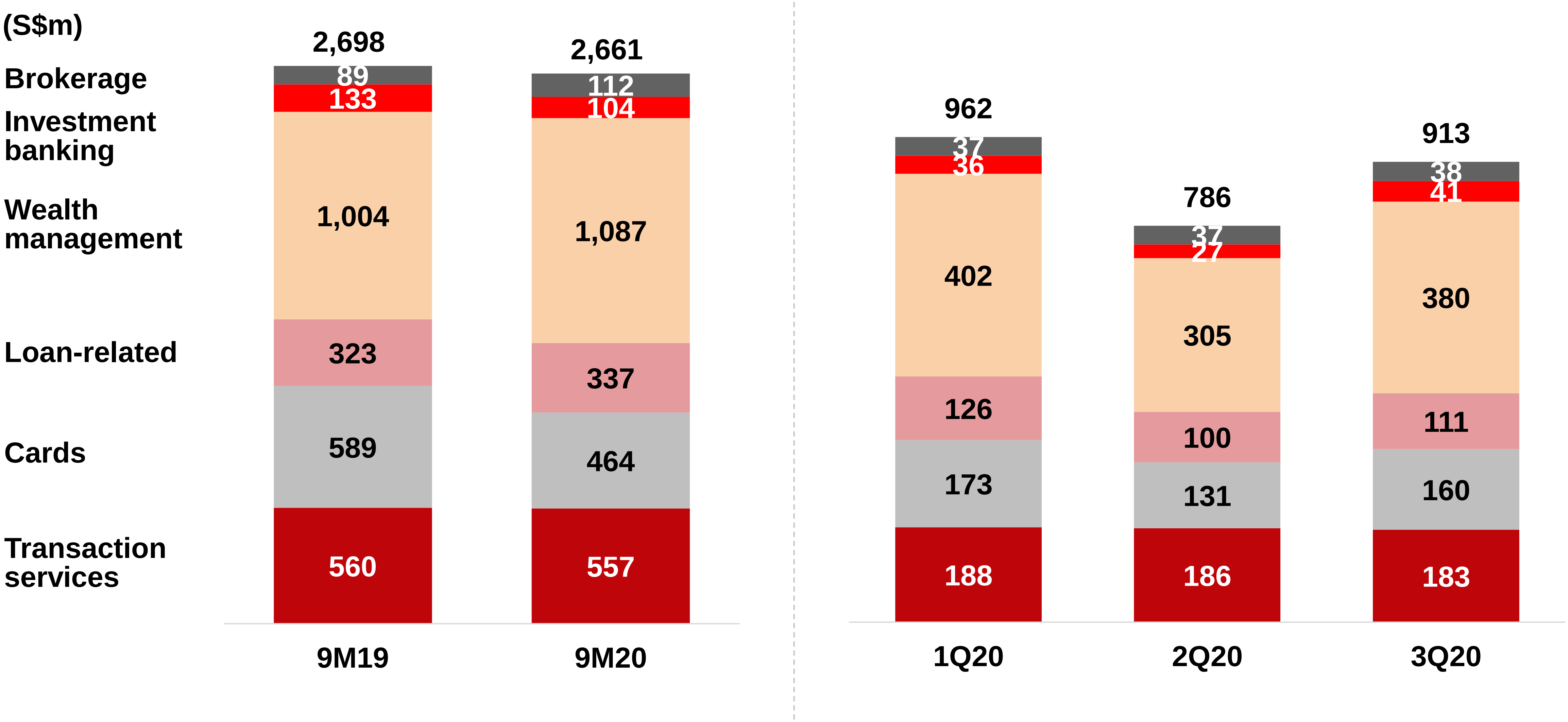
Deposits up 1% on quarter, 9% over 9M on $70bn Casa inflows



	Dec-19	Jun-20	Sep-20
HQLA (S$bn)	92	108	107
<u>Ratios (%)</u>			
LDR	89	84	83
LCR	135	134	135
NSFR	110	121	123

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

3Q net fee income rebounds 17% on quarter to pre-Covid levels, third highest on record



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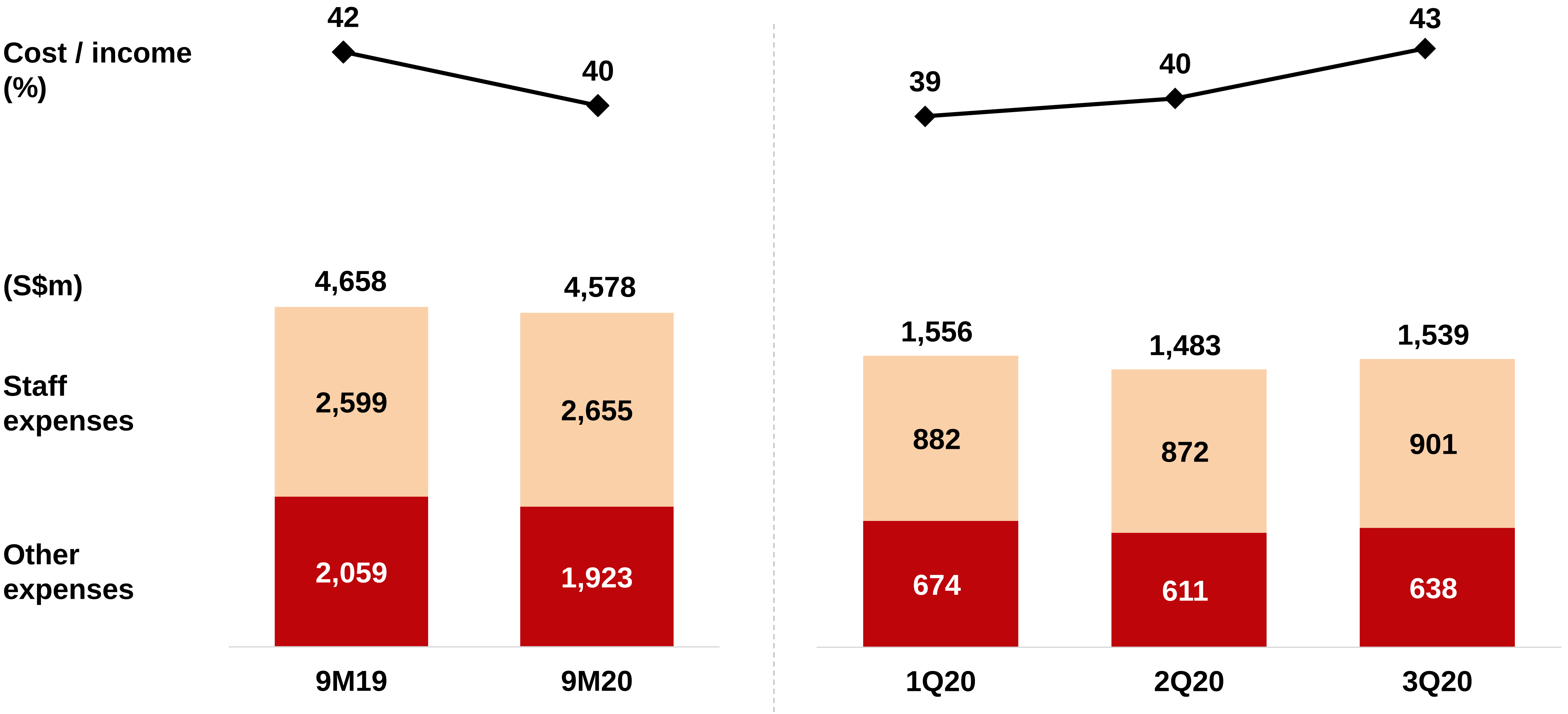
Gross fee income

9M expenses decline 2%, cost-income ratio at 40%



NPL ratio in line with recent quarters, bulk of new NPA formation in 1Q

(S$m)	9M19	9M20	1Q20	2Q20	3Q20
NPAs at start of period	**5,684**	**5,773**	**5,773**	**6,592**	**6,354**
IBG and others	**167**	**655**	**620**	**(201)**	**236**
New NPAs	724	1,551	1,023	115	543
Upgrades, settlements and recoveries	(286)	(489)	(340)	(201)	(78)
Write-offs	(271)	(407)	(63)	(115)	(229)
CBG / WM	**43**	**32**	**(0)**	**27**	**5**
Translation	**50**	**57**	**199**	**(64)**	**(78)**
NPAs at end of period	**5,944**	**6,517**	**6,592**	**6,354**	**6,517**
NPL ratio (%)	**1.5**	**1.6**	**1.6**	**1.5**	**1.6**

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

3Q SP at 31bp of loans in line with 1H

(S$m)	9M19	9M20	1Q20	2Q20	3Q20
IBG and others	**369**	**592**	**257**	**146**	**189**
Add charges for	**416**	**723**	**359**	**165**	**212**
New NPLs	184	550	315	16	161
Existing NPLs	232	173	44	149	51
Subtract charges for	**47**	**131**	**102**	**19**	**23**
Upgrades	1	1	0	0	0
Settlements	31	116	100	15	14
Recoveries	15	14	2	4	9
CBG / WM	**141**	**260**	**57**	**96**	**107**
SP charges for loans	**510**	**852**	**314**	**242**	**296**
Other credit exposures	**53**	**136**	**69**	**47**	**20**
Total SP charges	**563**	**988**	**383**	**289**	**316**
SP / loans (bp)	**19**	**30**	**35**	**26**	**31**

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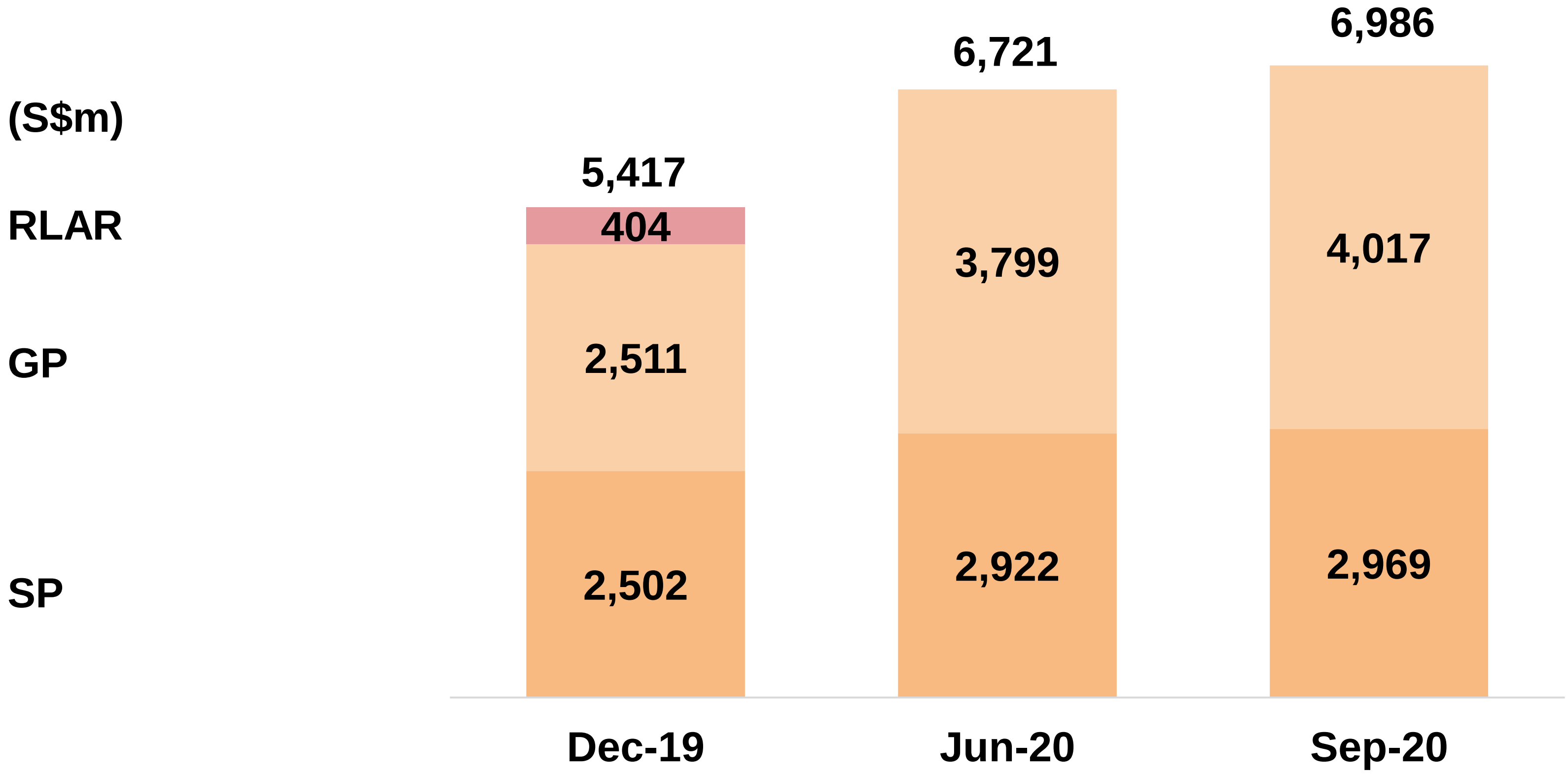
GP reserves rise 60% over 9M to $4.02bn



Conservative GP reserves

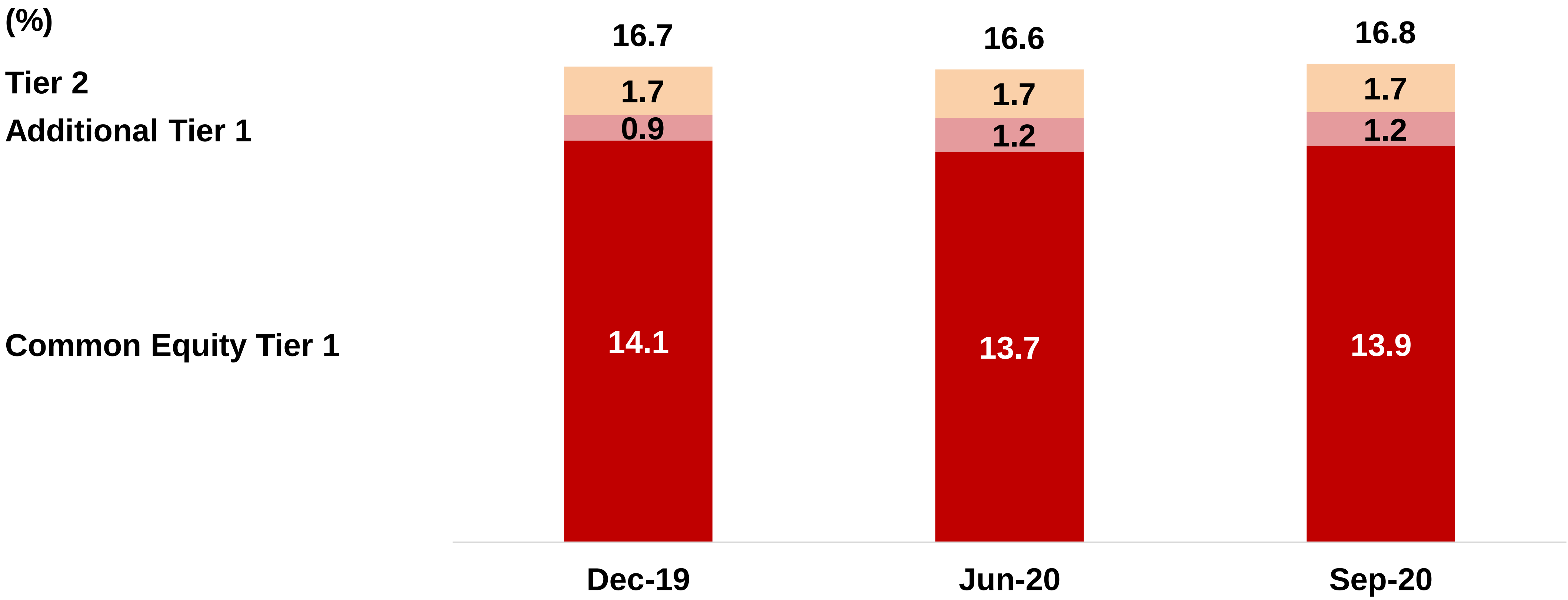
- Balance sheet conservatively fortified against risks arising from the Covid-19 pandemic
- GP reserves raised $1.2bn beyond Tier-2 eligibility, providing future store of CET-1 to buffer against unforeseen credit deterioration
- GP reserves exceed MAS requirement by 32%

Total allowance reserves as % of:

	Dec-19	Jun-20	Sep-20
NPA	94	106	107
Unsecured NPA	191	199	200

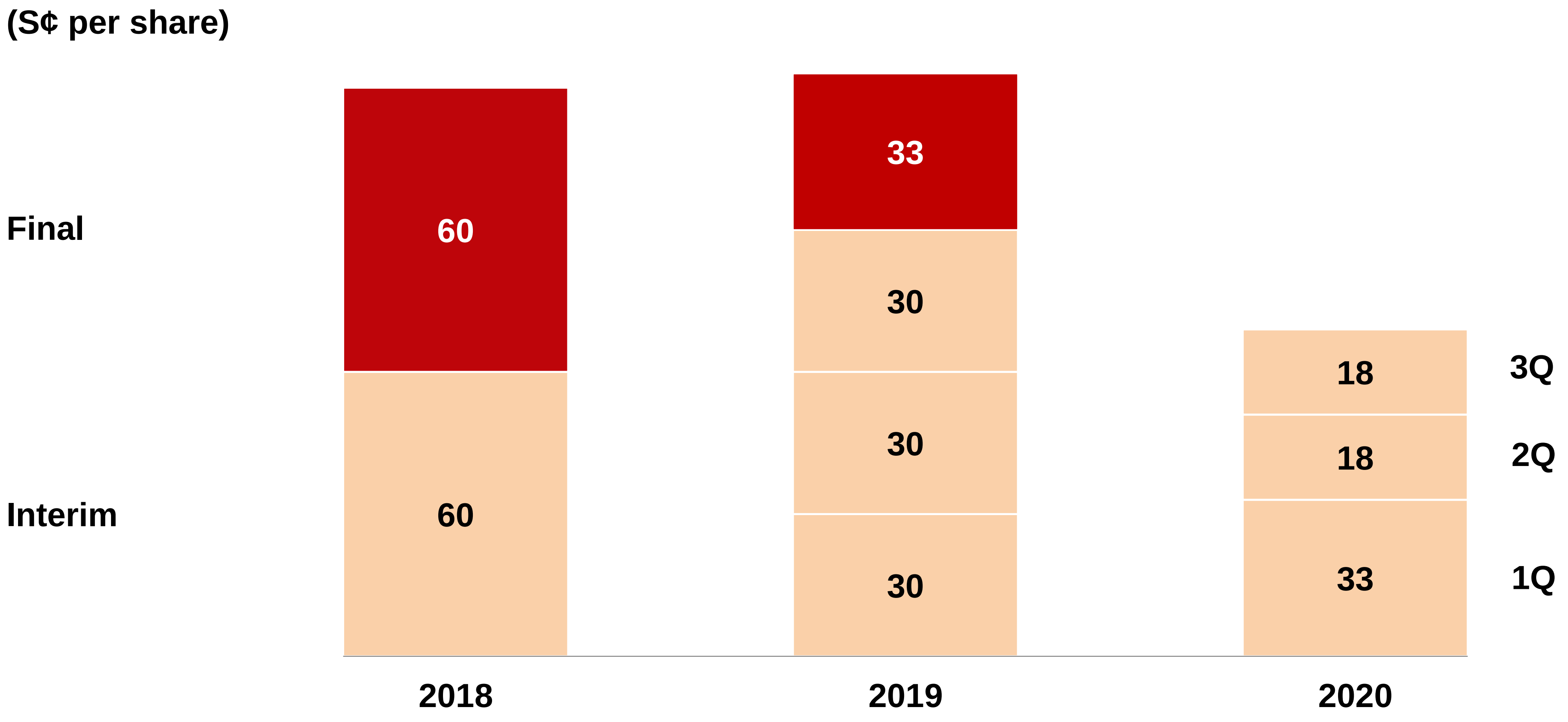
RLAR is regulatory loss allowance reserves which are set aside from retained earnings

Strong CET-1 and leverage ratios



	Dec-19	Jun-20	Sep-20
RWA (S$bn)	304	323	321
Leverage ratio (%)	7.0	6.8	6.9

3Q dividend at 18 cents per share



In summary – 3Q results reflect improving business momentum

3Q business momentum recovers to mitigate the impact of low interest rates as regional economies emerge from lockdowns

We will remain vigilant around expenses and leverage digitalisation for efficiency

Total allowances of $2.49bn taken over 9M in accelerated build up. General allowances exceed amount eligible for consideration as Tier-2 by $1.2bn

Well-positioned to continue supporting customers and the community through the year ahead

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