



Live more,  
Bank less

# **Record first-half earnings**

**DBS Group Holdings  
2Q 2021 financial results  
August 5, 2021**

# First-half net profit up 54% to record \$3.71bn, ROE at 14.0%

## Strong business momentum

- Broad-based loan growth of 3% in each of 1Q and 2Q, Casa deposit inflows sustained
- 1H fee income up 20% yoy, 1Q and 2Q the strongest quarters on record
- 1H Treasury Markets income and treasury customer flows at record
- Underlying expenses stable, cost-income ratio at 42%

## Resilient asset quality with new NPA formation and SP at pre-pandemic levels

- New NPA formation significantly offset by repayments; 1H SP at 18bp of loans
- GP write-back from improved portfolio quality, overlays maintained
- GP reserves \$0.8bn above MAS requirements and \$1.2bn above Tier 2 eligibility
- Allowance coverage at 109% and at 199% after taking collateral into account

## Strong capital and liquidity

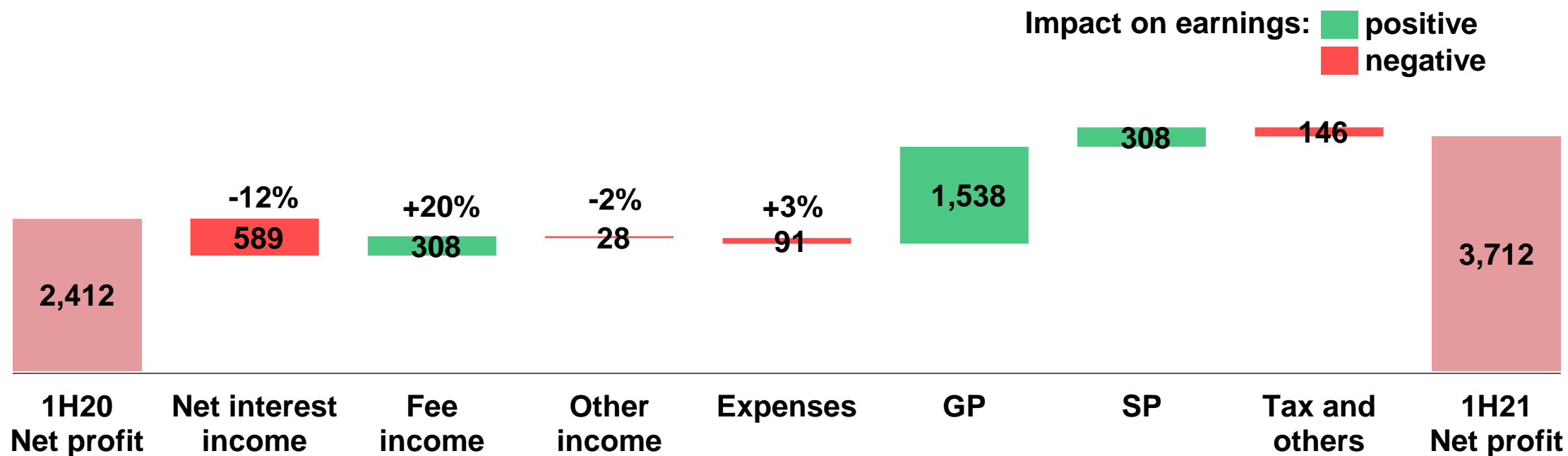
- CET-1 at 14.5%, well above regulatory requirements
- Casa ratio up 10%pt yoy to 76%, LCR at 136%, NSFR at 127%

## Second-quarter dividend at 33 cents per share, scrip dividend scheme suspended

- Dividend reverts to pre-pandemic levels with full lifting of MAS restrictions

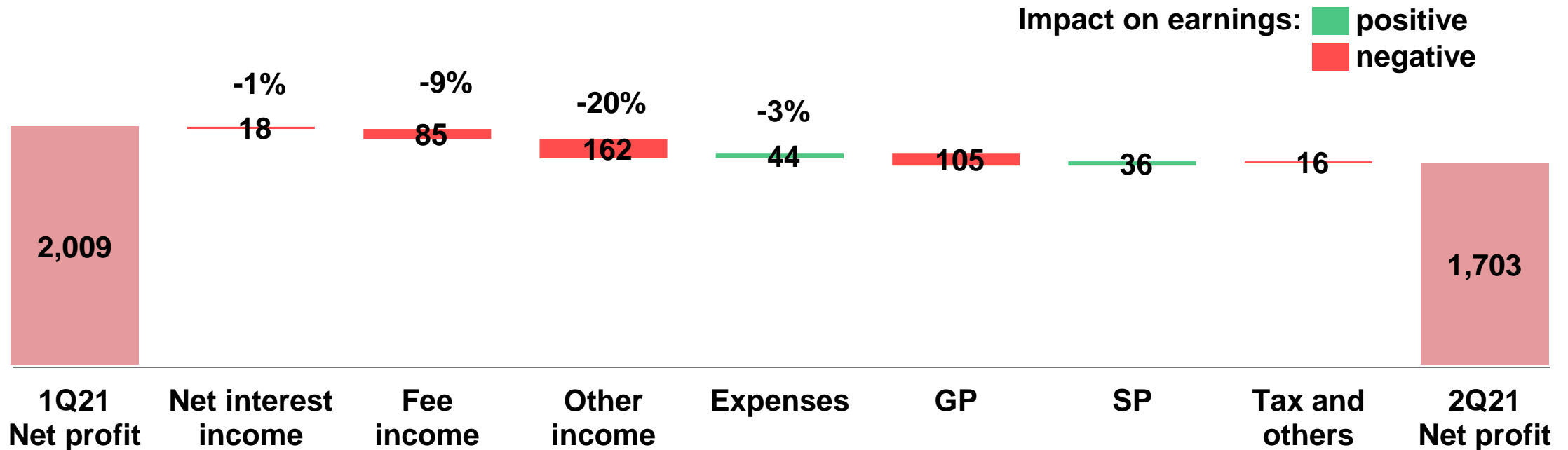
# 1H net profit up 54% on year to record

(S\$m)	1H21	YoY %	
Total income	7,443	(4)	▪ Net interest income down 12% as 27bp decline in NIM offsets 7% loan growth
Expenses	3,130	3	▪ Fee income up 20% from broad-based growth
Profit before allowances	4,313	(8)	▪ Other non-interest income down 2% as record trading income offset lower investment gains
Allowances	89	(95)	▪ Underlying expenses flat to last year
Net profit	<b>record</b> 3,712	54	

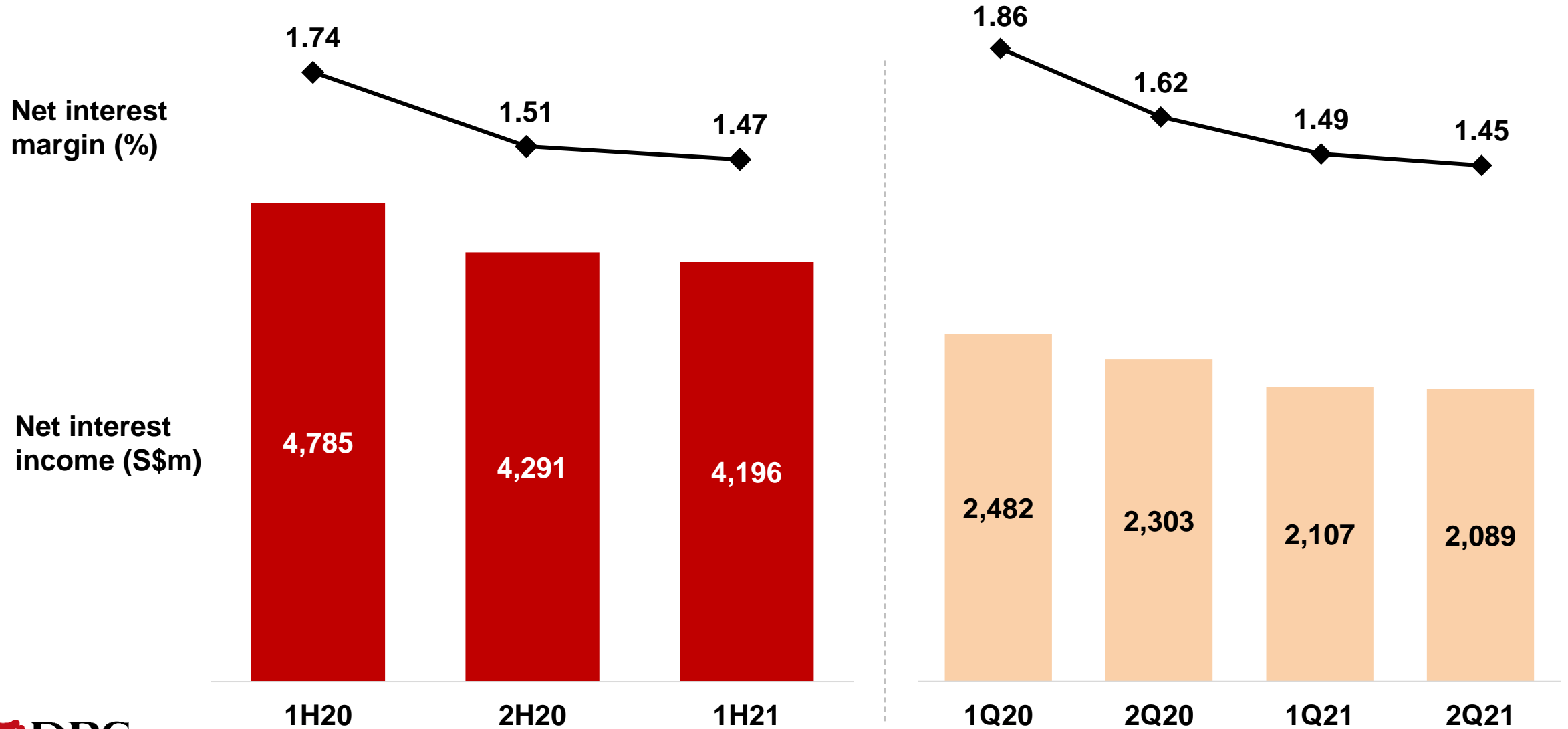


# 2Q net profit down 15% on quarter

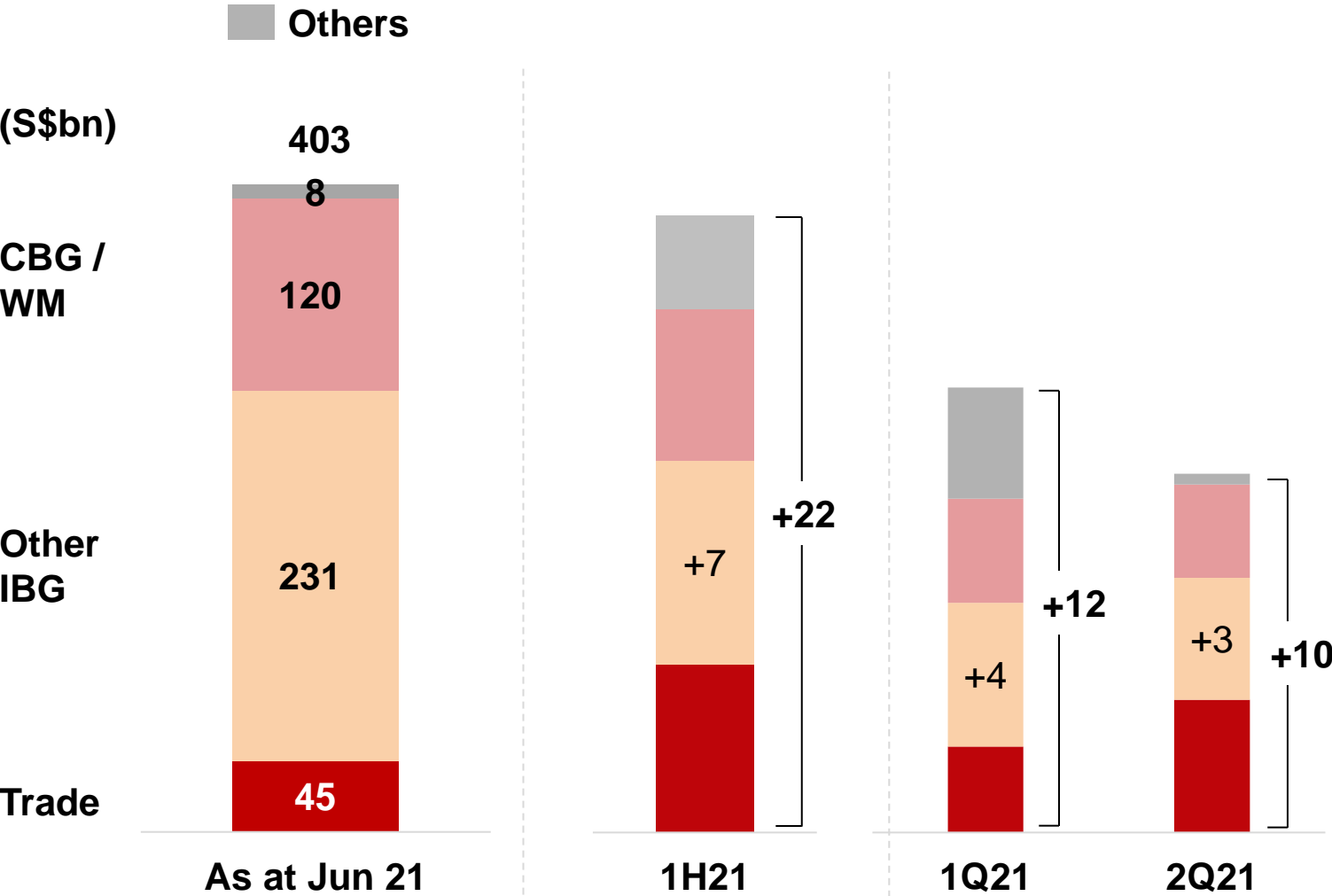
(S\$m)	2Q21	QoQ %	
Total income	3,589	(7)	▪ Net interest income down 1% as 4bp decline in NIM offsets 3% loan growth
Expenses	1,543	(3)	▪ Fee income down 9% from a record first quarter
Profit before allowances	2,046	(10)	▪ Other non-interest income down 20% from record first quarter
Allowances	79	>100	▪ Lower GP write-backs compared to last quarter
Net profit	1,703	(15)	



# 1H net interest income down 12% on year as lower interest rates offset loan growth



# Loans up 6% YTD from broad-based growth



In constant-currency terms

- Loans up 3% in 2Q, 6% in 1H
- Broad-based growth led by trade and non-trade corporate loans
- Consumer loan growth from both housing and wealth management

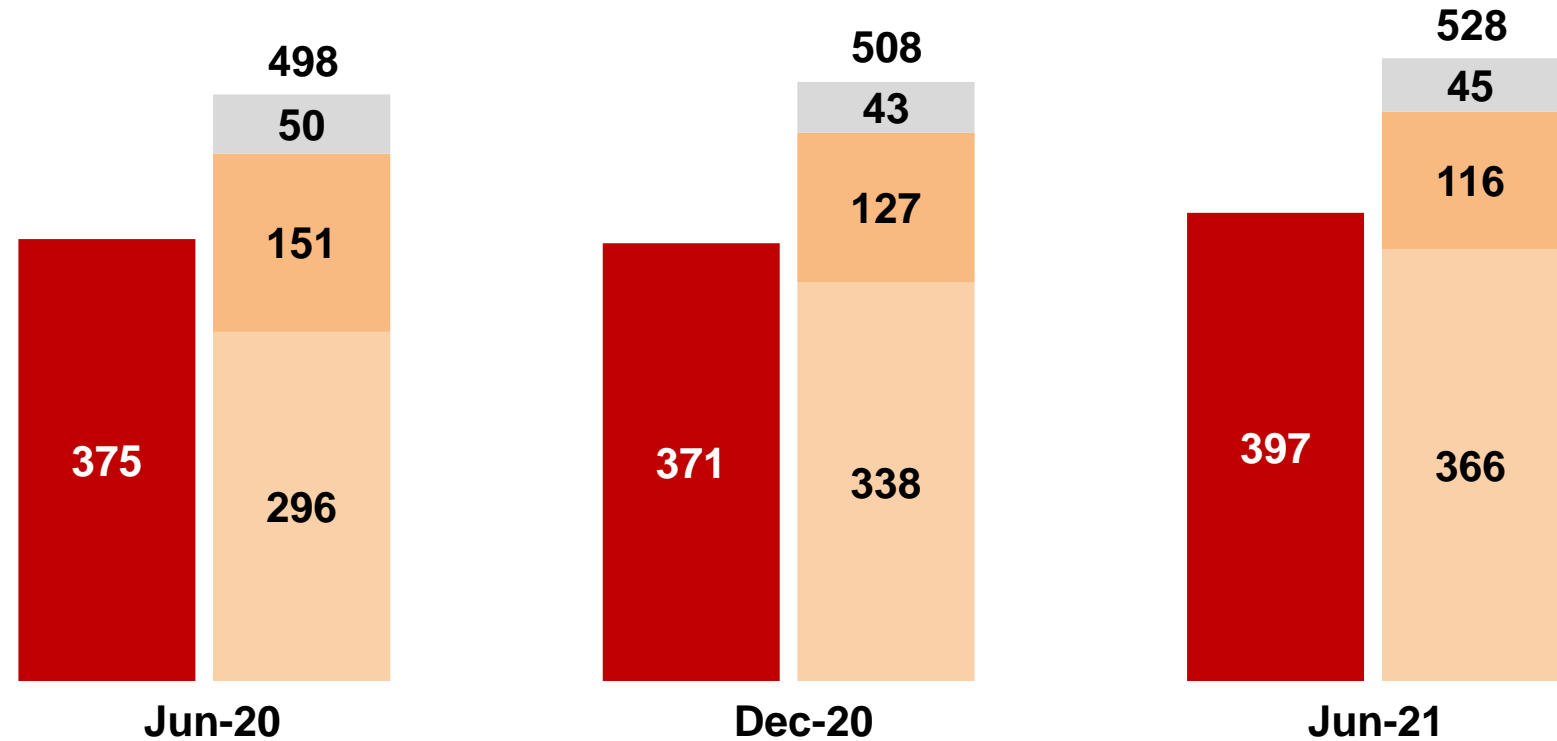


Gross loans

Constant-currency change

# Deposits up 3% YTD from Casa inflows

(S\$bn)



HQLA (S\$bn)

108

116

122

Ratios (%)

LDR

84

80

82

LCR

134

137

136

NSFR

121

125

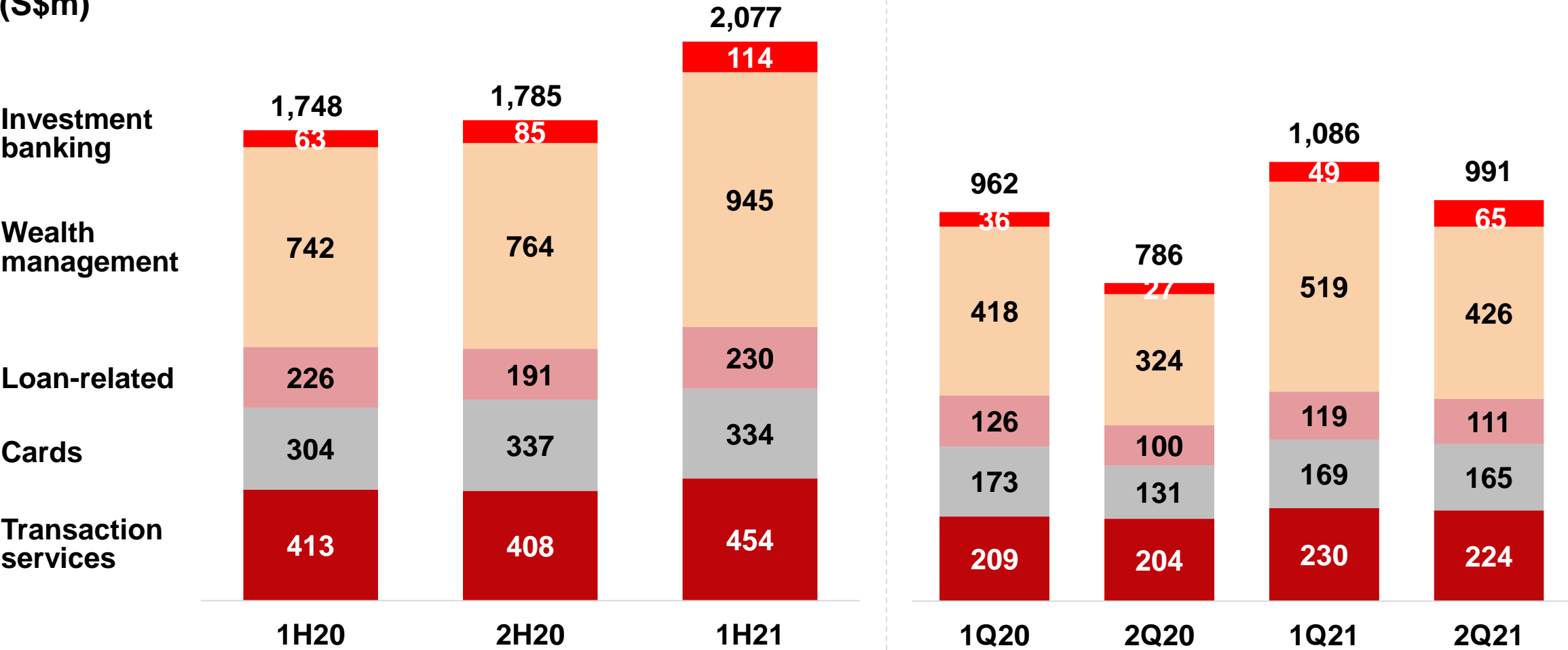
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HQLA is high quality liquid assets; Other funding comprises senior medium term notes, commercial papers, negotiable certificates of deposit, other debt securities and covered bonds

# 1H gross fee income up 19% on year to record

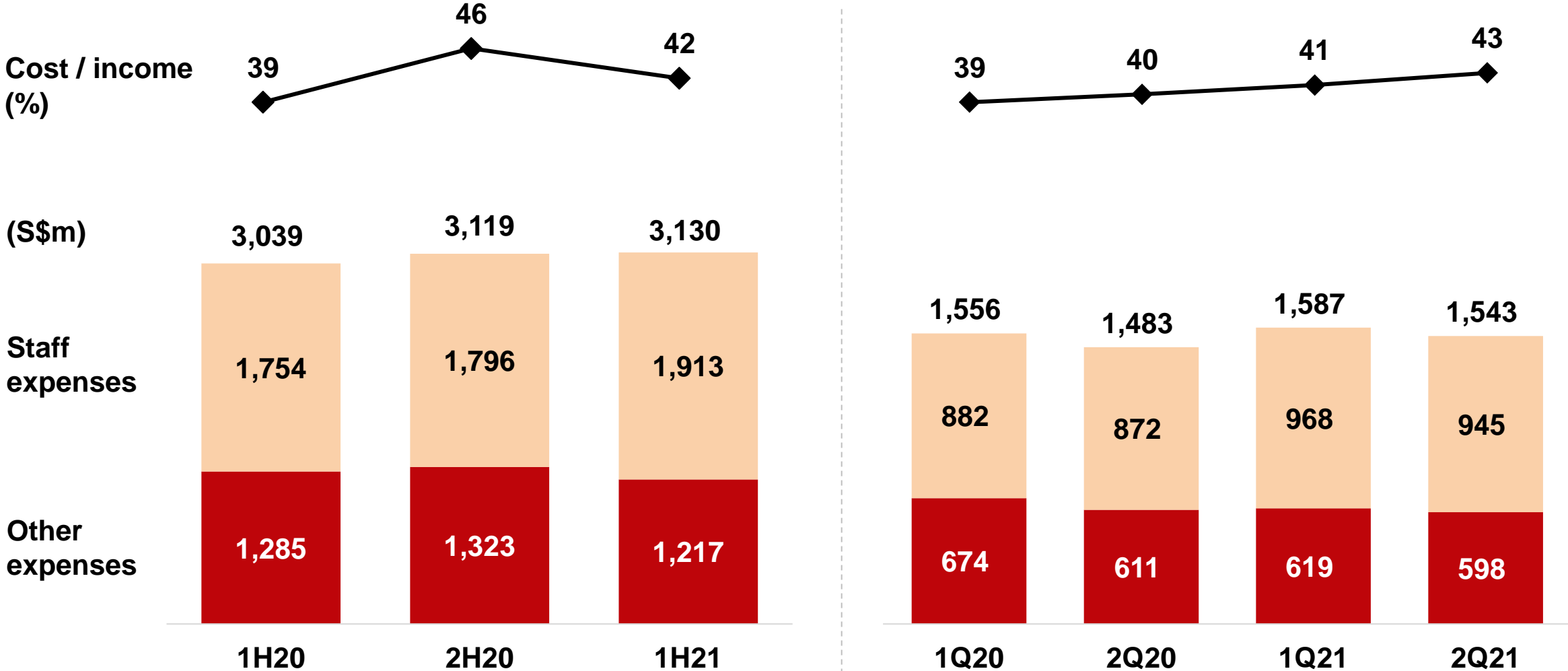
(S\$m)



Gross fee income



# 1H expenses up 3%, cost-income ratio at 42%



# 1H CBG/WM income down 12% on year from lower interest rates

(S\$m)	1H21	1H20	YoY %	2H20	HoH %
<b>Total income</b>	<b>2,713</b>	<b>3,080</b>	<b>(12)</b>	<b>2,687</b>	<b>1</b>
Loans and deposits	1,126	1,729	(35)	1,287	(13)
Investment products	1,161	968	20	976	19
Cards	378	349	8	381	(1)
Others	47	34	38	43	10
<b>Expenses</b>	<b>1,585</b>	<b>1,615</b>	<b>(2)</b>	<b>1,673</b>	<b>(5)</b>
<b>Profit before allowances</b>	<b>1,128</b>	<b>1,465</b>	<b>(23)</b>	<b>1,014</b>	<b>11</b>
<b>AUM (S\$bn)</b>	<b>285</b>	<b>251</b>	<b>13</b>	<b>264</b>	<b>8</b>
<b>SGD savings (S\$bn)</b>	<b>148</b>	<b>128</b>	<b>15</b>	<b>139</b>	<b>7</b>

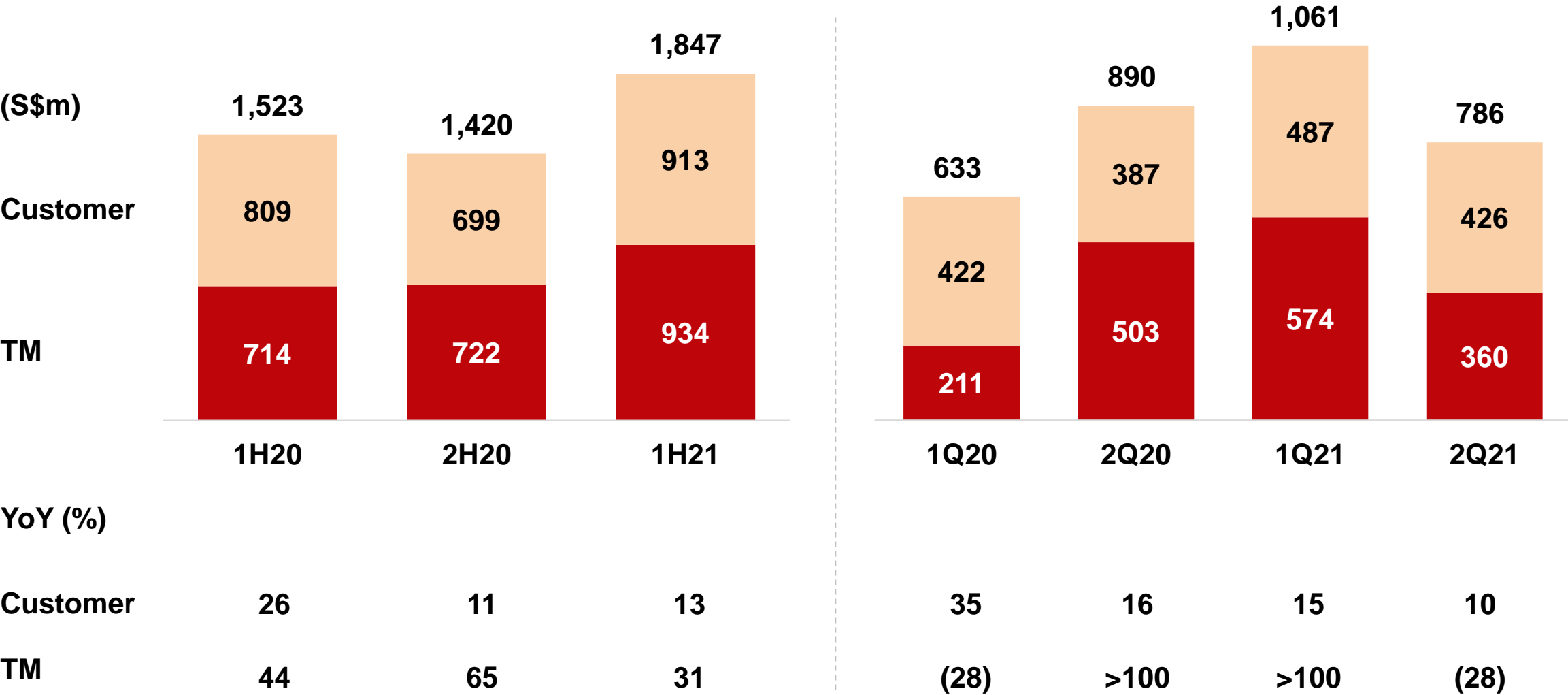
- 1H total income at \$2.71bn, 12% lower than a year ago
- Higher investment product income more than offset by weaker deposit income from lower interest rates
- Wealth Management AUM increases 13% to \$285bn
- Domestic market share maintained
  - SGD savings deposits at 52%
  - Housing loans at 31%

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

(S\$m)	1H21	1H20	YoY %	2H20	HoH %
<b>Total income</b>	<b>3,000</b>	<b>3,009</b>	<b>(0)</b>	<b>2,736</b>	<b>10</b>
Loans	1,699	1,489	14	1,538	10
Trade	378	349	8	370	2
Cash / SFS	424	733	(42)	467	(9)
Treasury	413	382	8	295	40
Investment banking	86	56	53	66	31
<b>Expenses</b>	<b>1,004</b>	<b>973</b>	<b>3</b>	<b>1,014</b>	<b>(1)</b>
<b>Profit before allowances</b>	<b>1,996</b>	<b>2,036</b>	<b>(2)</b>	<b>1,722</b>	<b>16</b>
<b>Assets (S\$bn)</b>	<b>305</b>	<b>302</b>	<b>1</b>	<b>293</b>	<b>4</b>
<b>GTS deposits (S\$bn)</b>	<b>177</b>	<b>158</b>	<b>12</b>	<b>166</b>	<b>7</b>

- 1H total income at \$3bn, stable from a year ago
- Weaker cash management income due to lower interest rates offset by business volume growth
- GTS deposits up 12%

# 1H TM and customer income rise to records



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

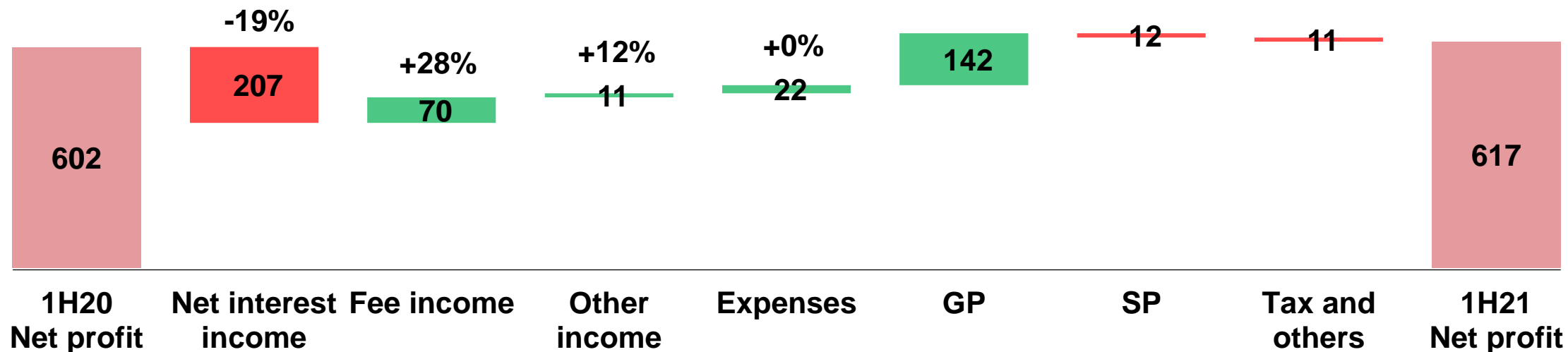
# 1H Hong Kong earnings up 8% on year

(S\$m)	1H21	YoY (%)	Constant-currency YoY%
Total income	1,256	(9)	(5)
Expenses	491	(4)	0
Profit before allowances	765	(12)	(7)
Allowances	27	(83)	(82)
Net profit	617	2	8

- Total income down 5% to \$1.26bn from lower interest rates
- Profit before allowances 7% lower at \$765m
- Total allowances of \$27m down 82% from a high year-ago base

Constant-currency change YoY%:

Impact on earnings: ■ positive ■ negative



# 1H new NPAs at pre-pandemic levels

(S\$m)	1H20	2H20	1H21	1Q21	2Q21
<b>NPAs at start of period</b>	5,773	6,354	6,686	6,686	6,585
<b>IBG and others</b>	419	372	(103)	(153)	50
New NPAs	1,034	985	553	271	288
Upgrades, settlements and recoveries	(437)	(218)	(469)	(272)	(205)
Write-offs	(178)	(395)	(187)	(152)	(33)
<b>CBG / WM</b>	27	(50)	(25)	(7)	(17)
<b>Translation</b>	135	(202)	63	59	3
<b>NPAs at end of period</b>	6,354	6,474	6,621	6,585	6,621
<b>Amalgamation of LVB</b>	-	212	-	-	-
<b>Total NPAs</b>	6,354	6,686	6,621	6,585	6,621
<b>NPL ratio (%)</b>	1.5	1.6	1.5	1.5	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

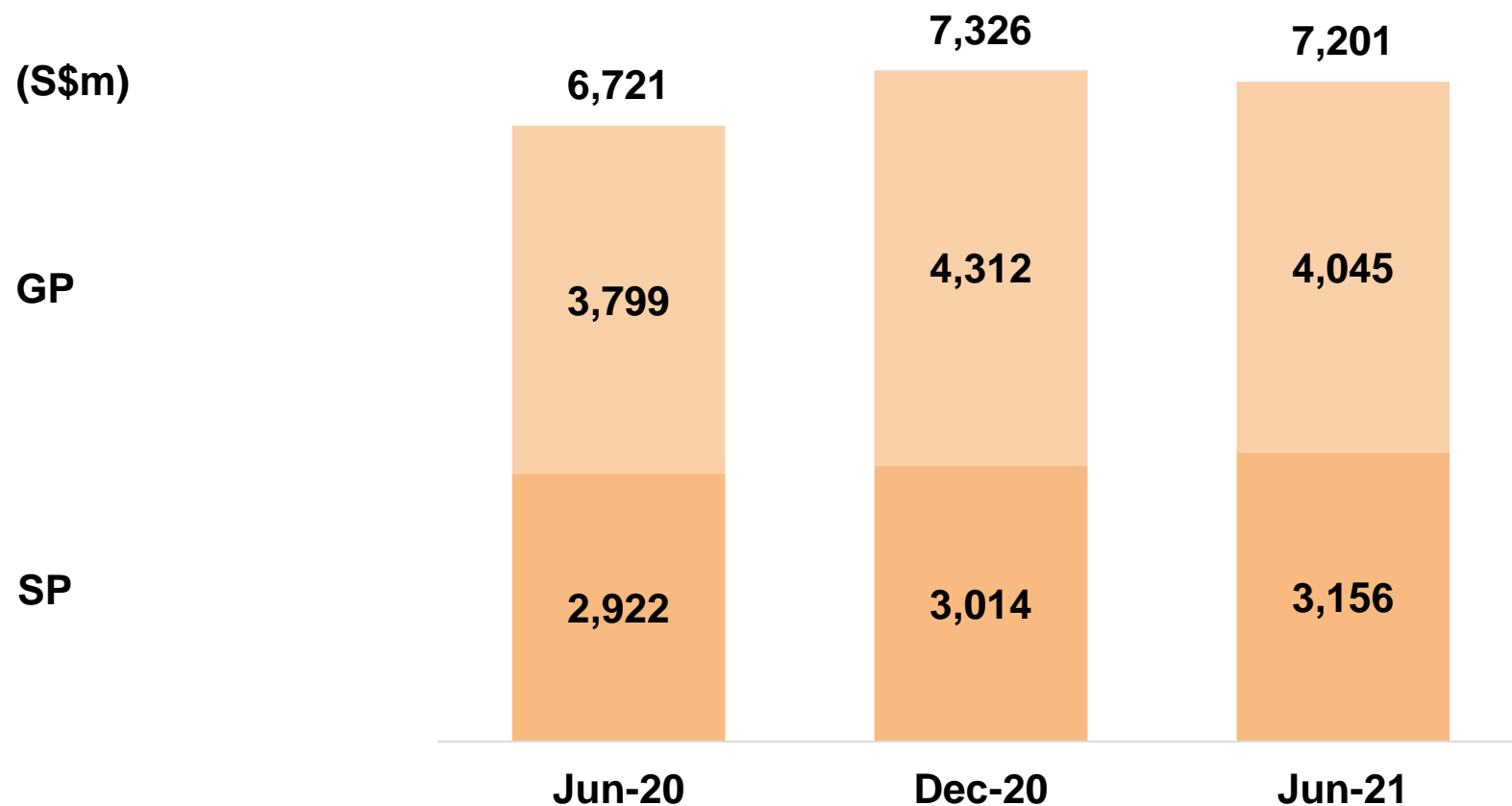
# 1H specific allowances at 18bp of loans, in-line with pre-pandemic levels

(S\$m)	1H20	2H20	1H21	1Q21	2Q21
<b>IBG and others</b>	<b>403</b>	<b>471</b>	<b>271</b>	<b>164</b>	<b>107</b>
<b>Add charges for</b>	<b>514</b>	<b>503</b>	<b>337</b>	<b>181</b>	<b>160</b>
New NPLs	389	331	199	103	82
Existing NPLs	125	172	138	78	78
<b>Subtract charges for</b>	<b>111</b>	<b>32</b>	<b>66</b>	<b>17</b>	<b>53</b>
Upgrades	0	0	0	0	0
Settlements	105	21	50	12	42
Recoveries	6	11	16	5	11
<b>CBG / WM</b>	<b>153</b>	<b>147</b>	<b>73</b>	<b>37</b>	<b>36</b>
<b>SP charges for loans</b>	<b>556</b>	<b>618</b>	<b>344</b>	<b>201</b>	<b>143</b>
<b>Other credit exposures</b>	<b>116</b>	<b>60</b>	<b>19</b>	<b>(2)</b>	<b>21</b>
<b>Total SP charges</b>	<b>672</b>	<b>678</b>	<b>363</b>	<b>199</b>	<b>164</b>
<b>SP / loans (bp)</b>	<b>30</b>	<b>33</b>	<b>18</b>	<b>21</b>	<b>14</b>



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# GP reserves at \$4.05bn remain prudent



- Balance sheet remains well-fortified against risks
- GP reserves above Tier-2 eligibility by \$1.2bn, providing future store of CET-1 to buffer against unforeseen credit deterioration
- GP reserves exceed MAS requirement by \$0.8bn

## Total allowance reserves as % of:

NPA	106	110	109
Unsecured NPA	199	206	199



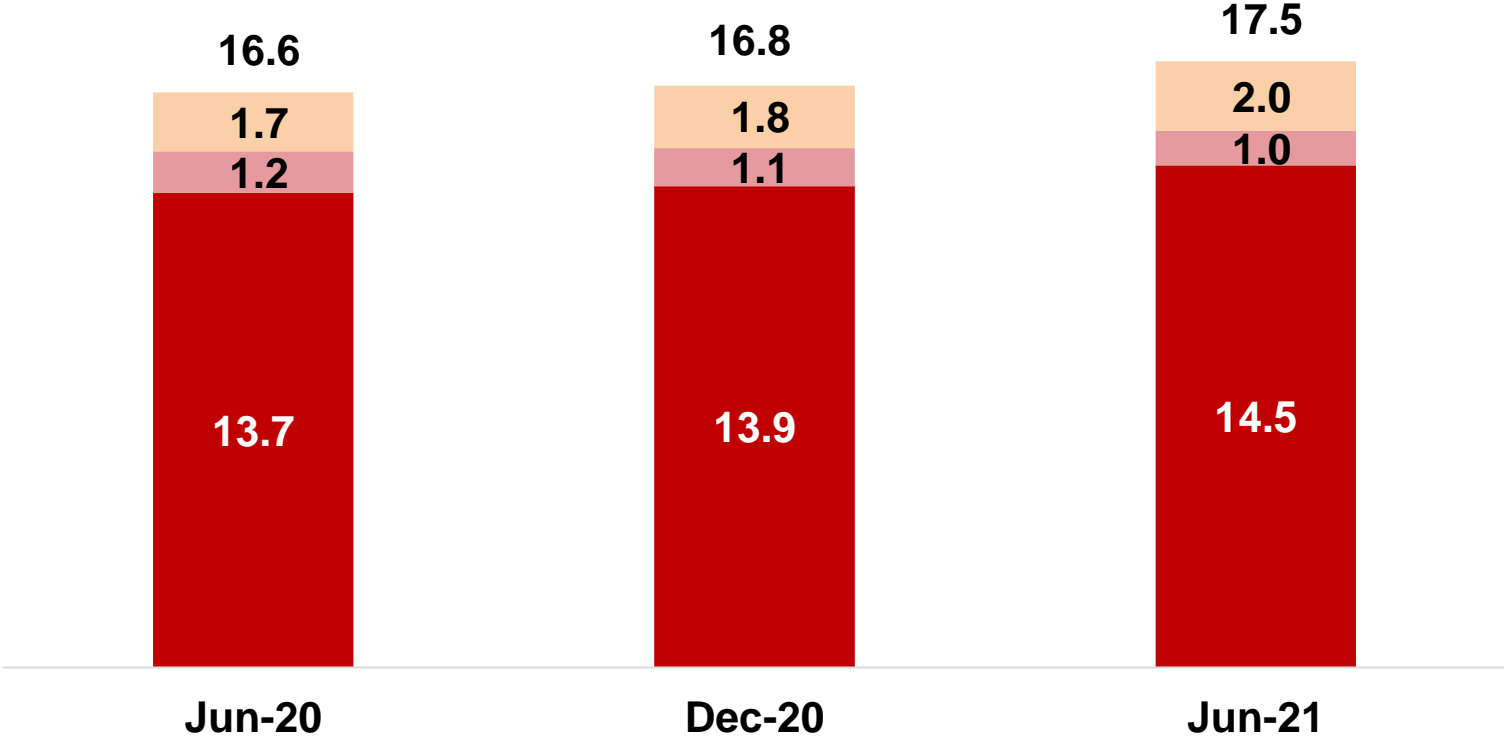
# Strong CET-1 and leverage ratios

(%)

Tier 2

Additional Tier 1

Common Equity Tier 1



RWA (S\$bn)

Leverage ratio (%)

323

6.8

321

6.8

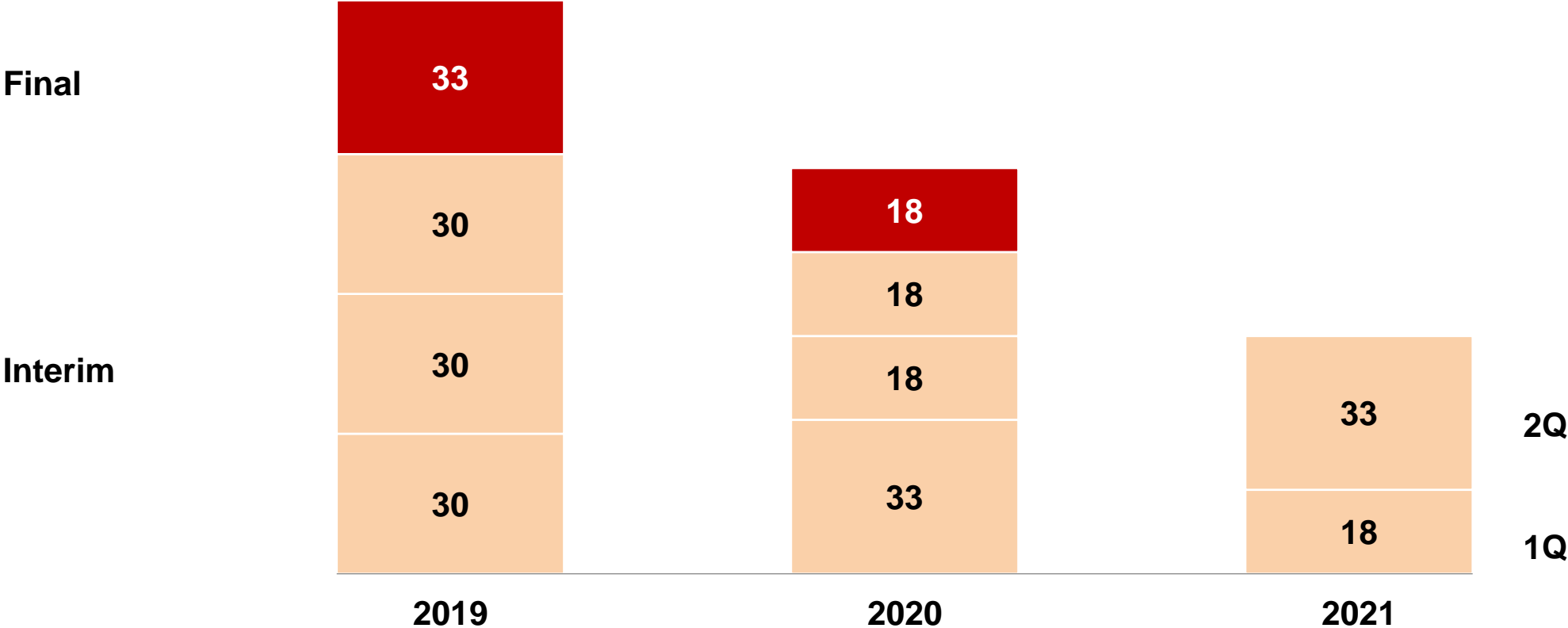
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6.8



# 2Q dividend at 33 cents per share, scrip dividend scheme suspended

(S¢ per share)



# **In summary – Record first-half earnings**

**Exceptional first half with strong business momentum sustained in second quarter**

**Business pipeline remains healthy**

**Asset quality better than expected, with NPA formation and specific provisions at pre-pandemic levels**

**General allowances reserves remain prudent at \$4.05 billion, fortifying balance sheet against risks**

**Well-placed to support customers and deliver shareholder returns as the economic recovery gathers pace**



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# Supplementary slides

**DBS Group Holdings  
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# Record first-half earnings

(S\$m)

**Net interest income**

Fee income

Trading income

Other income

**Non-interest income**

**Total income**

Staff expenses

Other expenses

**Expenses**

**Profit before allowances**

GP

SP

**Allowances**

**Net profit**

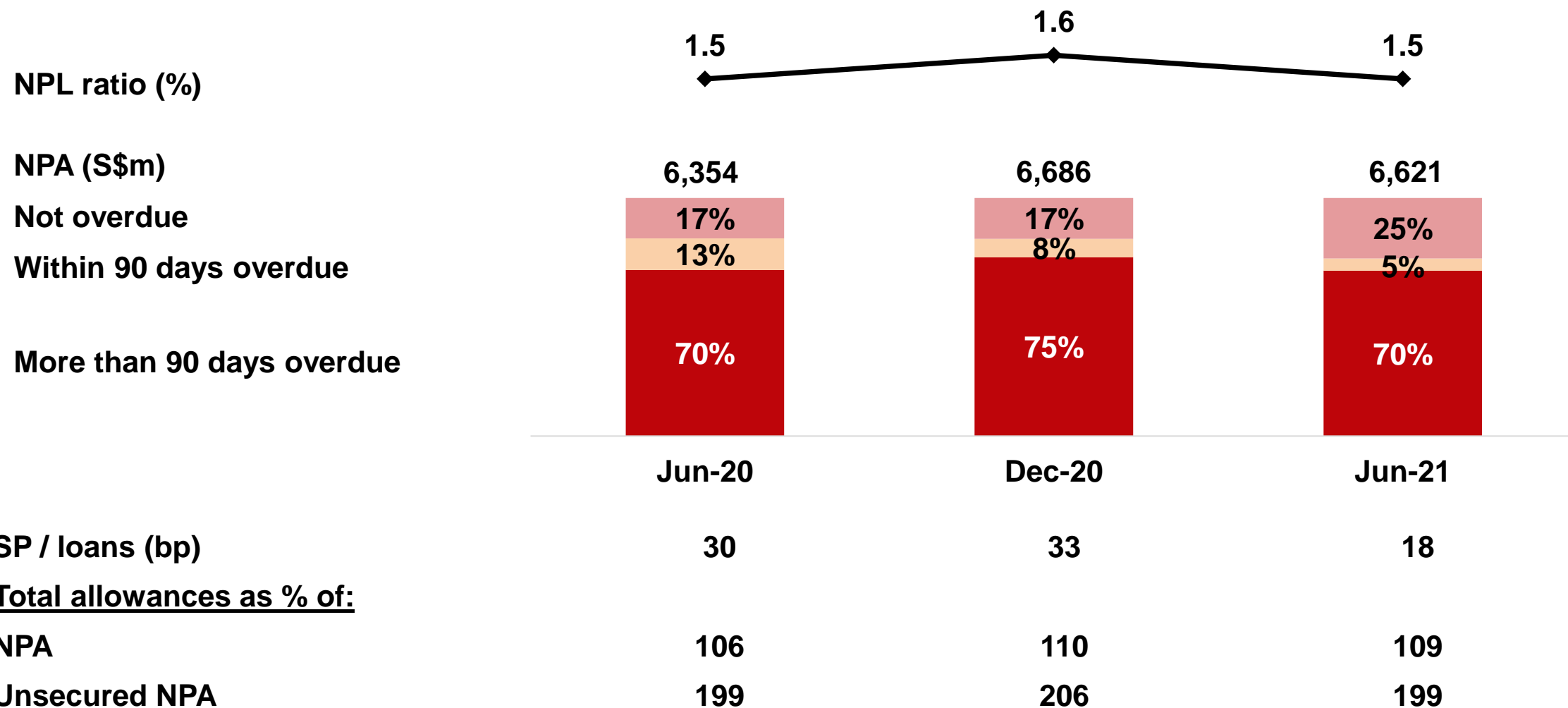
	1H21	1H20	YoY %	2H20	HoH %
<b>Net interest income</b>	<b>4,196</b>	<b>4,785</b>	<b>(12)</b>	<b>4,291</b>	<b>(2)</b>
Fee income	1,821	1,513	20	1,545	18
Trading income	1,040	752	38	653	59
Other income	386	702	(45)	351	10
<b>Non-interest income</b>	<b>3,247</b>	<b>2,967</b>	<b>9</b>	<b>2,549</b>	<b>27</b>
<b>Total income</b>	<b>7,443</b>	<b>7,752</b>	<b>(4)</b>	<b>6,840</b>	<b>9</b>
Staff expenses	1,913	1,754	9	1,796	7
Other expenses	1,217	1,285	(5)	1,323	(8)
<b>Expenses</b>	<b>3,130</b>	<b>3,039</b>	<b>3</b>	<b>3,119</b>	<b>0</b>
<b>Profit before allowances</b>	<b>4,313</b>	<b>4,713</b>	<b>(8)</b>	<b>3,721</b>	<b>16</b>
GP	(275)	1,263	NM	450	NM
SP	364	672	(46)	681	(47)
<b>Allowances</b>	<b>89</b>	<b>1,935</b>	<b>(95)</b>	<b>1,131</b>	<b>(92)</b>
<b>Net profit</b>	<b>3,712</b>	<b>2,412</b>	<b>54</b>	<b>2,309</b>	<b>61</b>

# Hong Kong 1H earnings up 8% on year

Constant-currency terms

(S\$m)	1H21	1H20	YoY %	YoY %	2H20	HoH %	HoH %
Net interest income	690	897	(23)	(19)	710	(3)	(1)
Net fee and commission income	395	325	22	28	336	18	20
Other non-interest income	171	160	7	12	106	61	65
<b>Total income</b>	<b>1,256</b>	<b>1,382</b>	<b>(9)</b>	<b>(5)</b>	<b>1,152</b>	<b>9</b>	<b>11</b>
<b>Expenses</b>	<b>491</b>	<b>513</b>	<b>(4)</b>	<b>0</b>	<b>546</b>	<b>(10)</b>	<b>(9)</b>
<b>Profit before allowances</b>	<b>765</b>	<b>869</b>	<b>(12)</b>	<b>(7)</b>	<b>606</b>	<b>26</b>	<b>28</b>
GP	(18)	124	NM	NM	53	NM	NM
SP	45	33	36	41	122	(63)	(63)
<b>Allowances</b>	<b>27</b>	<b>157</b>	<b>(83)</b>	<b>(82)</b>	<b>175</b>	<b>(85)</b>	<b>(85)</b>
<b>Net profit</b>	<b>617</b>	<b>602</b>	<b>2</b>	<b>8</b>	<b>361</b>	<b>71</b>	<b>73</b>
<b>Net interest margin (%)</b>	<b>1.30</b>	<b>1.74</b>			<b>1.38</b>		
<b>Loan growth (%)</b>				<b>4</b>			<b>7</b>
Non-trade growth (%)				5			5
Trade growth (%)				2			25
<b>Deposit growth (%)</b>				<b>9</b>			<b>(7)</b>

# NPL at 1.5%, allowance coverage above 100%



# Fixed income duration remains well-balanced across the curve

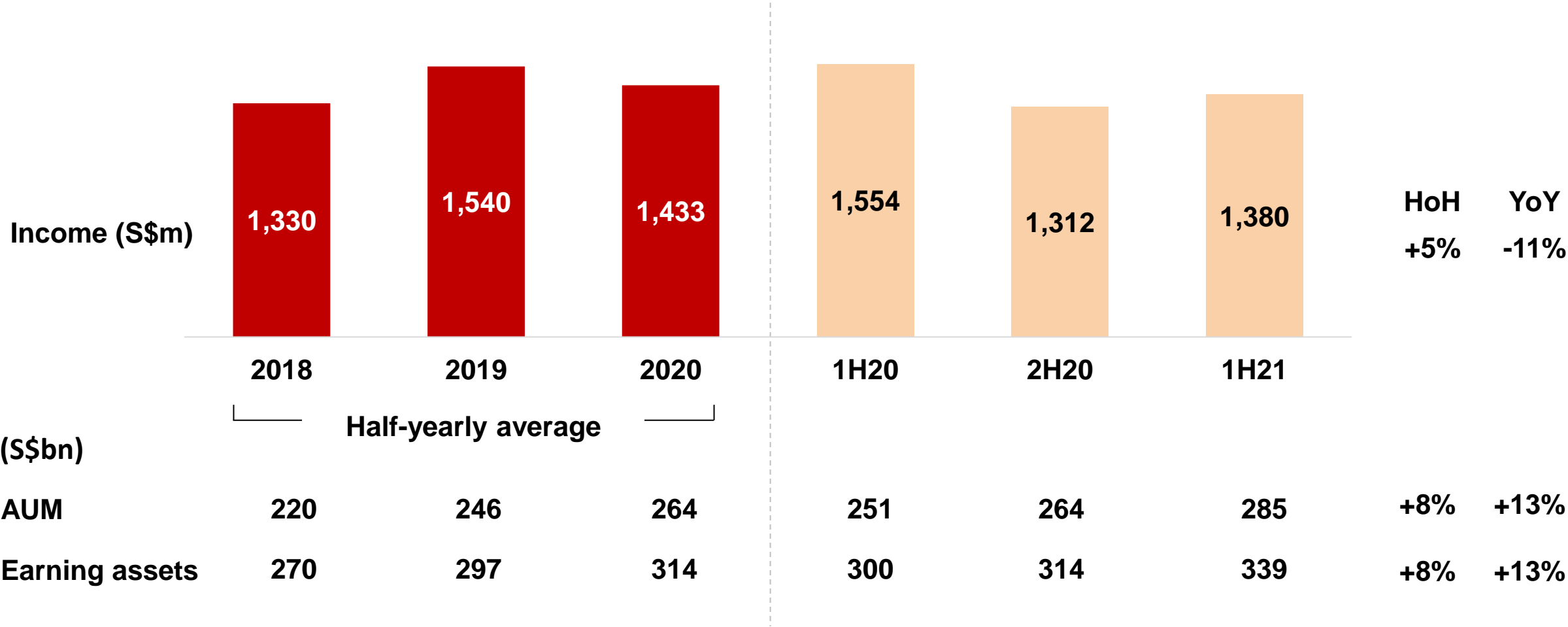
(\$m)	Jun 21	
	FVOCI	HTC
<b>Government securities</b>	<b>18,397</b>	<b>22,359</b>
Less than 3 years	10,926	8,825
3 to 5 years	2,448	4,130
5 to 10 years	4,284	7,954
More than 10 years	739	1,450
<b>Supranational, bank and corporate bonds</b>	<b>17,904</b>	<b>26,392</b>
<b>Total</b>	<b>36,301</b>	<b>48,751</b>



# Deposits up 3% on half and up 9% on year in constant-currency terms

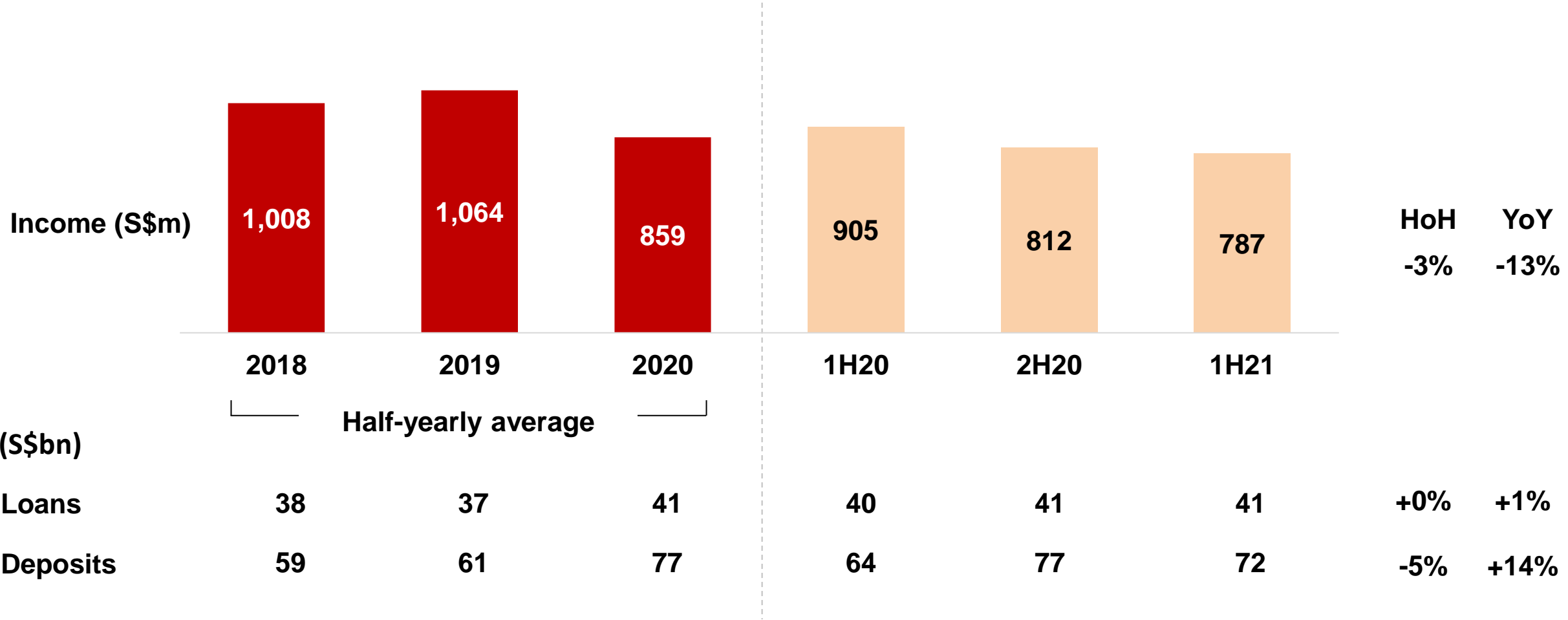
	(S\$bn)	HoH (%)		YoY (%)	
	Jun-21	Reported	Underlying	Reported	Underlying
<b>Deposits</b>	<b>483</b>	<b>4</b>	<b>3</b>	<b>8</b>	<b>9</b>
<b>By product</b>					
Casa	366	8	8	24	25
Fixed deposits and others	116	(8)	(10)	(23)	(22)
<b>By currency</b>					
Singapore dollar	215	5	5	9	9
US dollar	163	7	5	8	12
HK dollar	32	(17)	(19)	(10)	(7)
Chinese yuan	19	16	13	39	33
Others	54	3	2	6	3
<b>LDR (%)</b>	<b>Jun-21</b>	<b>Dec-20</b>		<b>Jun-20</b>	
<b>Overall</b>	<b>82</b>	<b>80</b>		<b>84</b>	
Singapore dollar	73	74		75	
US dollar	73	69		77	

# Wealth Management segment

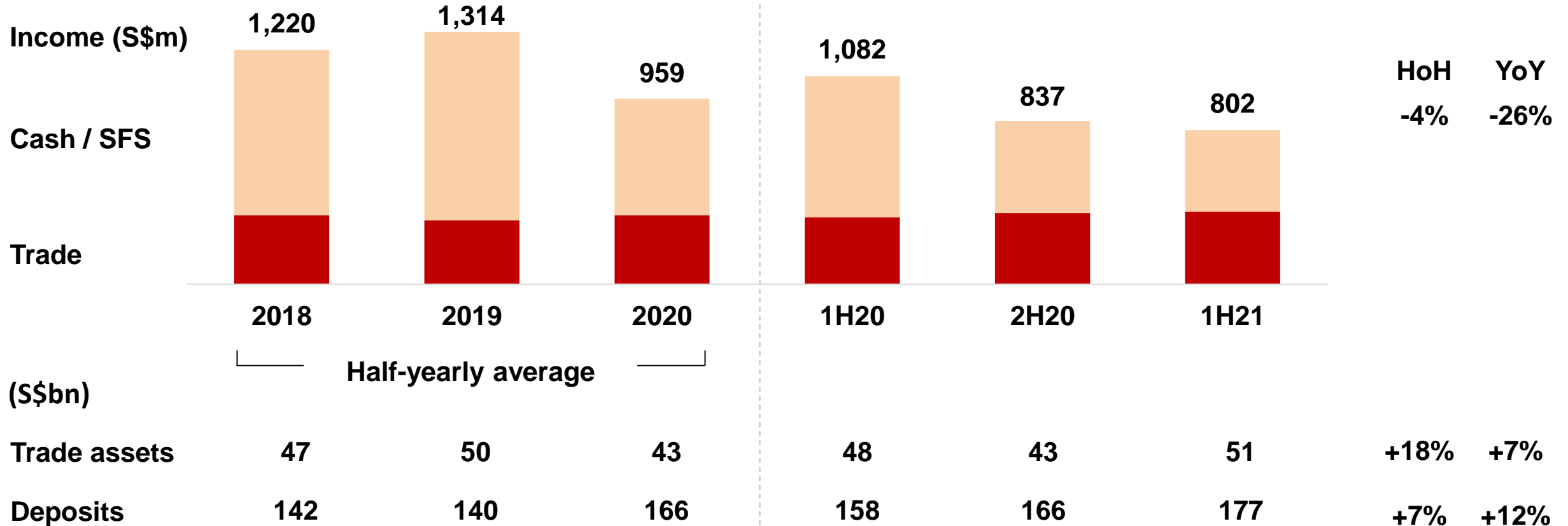


Comprising Treasures, Treasures Private Client and Private Bank

# SME segment



# Global transaction services



Assets and deposits at end of period



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