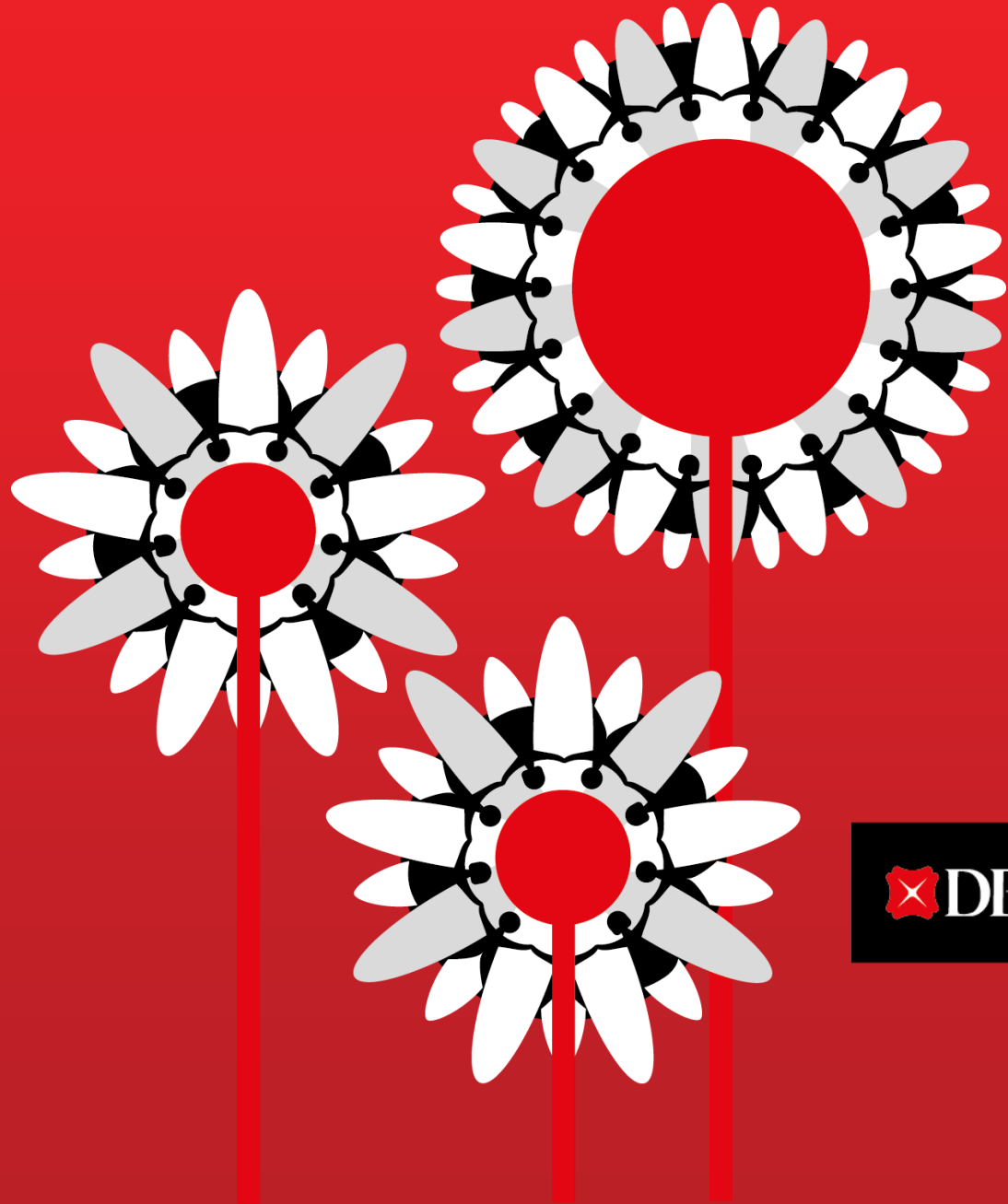


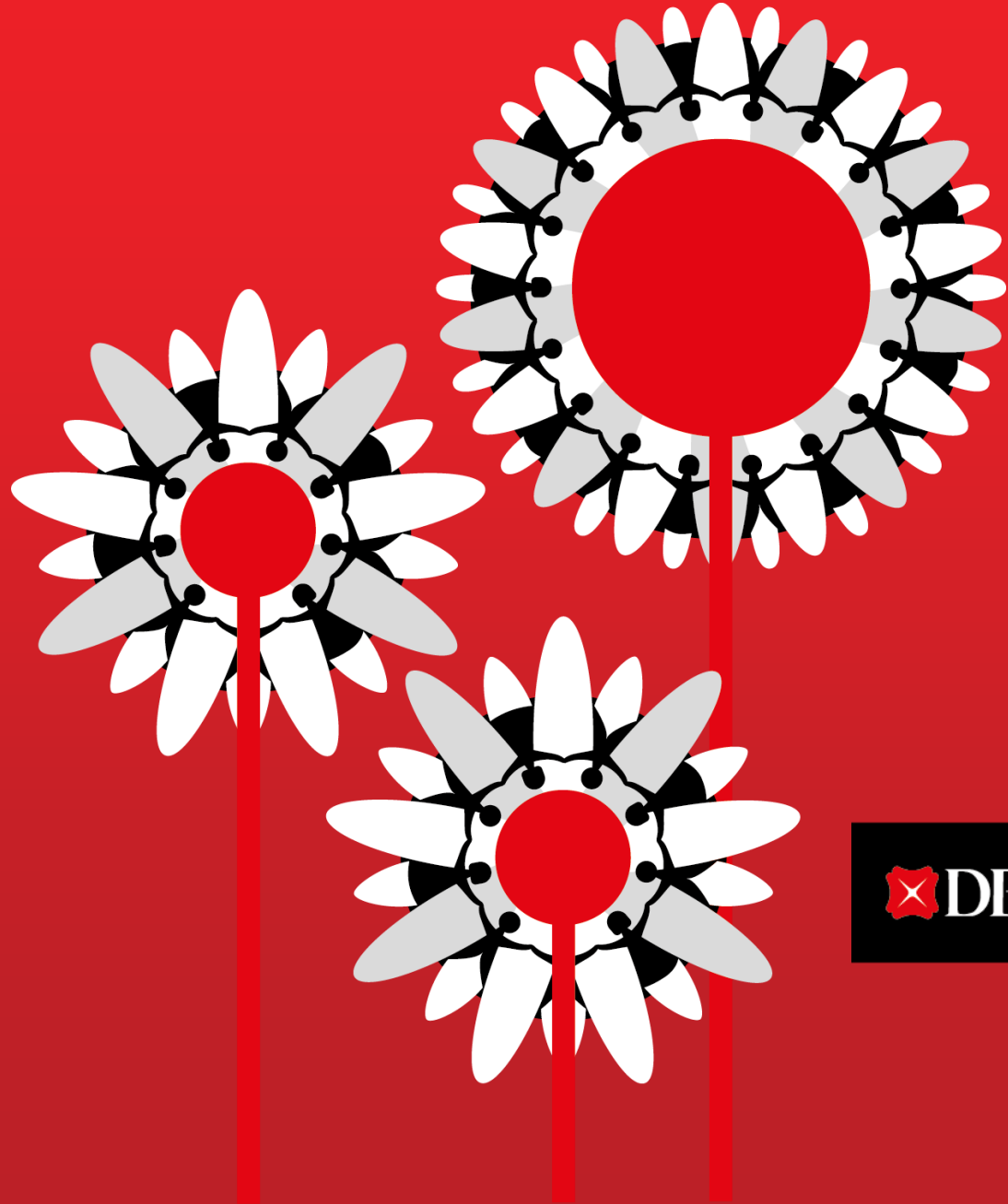
# Annual General Meeting

30 Apr 2020



Live more,  
Bank less

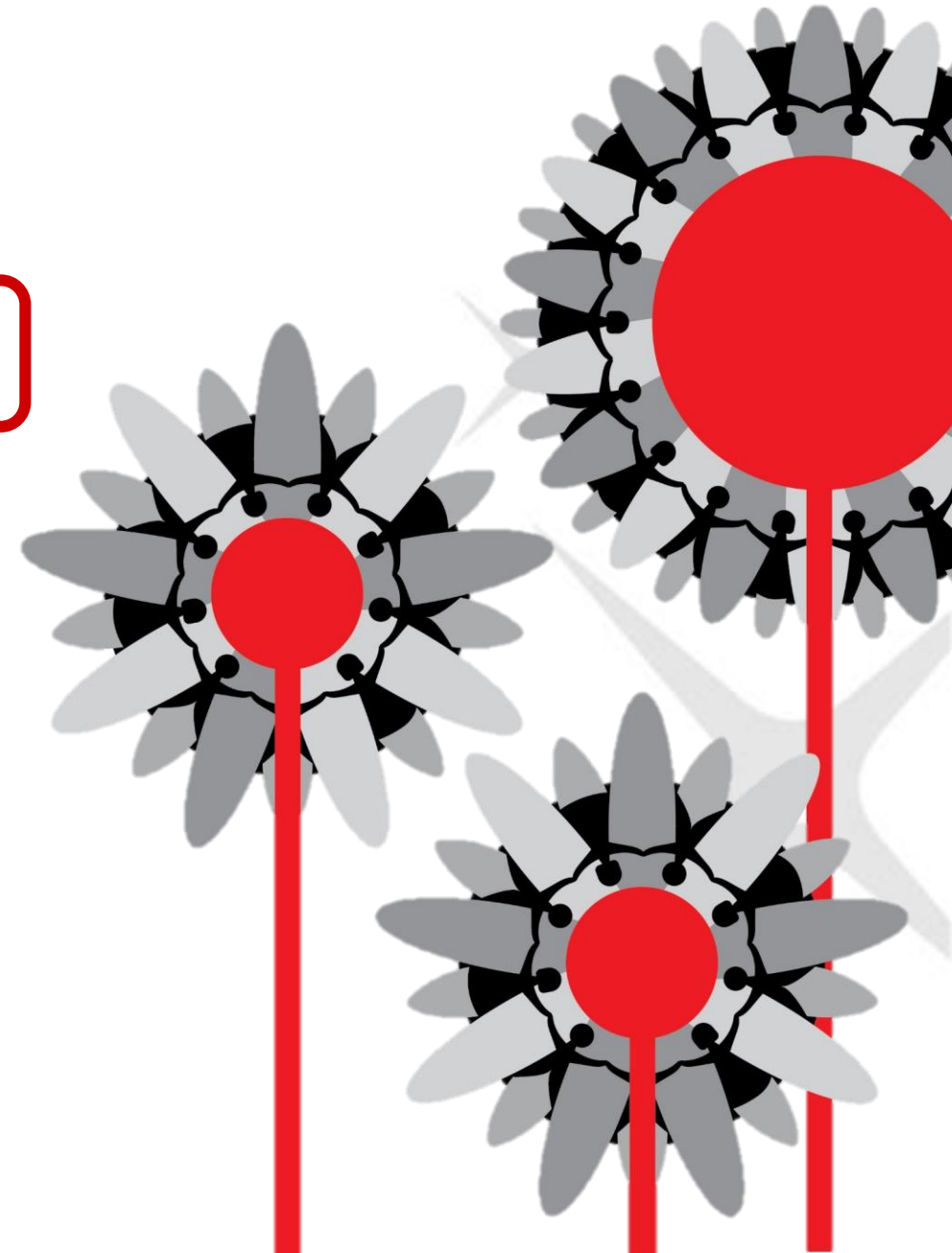
**Piyush Gupta**  
Chief Executive Officer



Live more,  
Bank less

# Agenda

1. Navigating the COVID-19 Crisis
2. Lookback at 2019
3. Outlook: Business, Credit and Dividends

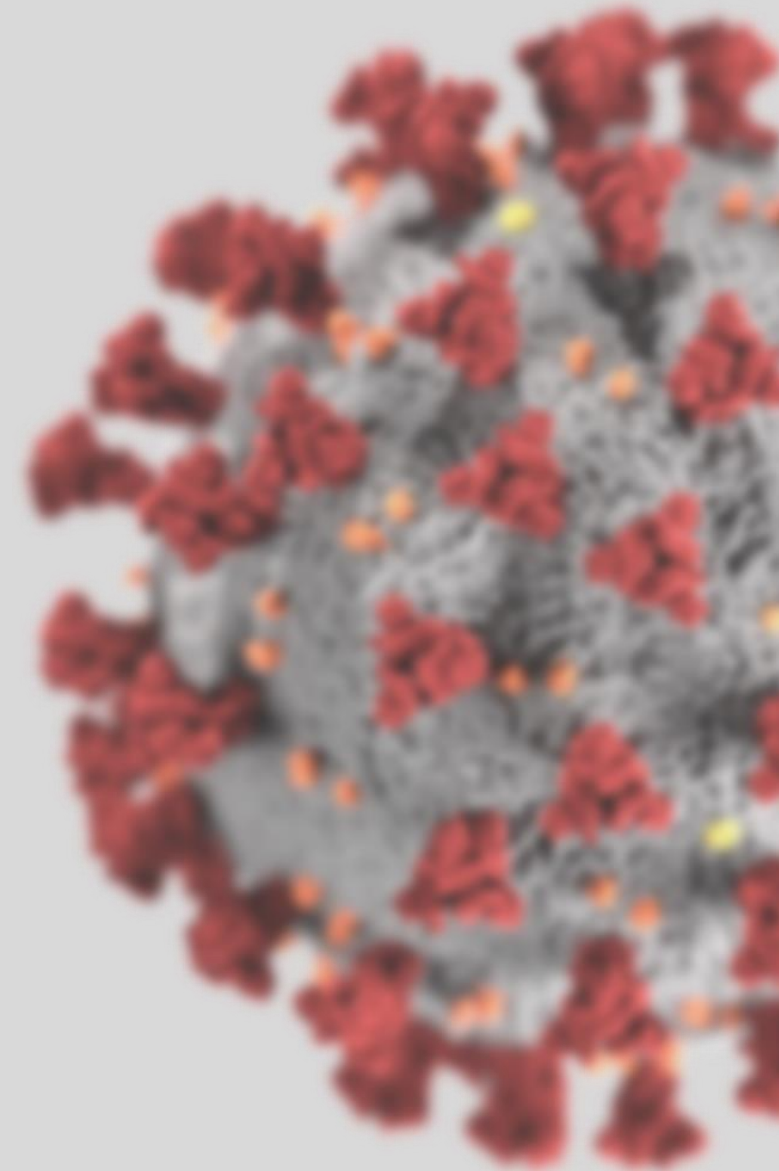


# COVID-19 is a global health crisis

The global death toll has topped 210,000, entire economies are at a standstill, mass unemployment is a very real prospect, and the hope of a vaccine remains uncertain.

In such times, more than ever,

**We all have a part to play in helping each other**



A photograph of a family of four (mother, father, and two children) smiling and embracing each other. The image is slightly faded and serves as a background for the text.

**FOR RETAIL**

## **Providing Support To Our Retail Customers**

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**Close to 8,000** mortgage principal and interest payment applications deferred, representing **\$4.7 billion** in loans outstanding

Providing free COVID-19 insurance for close to **1.2 million** customers and their families

Allowing eligible SG consumers to convert their credit card and cash line outstandings to term loans at a reduced interest rate



**FOR CORPORATES**

# Providing Cash Flow Support To Our Corporate Customers

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Providing loan moratoriums for **> 1,800** corporate facilities representing **> \$3.4 billion** in loans outstanding

Availed **\$3.2 billion** in loan facilities to SG SMEs under government relief programme

Prudent lending to large corporates to help ease liquidity needs

**FOR CUSTOMERS**

# Leveraging our digital solutions to help customers

---

**Enhanced account opening** to ensure corporates and individuals meet demand: Record **>35,000** accounts opened digitally for migrant workers in < 2 weeks

Enabled **contact free banking services** - from tele-advisory for financial planning to allowing online trade documentation uploads

**Guided conversations via Chatbot** for COVID-19 relief measures and assistance

**FOR EMPLOYEES**

# Standing together with our employees

---

**No retrenchment** across all markets

**Care packages** for all staff (including masks, hand sanitisers and vitamins)

Still **hiring judiciously**; internships and graduate programs to continue

Launched **TOGETHER Campaign** to boost employee morale



**FOR COMMUNITIES**

## **Doing our part for the community**

---

**\$10.5 million** DBS Stronger Together Fund supporting people affected by COVID-19 regionally

**4.5 million** meals and care packs to vulnerable communities; fund medical equipment and supplies

**Special loans & grants** for social enterprises supported by the DBS Foundation



## Operational resilience

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Business volumes are strong, with no loss in productivity

Seamless remote working:

**~90%** RMs and **>70%** traders WFH

**~99%** of developers and **>50%** of operations WFH

Digital capabilities served us well for contact tracing and managing office occupancy



# Telecommuting at scale

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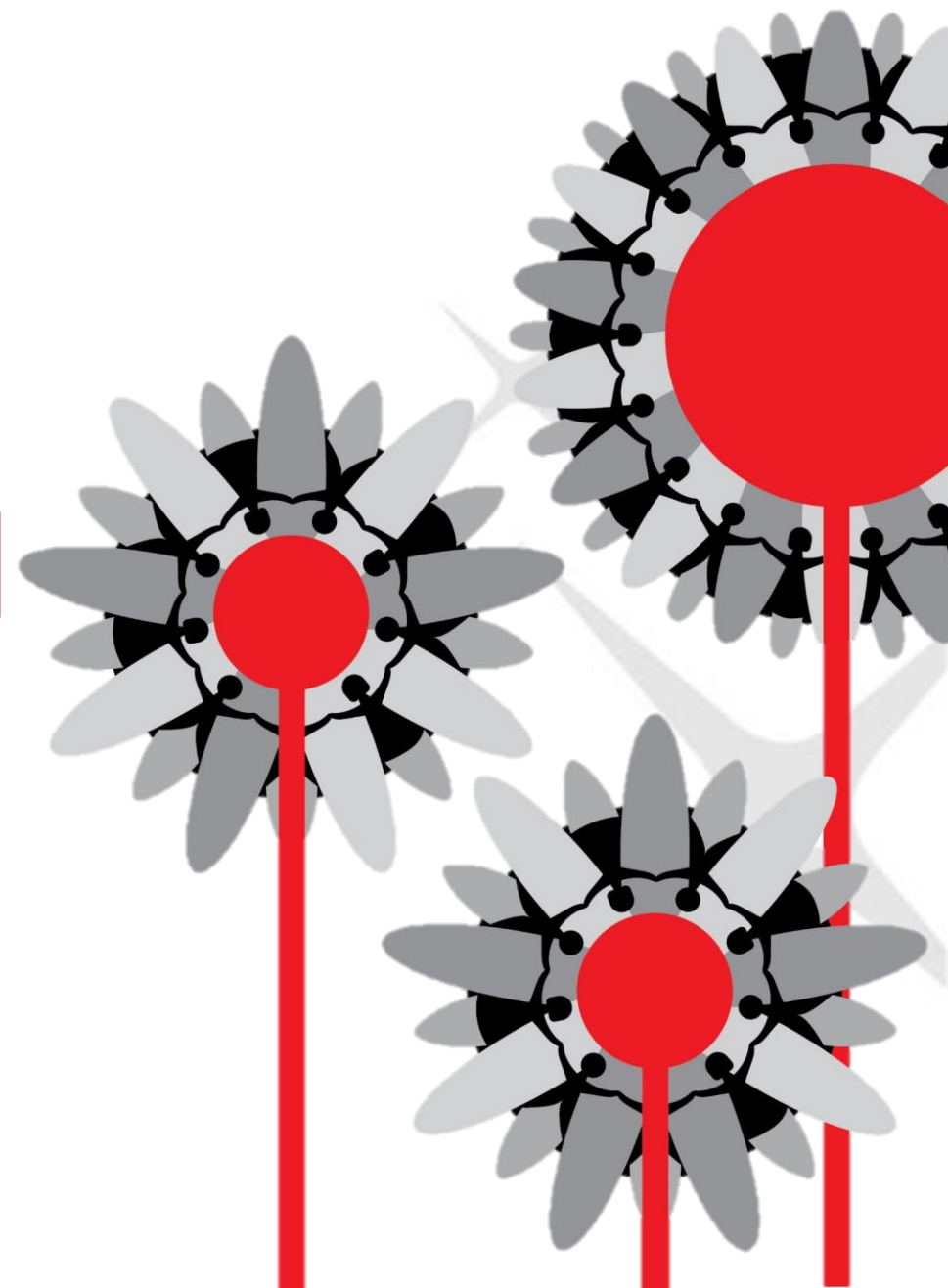
**> 1.2 million** virtual meetings in April, a 9x increase

**> 50** eTownhalls attended by **> 20,000** staff

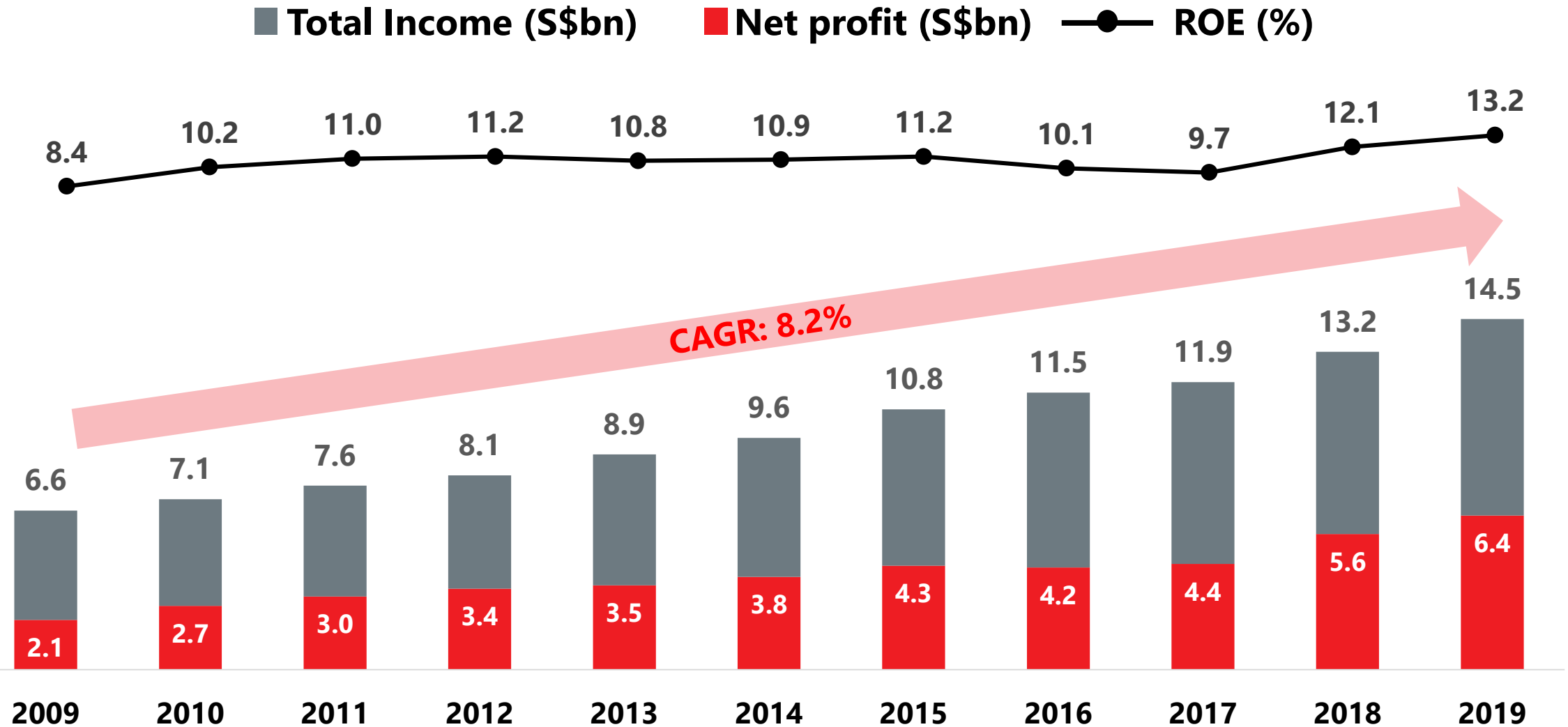
**> 100** training courses conducted online, benefitting **> 15,000** staff

# Agenda

1. Navigating the COVID-19 Crisis
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# A decade of strong performance





# Strong financial performance in 2019

Underscoring the success of our strategy to structurally improve the profitability of our franchise

(S\$m)		FY19	YoY (S\$)	YoY (%)
<b>Total income</b>	<b>Record</b> →	<b>14,544</b>	<b>1,361</b>	<b>10</b>
Net interest income		9,625	670	7
Non interest income		4,919	691	16
Expenses		6,258	460	8
<b>Operating profit</b>	<b>Record</b> →	<b>8,286</b>	<b>901</b>	<b>12</b>
Allowances		703	(7)	(1)
<b>Net profit</b>	<b>Record</b> →	<b>6,391</b>	<b>766</b>	<b>14</b>
<b>Return on equity (%)</b>	<b>Record</b> →	<b>13.2</b>	-	<b>1ppt</b>
Net interest margin (%)		1.89	-	4bp
Cost-income ratio (%)		43	-	(1)ppt

# Broad-based business momentum

Attesting to a resilient franchise that is able to navigate market volatility and capture opportunities

## Institutional Banking Group: Total Income \$6.07 billion

▲ **5% in Total Income**

▲ *5% in Large Corporates*

▲ *6% in SME*

**66%** ▲

Investment  
banking fees

**14%** ▲

Cash  
management  
income

**60%** ▲

Sustainable  
finance  
transactions

**> 40k**

new customers  
acquired

## Consumer Banking Group / Wealth Management: Total Income \$6.30 billion

▲ **11% in Total Income**

▲ *8% in Retail*

▲ *16% in Wealth*

**53%**

Maintained pole  
position on SGD  
deposits

**11%** ▲

Credit Card fees

**11%** ▲

Wealth AUM

**> 800k**

new customers  
acquired

# Strong balance sheet

## Strong capital

CET-1: 14.1%

Above management operating range and regulatory requirements

## Strong total allowance reserves

Allowance coverage: 94%  
With collateral: 191%

General allowances (\$2.5 bn) account for half of our total allowance reserves

## Strong liquidity

LCR: 136%  
NSFR: 110%  
LDR: 89%

Regulatory ratios well above requirements, ample liquidity to support business operations in stressed funding conditions

# Agenda

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# Business outlook

## 1Q profit before allowances growth of 20% provides head start for year

- Full-year profit before allowances to be around 2019 levels after factoring in declines for rest of year
- Provides capacity to absorb expected increase in allowances

## Interest rates are main pressure to earnings

- 1Q NIM does not reflect impact of recent interest rate cut
- Impact to be felt from 2Q as benchmark rates driving NIM decline



# Business outlook

## Business volume holding up

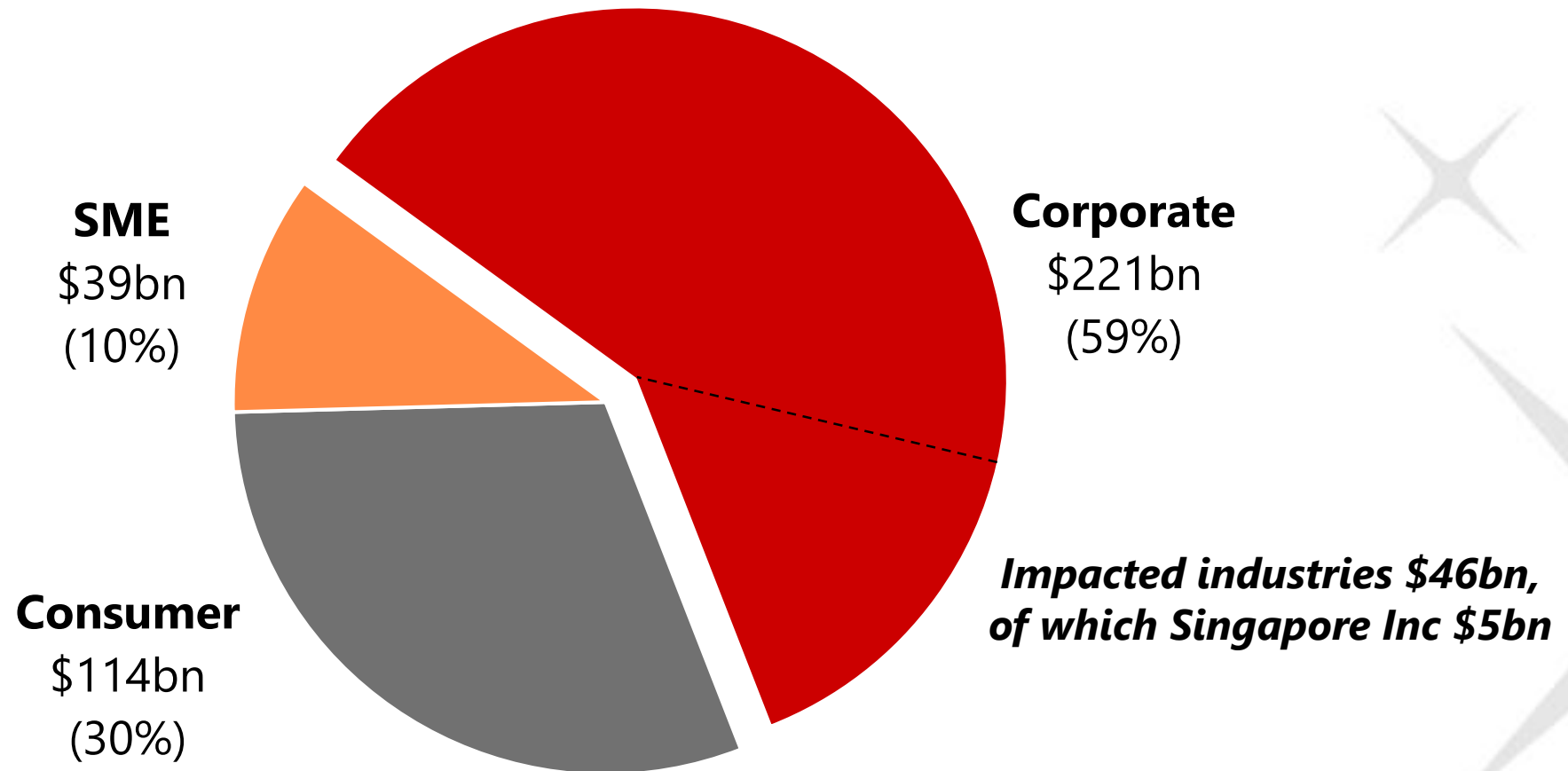
- Loan growth resilient
  - Healthy non-trade corporate loan pipeline from top-end customers
  - Trade loans affected by lower global trade volumes
  - Housing and consumer loans expected to be little changed
- Record deposit inflows from flight to safety, expected to continue
- Fee income likely lower but mitigated by diversified fee income streams
- Other non-interest income provides upside

# Business outlook

## Expenses to be tightened

- No retrenchments or pay cuts, but hiring judiciously
- Discretionary non-staff costs (e.g. travel) reduced
- Investments to be prioritised
- Bonuses will be aligned to earnings

# Loan composition



# Credit costs to rise

## Credit costs to rise to between \$3bn-5bn (80-130bp) cumulatively over two years

- Two scenarios used to derive estimates
  - Base scenario
    - Lockdowns in major economies until mid-2020
    - Gradual recovery in 2H20, muted growth in 2021
    - Financial market correction of 20% in 2020
  - Stress scenario
    - Lockdowns in major economies until end-3Q20
    - Gradual recovery from end-2020, economic activity in 2021 still materially below 2019 levels
    - Financial market correction of 50% in 2020
- Results comparable to 2002-03 recession and 2008-09 GFC

# Consumer

## Housing

- Loan size of \$75bn
- Minimal losses expected, as in past crises
- Prudent regulations on LTV limits and debt servicing ratios
- Average LTV of 55% in Singapore and 32% in Hong Kong
- Loans principally for owner-occupation

## Unsecured credit

- Loan size of \$11bn, 3% of group loans
- In Singapore, borrowing limits have been progressively tightened since 2015



# SME

- Loan size of \$39 billion
- Almost 90% of SME exposure in Singapore and Hong Kong
- Predominantly secured against property
- Lending criteria tightened over past two years
- 10% to highly impacted industries such as hotels, food and beverage, and retailers
- Hong Kong portfolio already been through prolonged stress

# Large corporates

- Identified eight industries more directly impacted by slowdown – Oil and gas, Aviation, Hotels, Gaming/cruise ships, Tourism, Retail, Food and beverage and Shipping
- Total loans of \$46bn, of which oil and gas is biggest sector with \$23bn
- Carried out review using name-by-name review based on stress test assumptions according to industry
- Identified about 20% for close monitoring

# Entering slowdown with strong balance sheet

## Strong capital

CET-1: 13.9%

Above management operating range and regulatory requirements

## Strong general allowance reserves

GP: \$3.2bn

GP reserves include management overlays of around \$1bn

## Strong liquidity

LCR: 133%  
NSFR: 112%  
LDR: 83%

Regulatory ratios well above requirements, ample liquidity to support business operations in stressed funding conditions

# 1Q dividend maintained at 33 cents per share

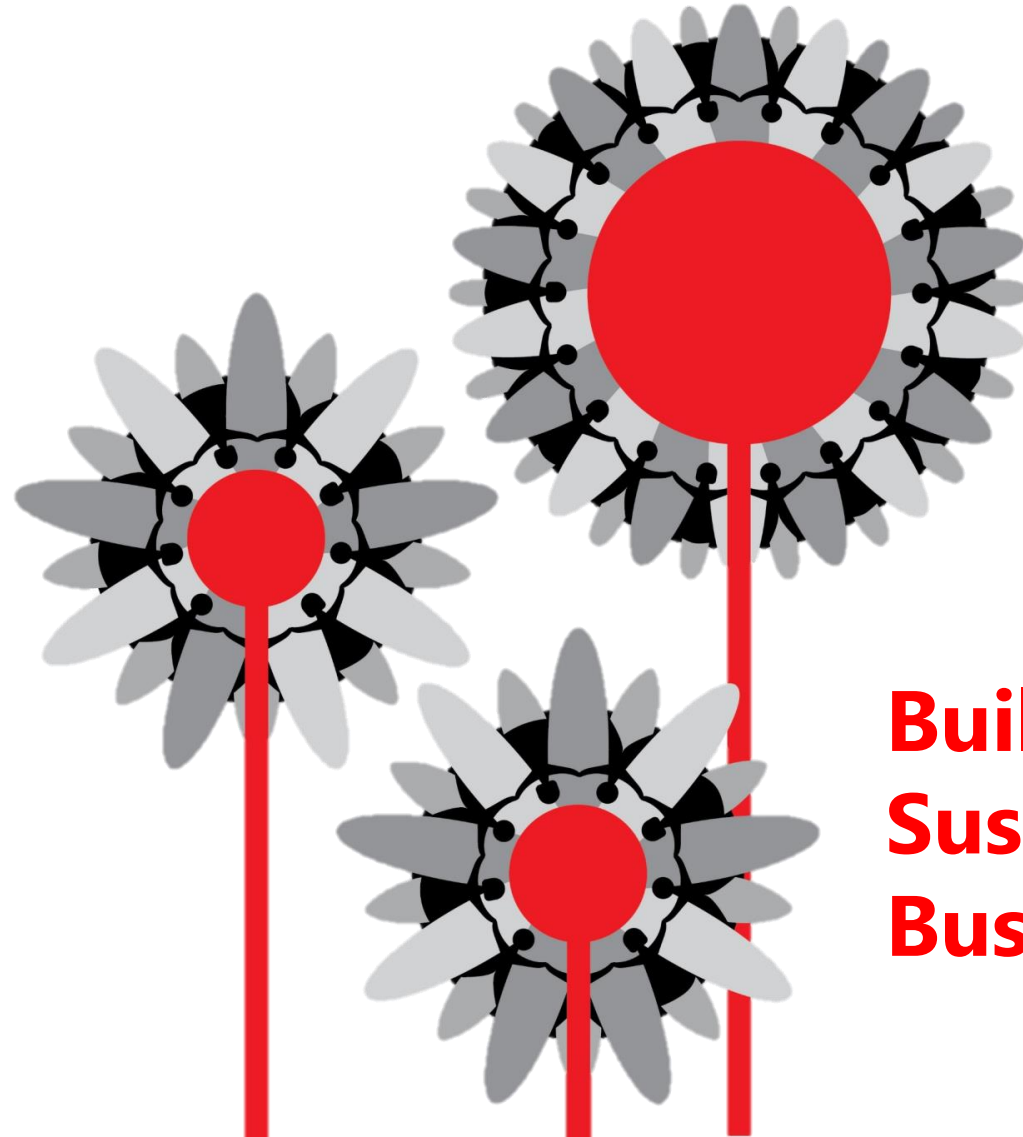
- Earnings generation currently expected to be sufficient for maintaining quarterly DPS at 33 cents
- Barring significant macroeconomic worsening, CET-1 envisaged not to dip significantly below target operating range of 12.5-13.5%
- Will continue to assess prospective impact of COVID-19 crisis on financial performance, credit costs and capital ratios, and adjust dividend policy as appropriate

# We Will Remain Focussed On Our Strategies

**Being Digital  
to the Core**

**Capturing  
Opportunities  
in Asia**

**Building a  
Sustainable  
Business**





# We are pitching in.

**Banks have an integral role to play in helping people, economies and sharing the pain.**

**During these headwinds, we will continue to be sensible about credit and expenses while we navigate this crisis with our customers.**

**We will continue building on our future for our stakeholders:  
shareholders, employees,  
customers and the community.**



**World's Best Bank**

Euromoney, 2019

**Bank of the Year – Global**

The Banker, 2018

**Best Bank in the World**

Global Finance, 2018

**Top 10 Business Transformations of the Last Decade**

Harvard Business Review, 2019

**Bloomberg Gender-Equality Index**

Bloomberg, 2018-2020

**FTSE4Good Global Index**

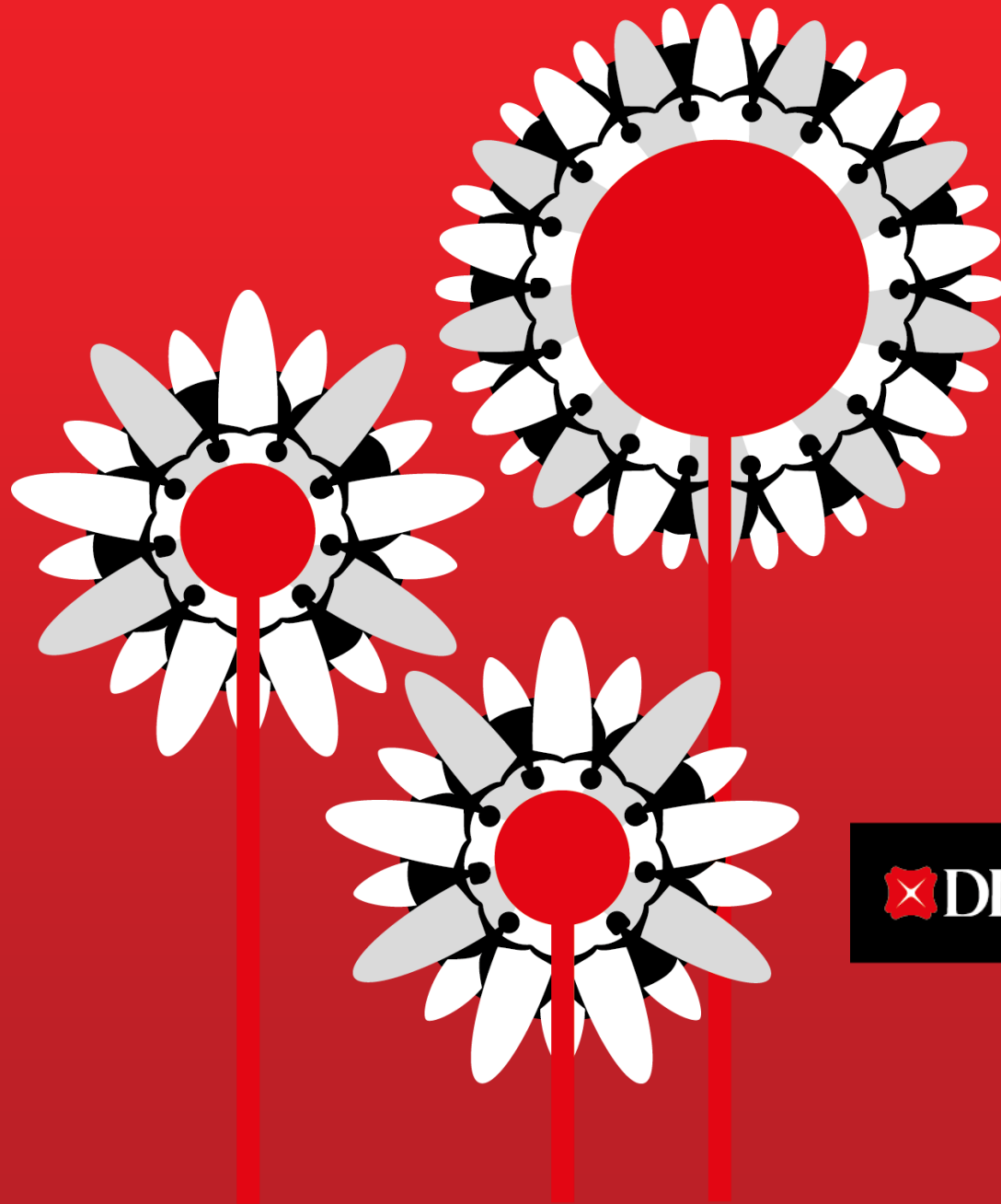
FTSE Russell, 2017-2019

**Dow Jones Sustainability Index (Asia-Pacific)**

S&P Dow Jones Indices/ RobecoSAM, 2018-2019

**Social Enterprise Champion of the Year (Corporation)**

President's Challenge/ raiSE, 2019



Live more,  
Bank less