



Live more,
Bank less

Record full-year earnings

DBS Group Holdings
4Q 2019 financial results
February 13, 2020

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Highlights

Full-year earnings up 14% to record \$6.39 billion

- Total income increases 10% to \$14.5 billion from broad-based business momentum
- Cost-income ratio improves one percentage point to 43%
- ROE rises from 12.1% a year ago to a record 13.2%

Fourth-quarter earnings up 14% from year ago to \$1.51 billion

- Total income up 7% to \$3.46 billion from loan growth and a double-digit improvement in fee income
- Fee income up 17% to \$741 million led by wealth management and investment banking fees

Balance sheet remains strong

- Non-performing assets stable from previous quarter, NPL rate unchanged at 1.5%, fourth-quarter specific allowances of 21 basis points of loans in line with recent quarters
- CET-1 at 14.1%, LCR at 139%, NSFR at 110%

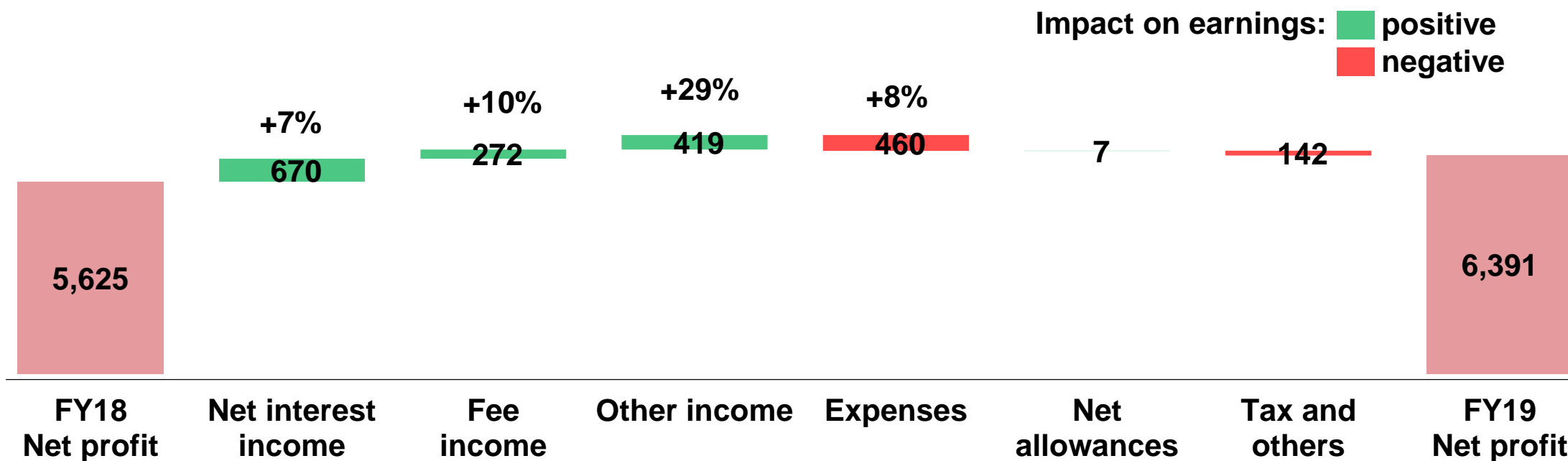
Quarterly dividend per share rises from 30 cents to 33 cents

- Full-year 2019 payout at \$1.23
- Barring unforeseen circumstances, annualised payout going forward rises to \$1.32

Full-year net profit up 14% on year

(S\$m)		FY19	YoY %
Total income	record	14,544	10
Expenses		6,258	8
Profit before allowances	record	8,286	12
Allowances		703	(1)
Net profit	record	6,391	14

- Record total income underpinned by non-trade corporate loan growth, higher net interest margin, record fee income and stronger trading income
- Positive jaw results in one-percentage-point improvement in cost-income ratio to 43%
- SP stable at 20 basis points of loans



4Q net profit rises 14% on year

(S\$m)	4Q19	YoY %
Total income	3,461	7
Expenses	1,600	7
Profit before allowances	1,861	7
Allowances	122	(40)
Net profit	1,508	14

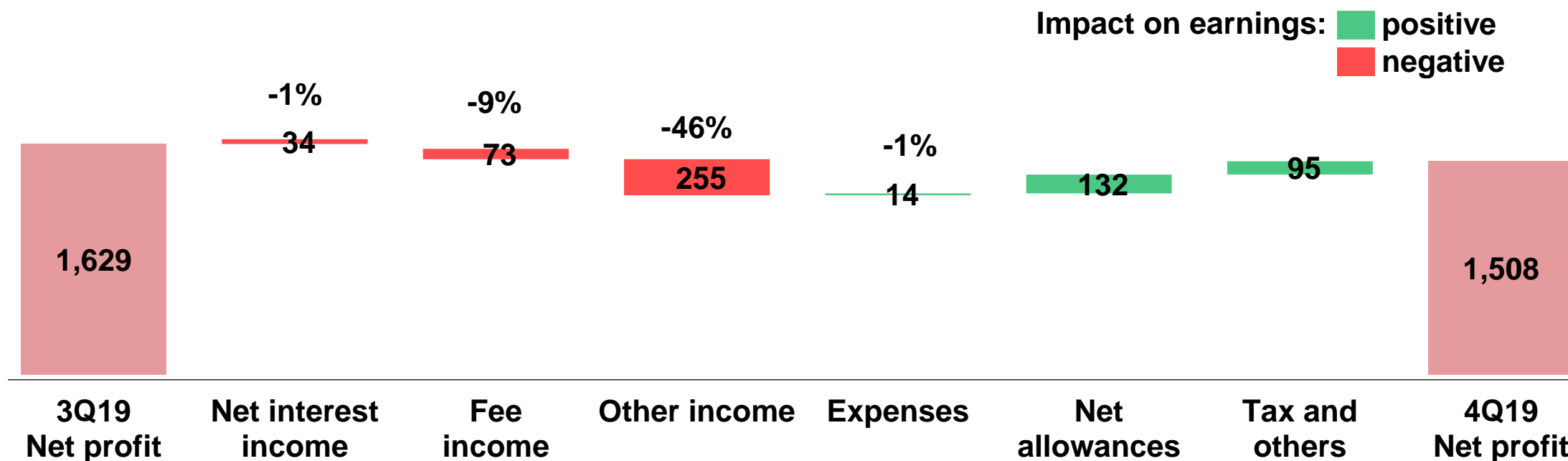
- Total income up 7% from loan and fee income growth
- Fee income up 17% led by wealth management and investment banking
- Total allowances decline from lower SP and higher GP write-back



4Q net profit 7% lower on quarter

(S\$m)	4Q19	QoQ %
Total income	3,461	(9)
Expenses	1,600	(1)
Profit before allowances	1,861	(16)
Allowances	122	(52)
Net profit	1,508	(7)

- Total income down 9% due to seasonally-lower non-interest income and a decline in net interest margin from lower interest rates
- Net interest income stable as lower net interest margin offset by broad-based loan growth
- Total allowances decline due to GP write-back

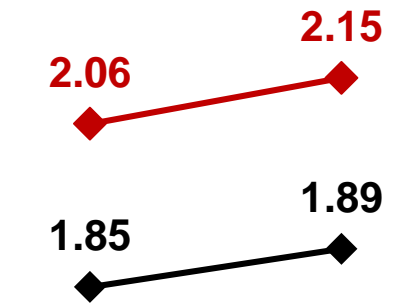


Net interest margin down 4bp on quarter from lower interest rates

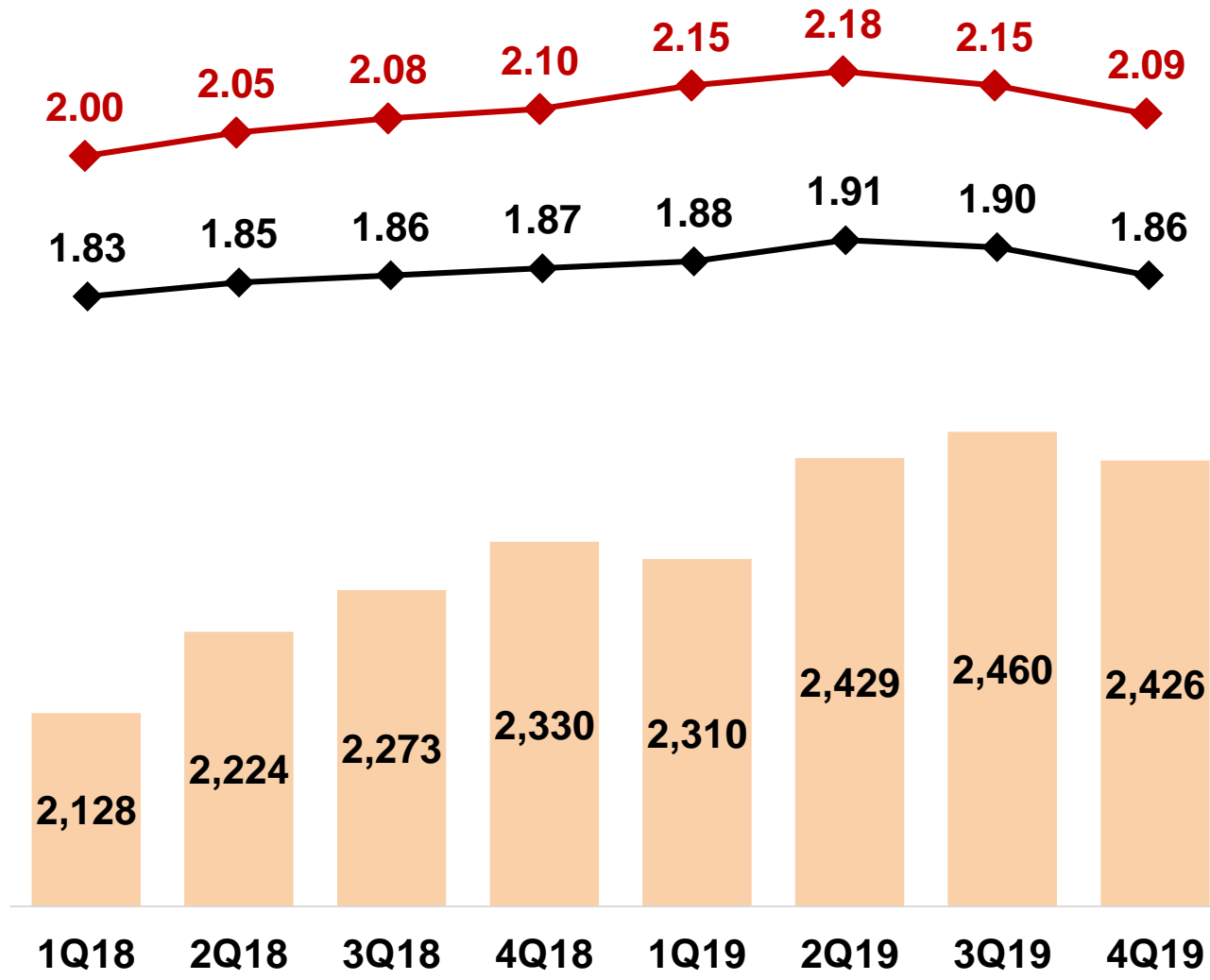
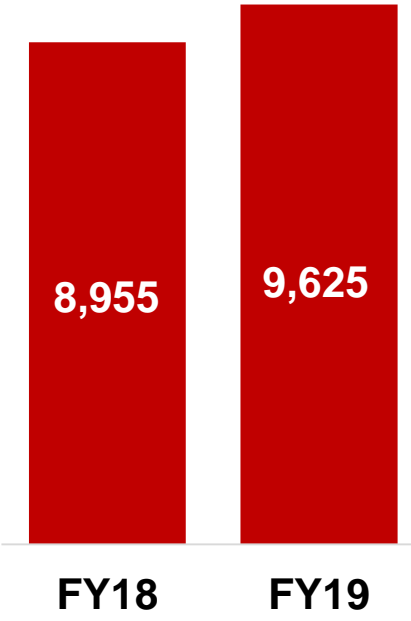
Net interest margin (%)

Excluding TM

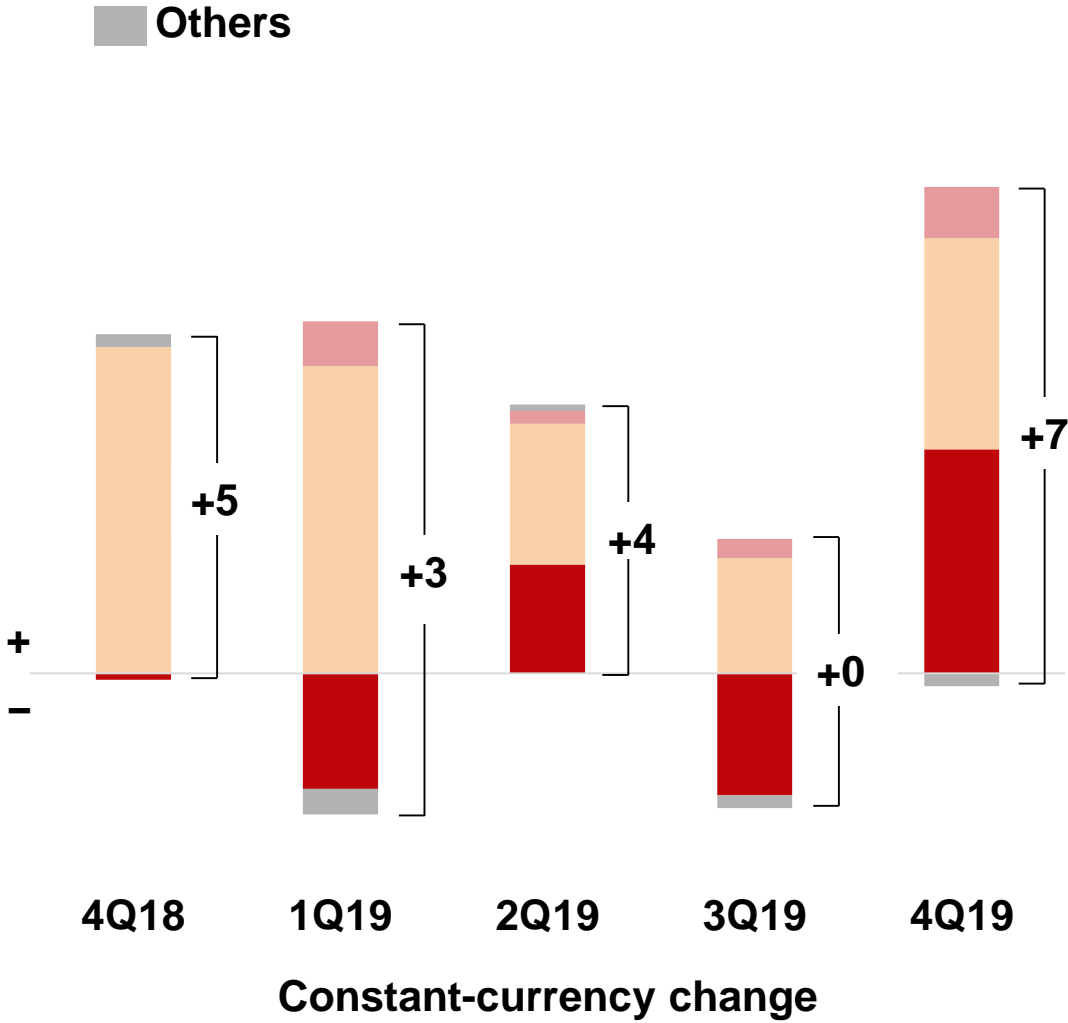
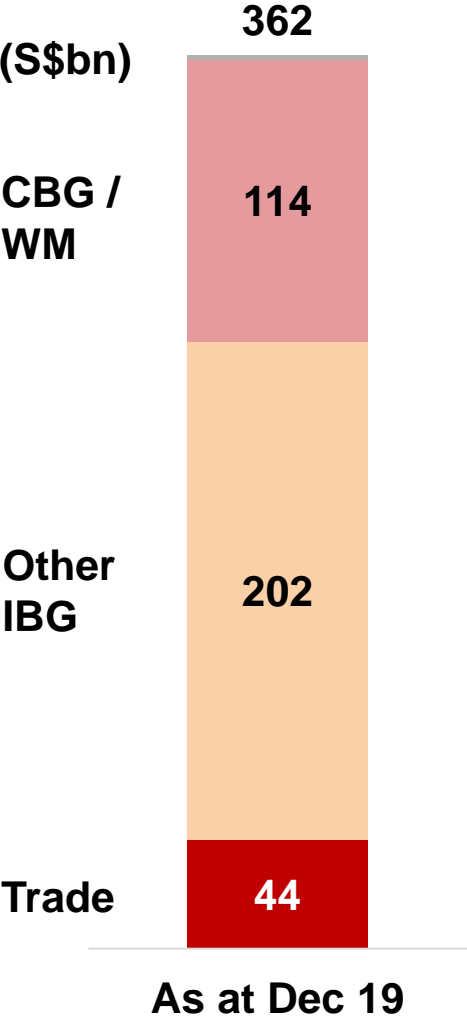
Group



Net interest income (S\$m)



Loans grow 2% on quarter from broad-based growth



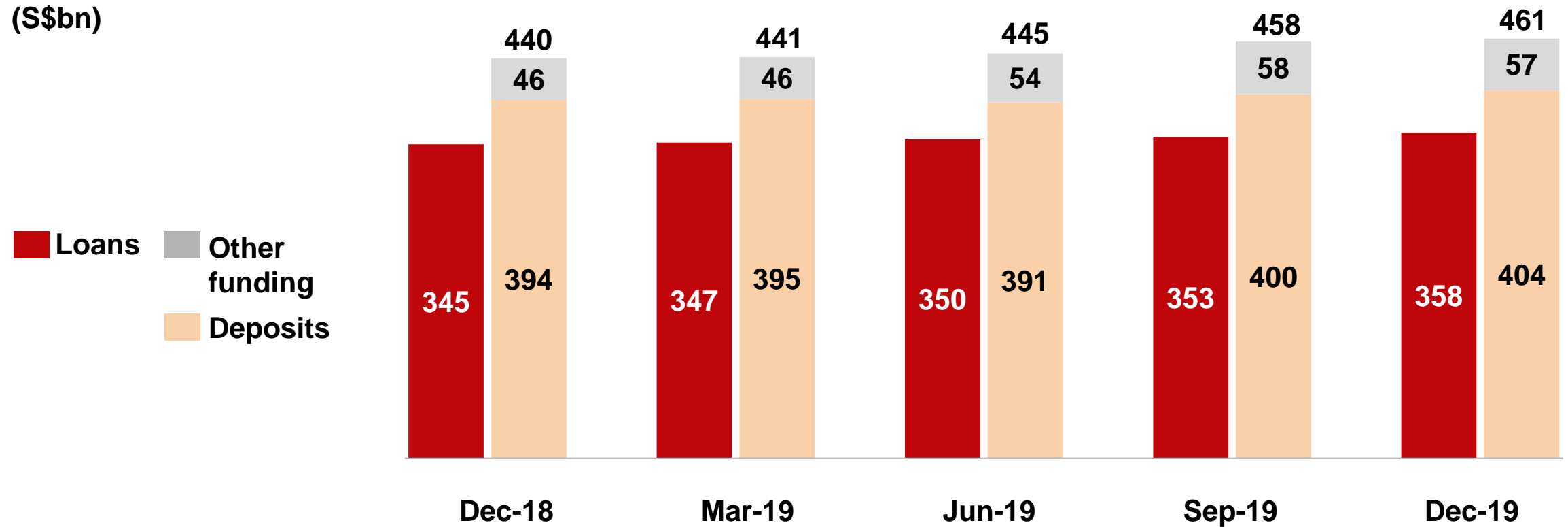
In constant-currency terms

- Gross loans up \$7bn or 2% on quarter from broad-based growth
- Housing loans rise moderately after declining for three quarters
- Overall loans up \$15bn or 4% on year, led by non-trade corporate loan growth



Ample liquidity with LCR at 139%

(S\$bn)



Ratios (%)

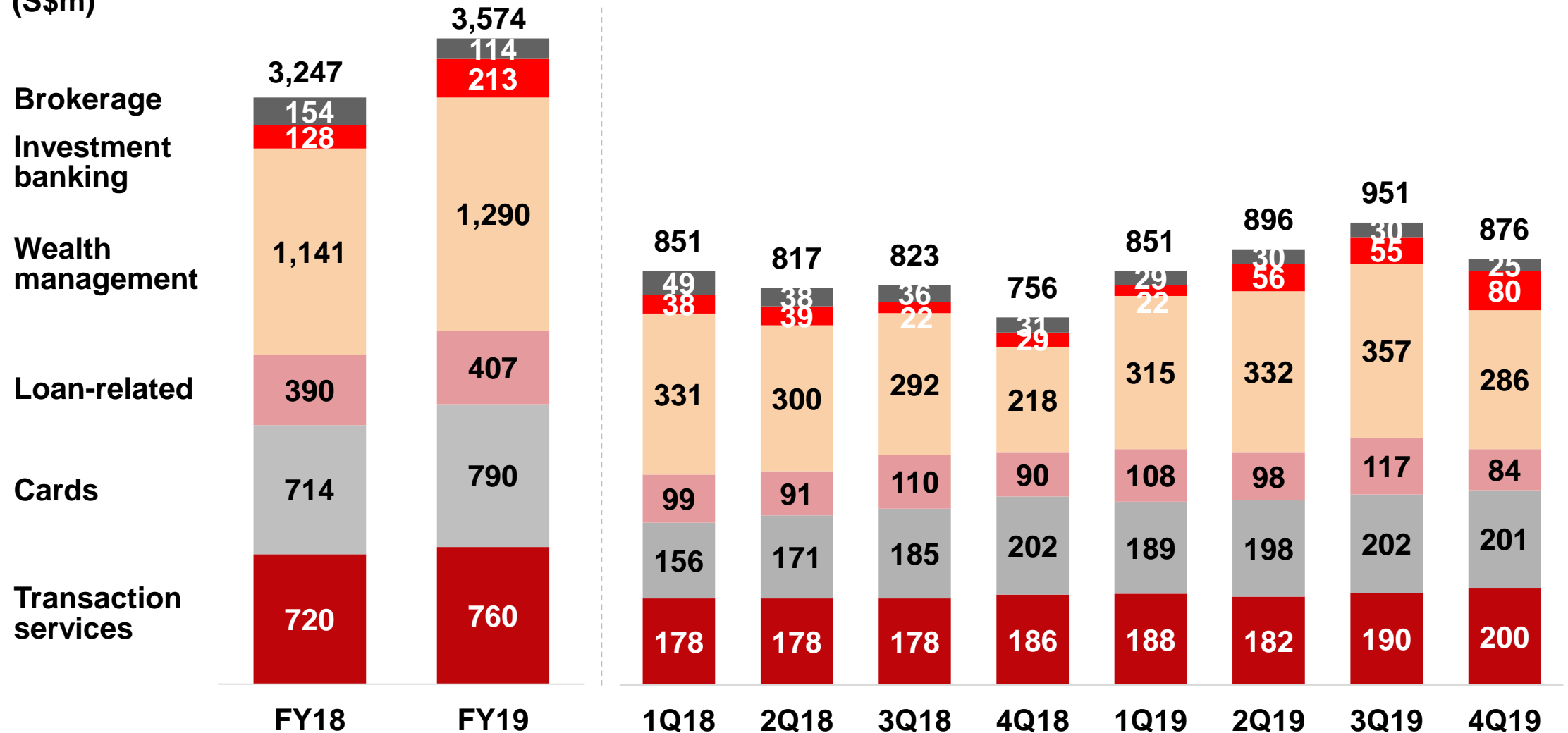
LDR	88	88	90	88	89
LCR	138	137	137	131	139
NSFR	109	111	109	110	110



Other funding comprises senior medium term notes, commercial papers, negotiable certificates of deposit, other debt securities and covered bonds

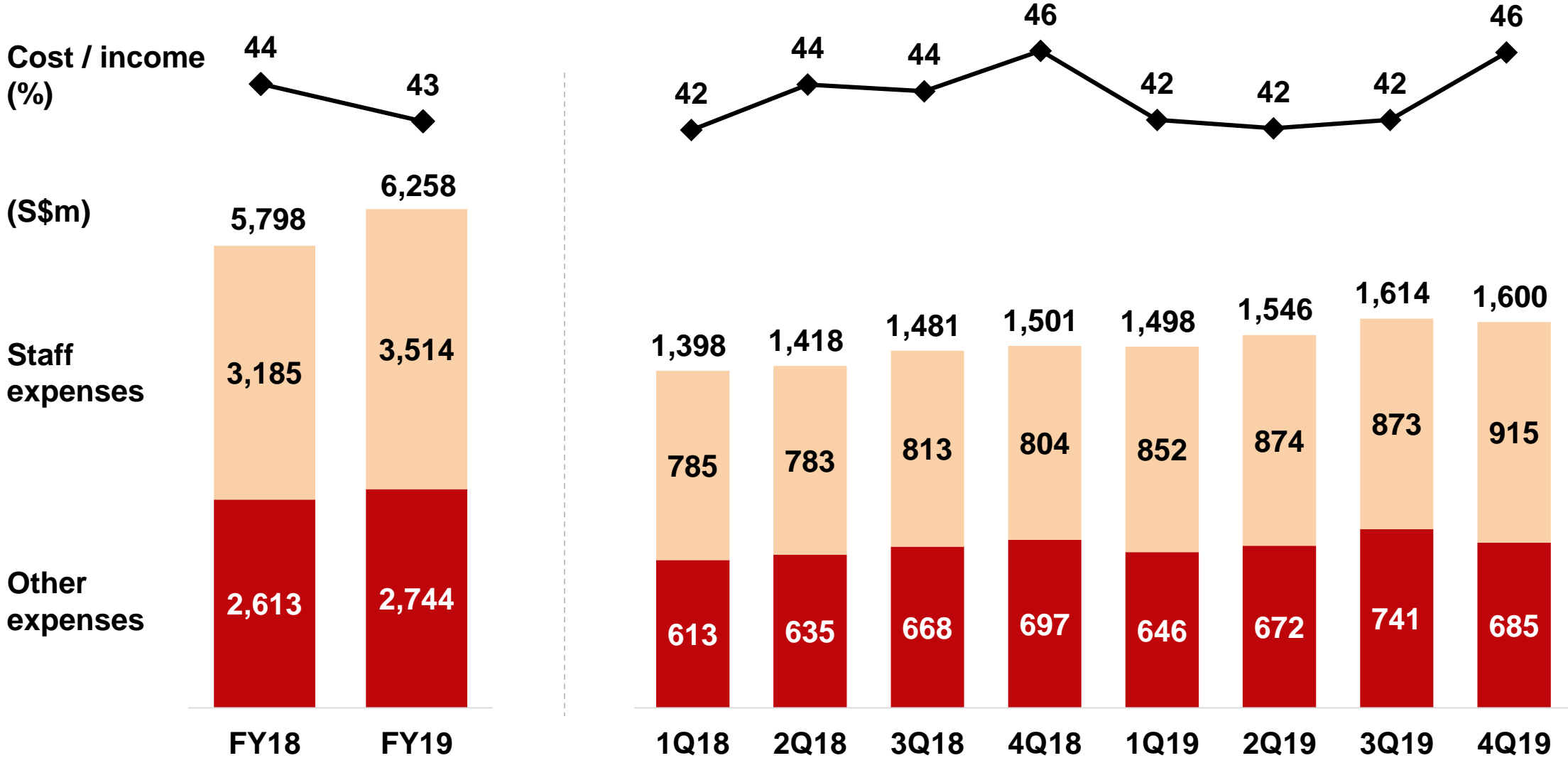
4Q gross fee income up 16% on year, led by wealth management and investment banking

(S\$m)



Gross fee income

Full-year cost-income ratio improves to 43%



Full-year CBG / WM income and earnings rise to new highs

(S\$m)	FY19	FY18	YoY %
Total income	6,299	5,653	11
Retail	3,219	2,992	8
Wealth Management	3,080	2,661	16
Loans and deposits	3,729	3,316	12
Investment products	1,714	1,517	13
Cards	795	774	3
Others	61	46	33
Expenses	3,280	3,031	8
Profit before allowances	3,019	2,622	15
AUM (S\$bn)	245	220	11
SGD savings (S\$bn)	116	115	1

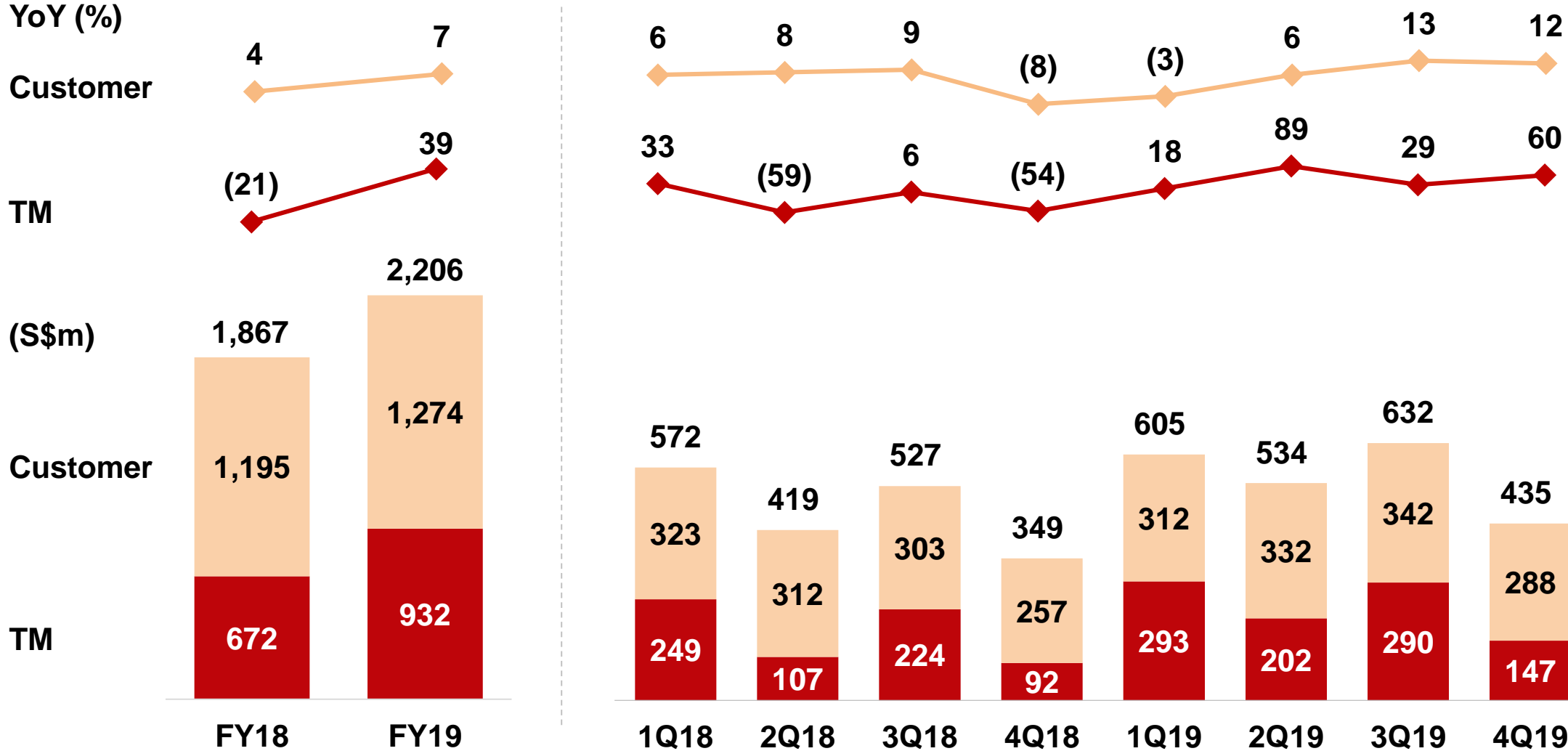
- Total income up 11% from broad-based growth led by deposit and investment product income
- Wealth Management segment income rises 16% to \$3.08 billion
- AUM increases 11% to \$245 billion
- Market share maintained for SGD savings deposits at 53% and Singapore housing loans at 31%

Full-year IBG income up 5% led by cash management

(S\$m)	FY19	FY18	YoY %
Total income	6,073	5,760	5
Corporate	3,943	3,746	5
SME	2,130	2,014	6
Loans	2,677	2,614	2
Trade	666	719	(7)
Cash / SFS	1,955	1,708	14
Treasury	601	602	(0)
Investment banking	174	117	48
Expenses	2,015	1,839	10
Profit before allowances	4,058	3,921	3
Assets (S\$bn)	278	263	6
GTS deposits (S\$bn)	140	142	(1)

- Total income growth of 5% led by cash management
- Assets rise 6% from loan growth, GTS deposits flat from reduction in higher-cost accounts

Full-year TM income increases 39%, customer income up 7%



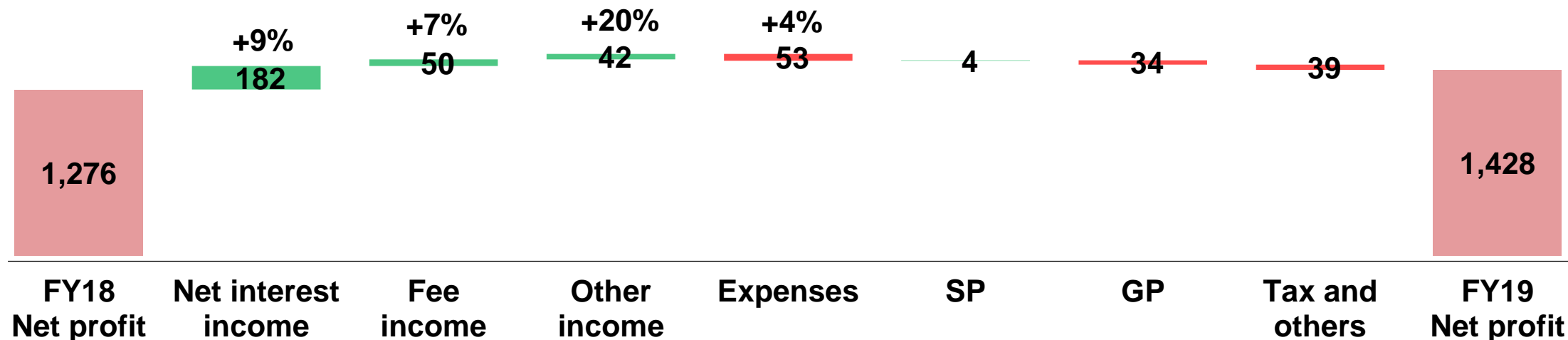
Treasury customer income is included under IBG/CBG segment income. It is included in this chart for a complete product view

Full-year Hong Kong constant-currency earnings up 11%

<u>Excluding property gain (S\$m)</u>		<u>FY19</u>	<u>YoY%</u>	<u>Constant-currency YoY%</u>	
Total income	record	2,929	10	9	<ul style="list-style-type: none"> Total income up 9% to new high from loan growth, higher NIM, growth in cash management, bancassurance and loan-related fees Positive jaw results in 11% increase in net profit to new high of \$1.43 billion
Expenses		1,109	5	4	
Profit before allowances	record	1,820	14	13	
Allowances		102	42	40	
Net profit	record	1,428	12	11	

Constant-currency change and excluding property gain YoY%:

Impact on earnings: ■ positive ■ negative



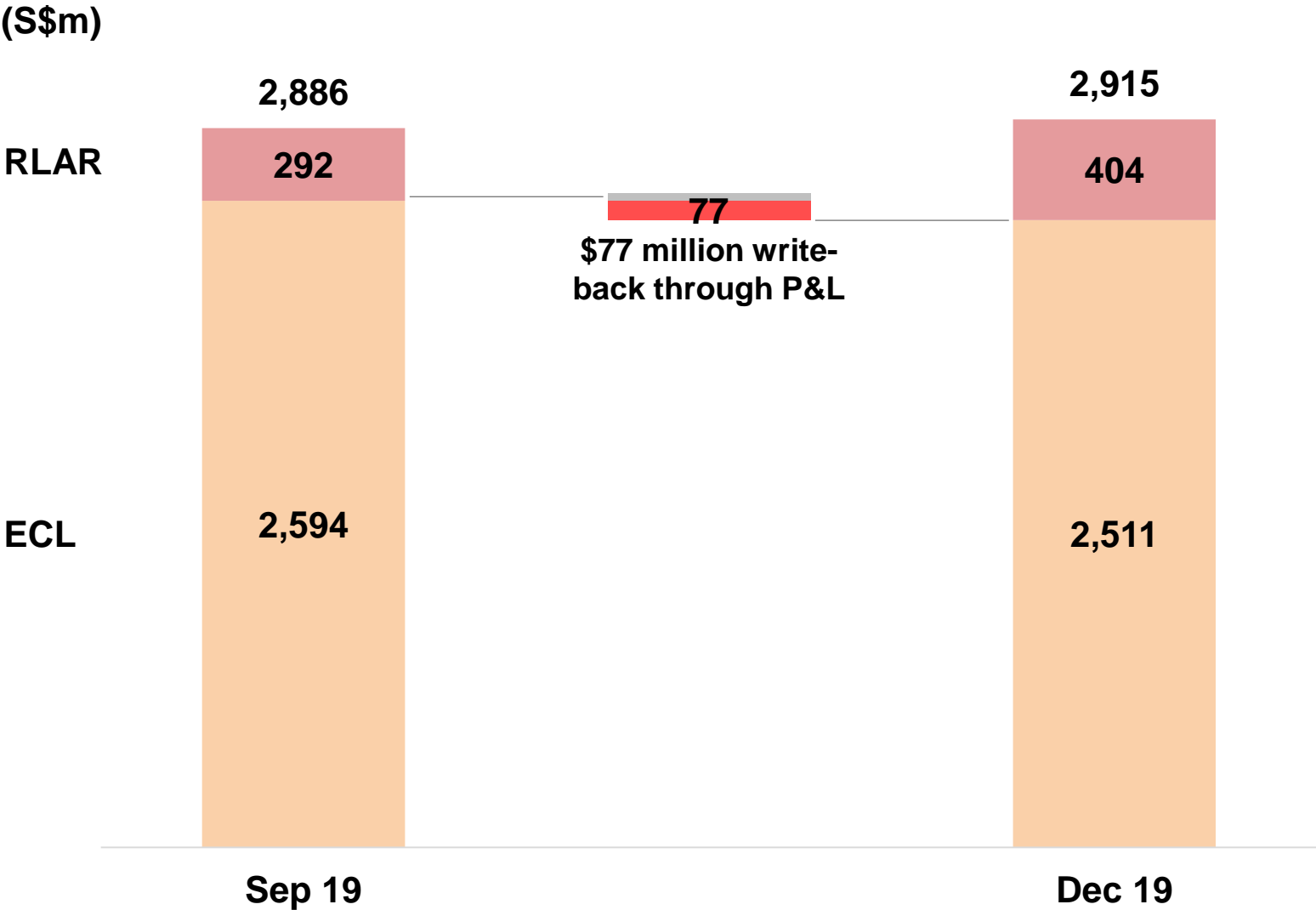
NPL ratio stable at 1.5%

(S\$m)	4Q18	1Q19	2Q19	3Q19	4Q19
NPAs at start of period	5,902	5,684	5,648	5,821	5,944
IBG and others	(217)	(51)	171	46	(50)
New NPAs	280	109	277	367	575
Upgrades, settlements and recoveries	(318)	(139)	(82)	(95)	(206)
Write-offs	(179)	(21)	(24)	(226)	(419)
CBG / WM	(8)	41	9	(7)	(20)
Translation	7	(26)	(7)	84	(101)
NPAs at end of period	5,684	5,648	5,821	5,944	5,773
NPL ratio (%)	1.5	1.5	1.5	1.5	1.5

4Q SP for loans stable at 21 bp

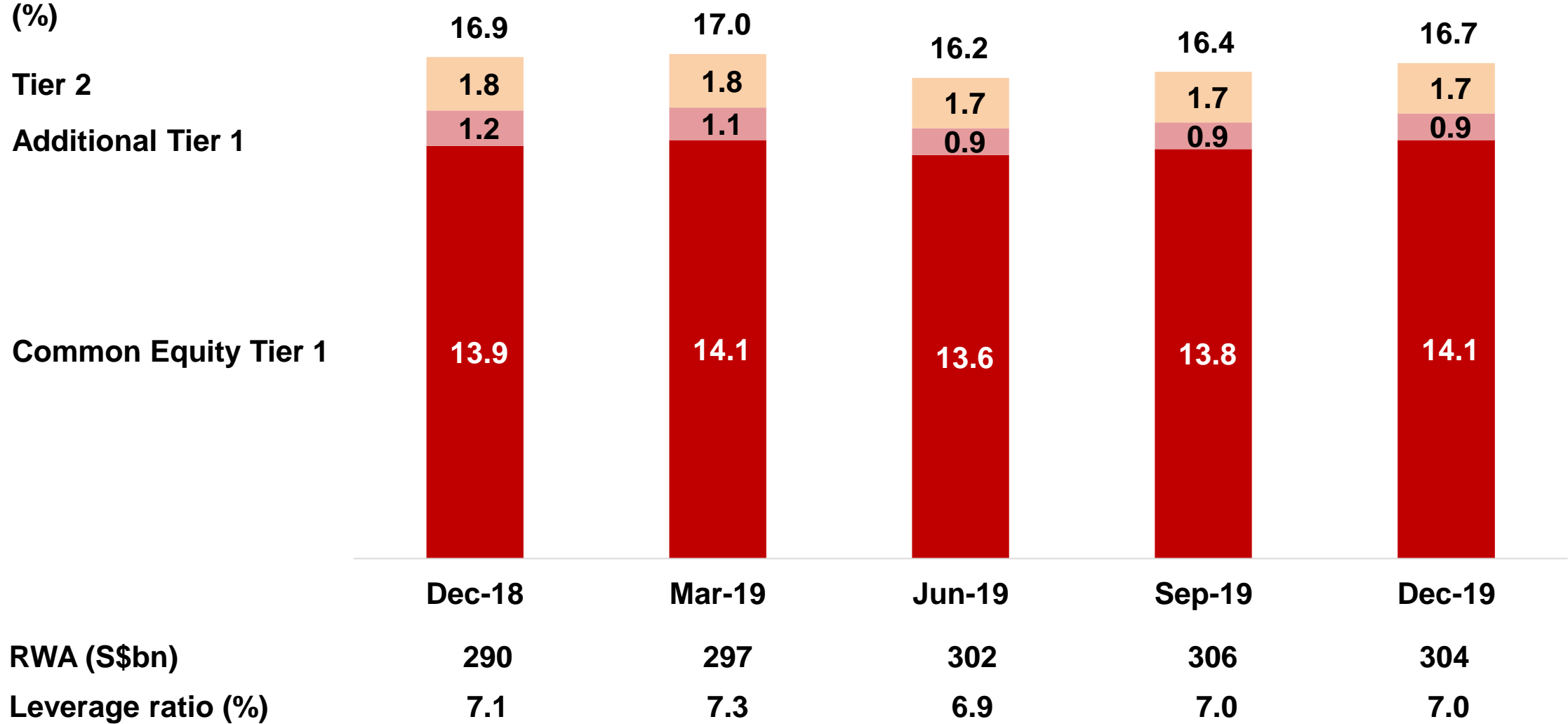
(S\$m)	4Q18	1Q19	2Q19	3Q19	4Q19
IBG and others	158	87	142	140	127
Add charges for	187	102	154	164	165
New NPLs	102	22	49	82	65
Existing NPLs	85	80	105	82	100
Subtract charges for	29	15	12	24	38
Upgrades	0	0	0	0	1
Settlements	9	9	9	18	32
Recoveries	20	6	3	6	5
CBG / WM	60	43	48	50	61
SP charges for loans	218	130	190	190	188
Other credit exposures	11	43	3	7	11
Total SP charges	229	173	193	197	199
SP / loans (bp)	25	15	22	21	21

Moderate decline in GP on quarter



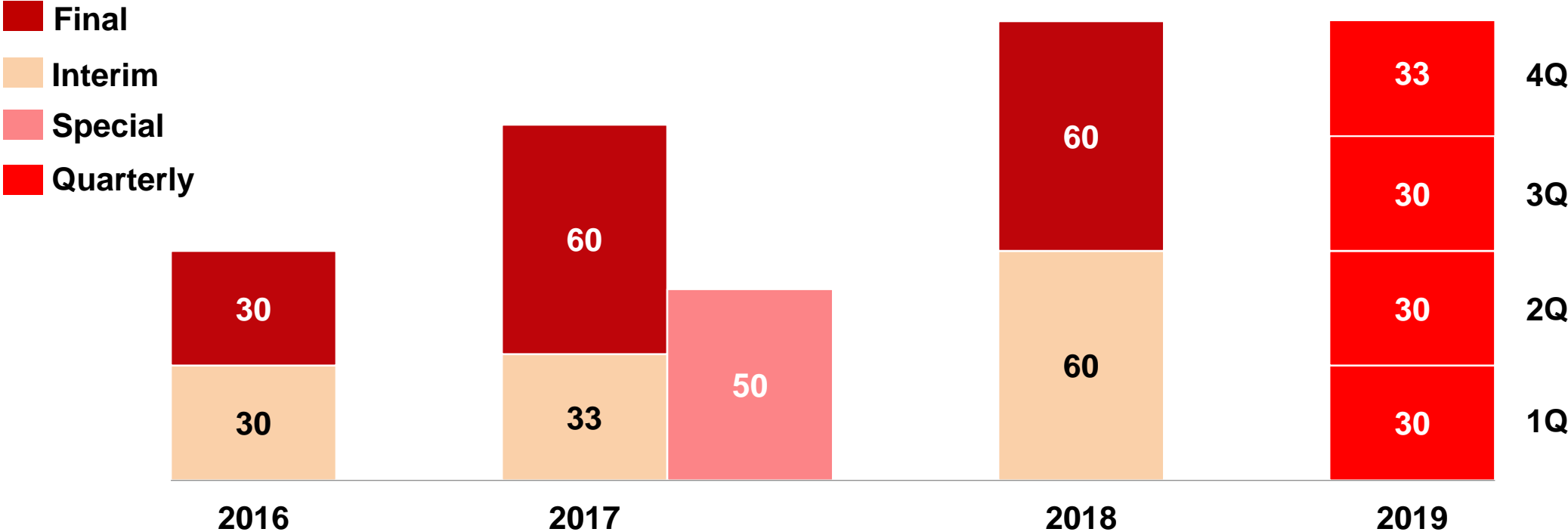
Total decline in GP of \$83m includes FX translation of \$6m (grey bar) taken through reserves
 RLAR is regulatory loss allowance reserves

Strong CET-1 and leverage ratios



Quarterly dividend up 10% to 33 cents

(S¢ per share)



In summary – record full-year earnings

Record performance from broad-based business momentum despite external headwinds

Full-year ROE at new high of 13.2%, reflecting improved profitability and quality of franchise

Will weather uncertainties with nimble execution supported by strong balance sheet with ample capital and liquidity



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Supplementary slides

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Record full-year 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 (ECL Stage 1 and 2)

SP (ECL Stage 3)

Allowances

Net profit

One-time items

Net profit incl. one-time items

FY19	FY18	YoY %
9,625	8,955	7
3,052	2,780	10
1,459	1,178	24
408	270	51
4,919	4,228	16
14,544	13,183	10
3,514	3,185	10
2,744	2,613	5
6,258	5,798	8
8,286	7,385	12
(58)	(1)	NM
761	711	7
703	710	(1)
6,391	5,625	14
0	(48)	NM
6,391	5,577	15

4Q earnings up 14% on year

(S\$m)

	4Q19	4Q18	YoY %	3Q19	QoQ %
Net interest income	2,426	2,330	4	2,460	(1)
Fee income	741	635	17	814	(9)
Trading income	228	229	(0)	431	(47)
Other income	66	51	29	118	(44)
Non-interest income	1,035	915	13	1,363	(24)
Total income	3,461	3,245	7	3,823	(9)
Staff expenses	915	804	14	873	5
Other expenses	685	697	(2)	741	(8)
Expenses	1,600	1,501	7	1,614	(1)
Profit before allowances	1,861	1,744	7	2,209	(16)
GP (ECL Stage 1 and 2)	(77)	(24)	NM	61	NM
SP (ECL Stage 3)	199	229	(13)	193	3
Allowances	122	205	(40)	254	(52)
Net profit	1,508	1,319	14	1,629	(7)
One-time items	0	0	0	0	0
Net profit incl. one-time items	1,508	1,319	14	1,629	(7)

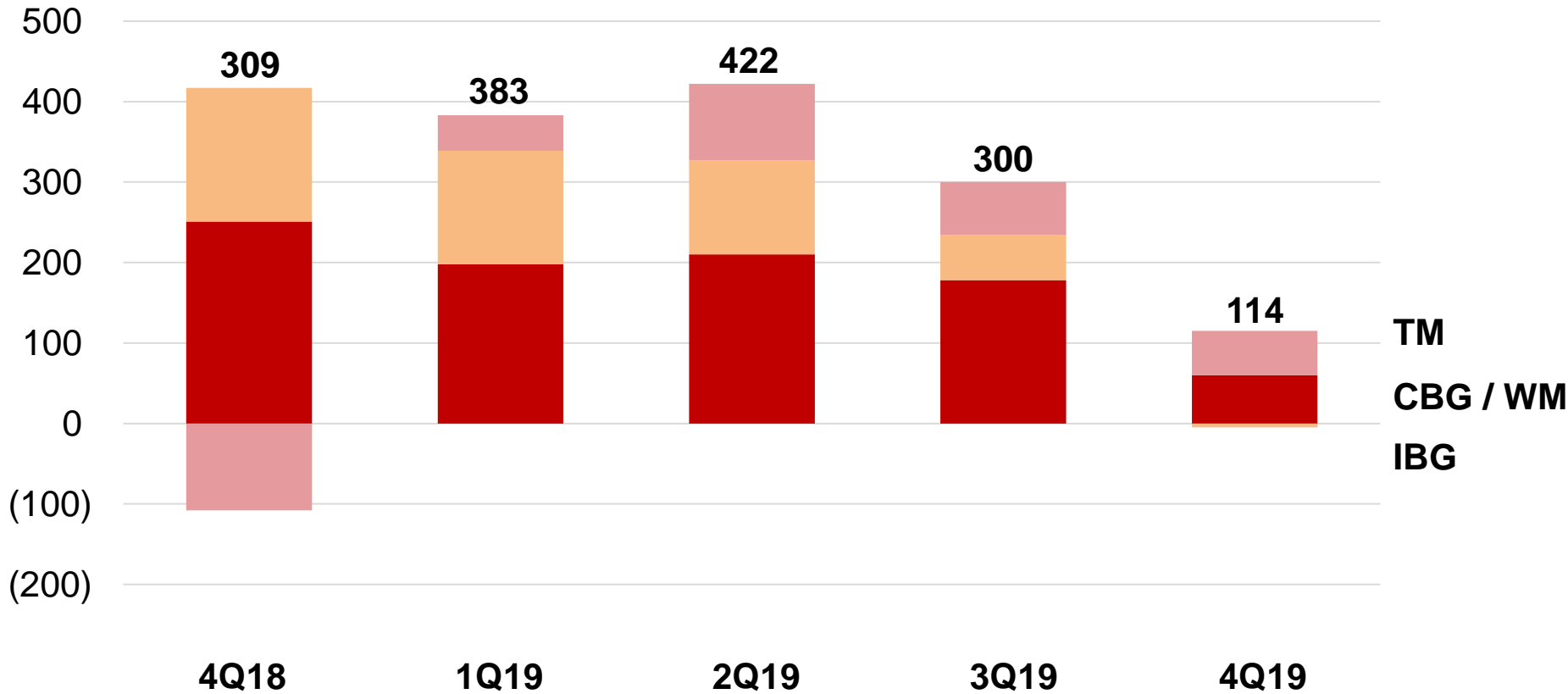
Full-year ROE higher at 13.2%

(%)	4Q19	4Q18	3Q19	FY19	FY18
Net interest margin	1.86	1.87	1.90	1.89	1.85
Fee income / total income	21	20	21	21	21
Non-interest income / total income	30	28	36	34	32
Cost / income	46	46	42	43	44
ROE	12.1	11.3	13.4	13.2	12.1
Loan / deposit	89	88	88	89	88
SP / loans (bp)	21	25	21	20	19
NPL ratio	1.5	1.5	1.5	1.5	1.5

Business unit income momentum

Change over year-ago period

(S\$m)



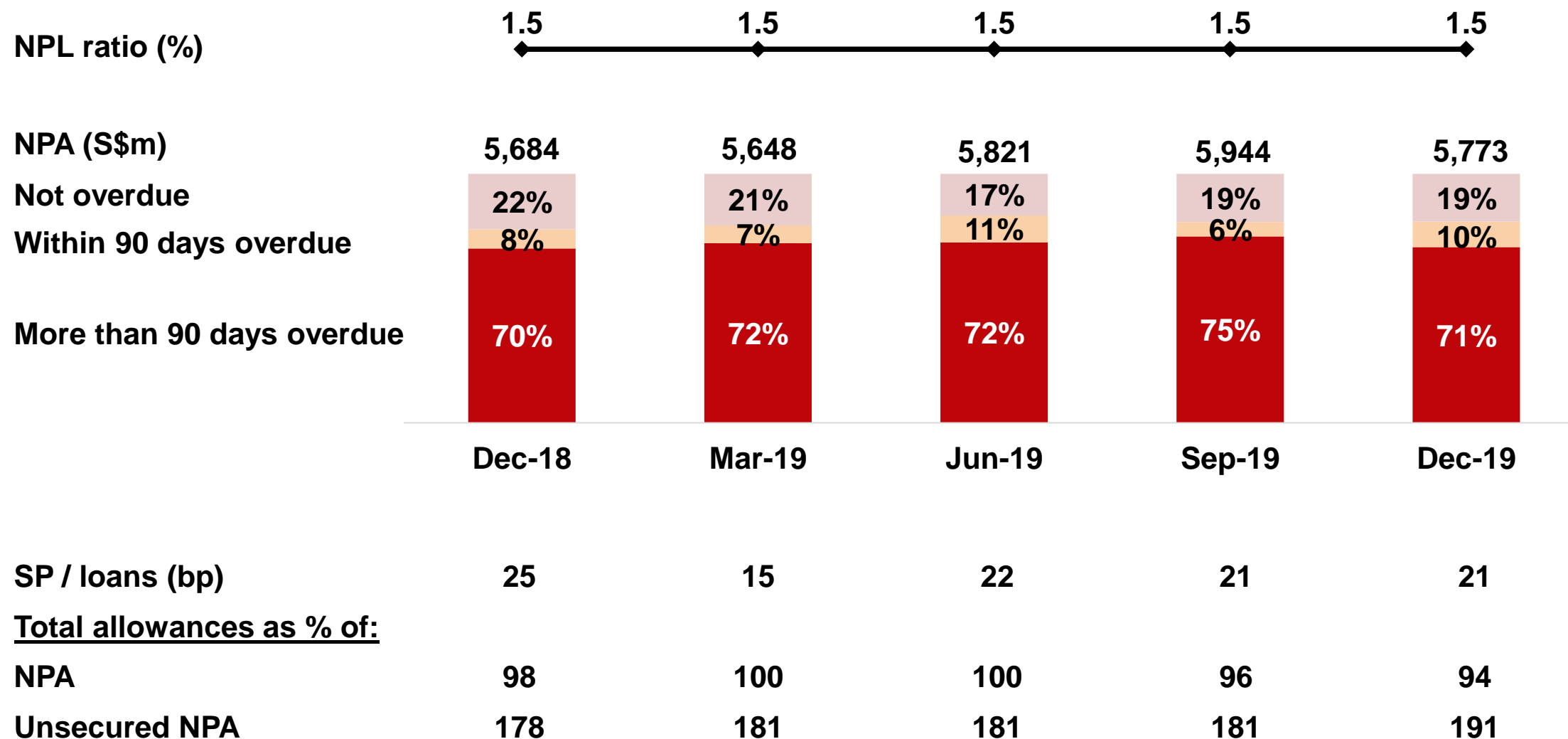
4Q Hong Kong constant-currency earnings up 5% on year

	Constant-currency terms						
(S\$m)	4Q19	4Q18	YoY %	YoY %	3Q19	QoQ %	QoQ %
Net interest income	493	501	(2)	(1)	525	(6)	(5)
Net fee and commission income	169	148	14	16	175	(3)	(1)
Other non-interest income	52	49	6	7	56	(7)	(4)
Non-interest income	221	197	12	14	231	(4)	(2)
Total income	714	698	2	3	756	(6)	(4)
Expenses	282	273	3	4	299	(6)	(4)
Profit before allowances	432	425	2	3	457	(5)	(4)
GP (ECL Stage 1 and 2)	3	(16)	NM	NM	49	(94)	(93)
SP (ECL Stage 3)	17	47	(64)	(66)	10	70	52
Allowances	20	31	(35)	(38)	59	(66)	(67)
Net profit	339	329	3	5	334	1	4
Net interest margin (%)	1.99	2.06			2.09		
Loan growth (%)				5			(0)
Non-trade growth (%)				10			2
Trade growth (%)				(23)			(13)
Deposit growth (%)				2			4

Full-year regional profit before allowances little changed on year

(S\$m)	FY19	FY18	YoY %
Net interest income	1,473	1,461	1
Non-interest income	956	807	18
Total income	2,429	2,268	7
Expenses	1,511	1,387	9
Profit before allowances	918	881	4
Allowances	376	230	63
Net profit	374	500	(25)

NPL stable, allowance coverage healthy



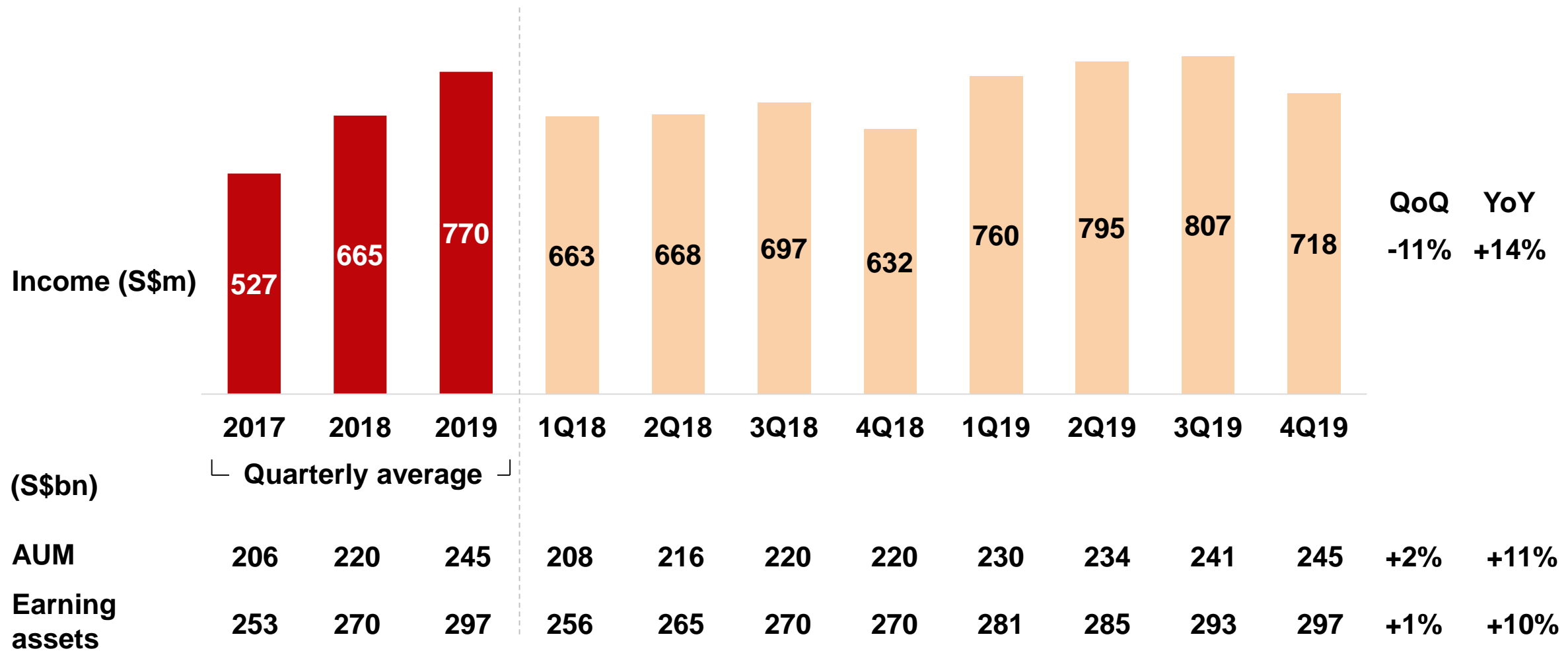
FVOCI fixed income securities duration remains short

(\$m)	Dec 19	Sep 19
Government securities	19,748	21,578
Less than 3 years	14,301	16,210
3 to 5 years	1,813	1,826
5 to 10 years	3,438	3,496
More than 10 years	196	46
Supranational, bank and corporate bonds	10,592	10,672
Total	30,340	32,250
FVOCI reserves	88	63

Deposits up 2% on quarter and up 3% on year in constant-currency terms

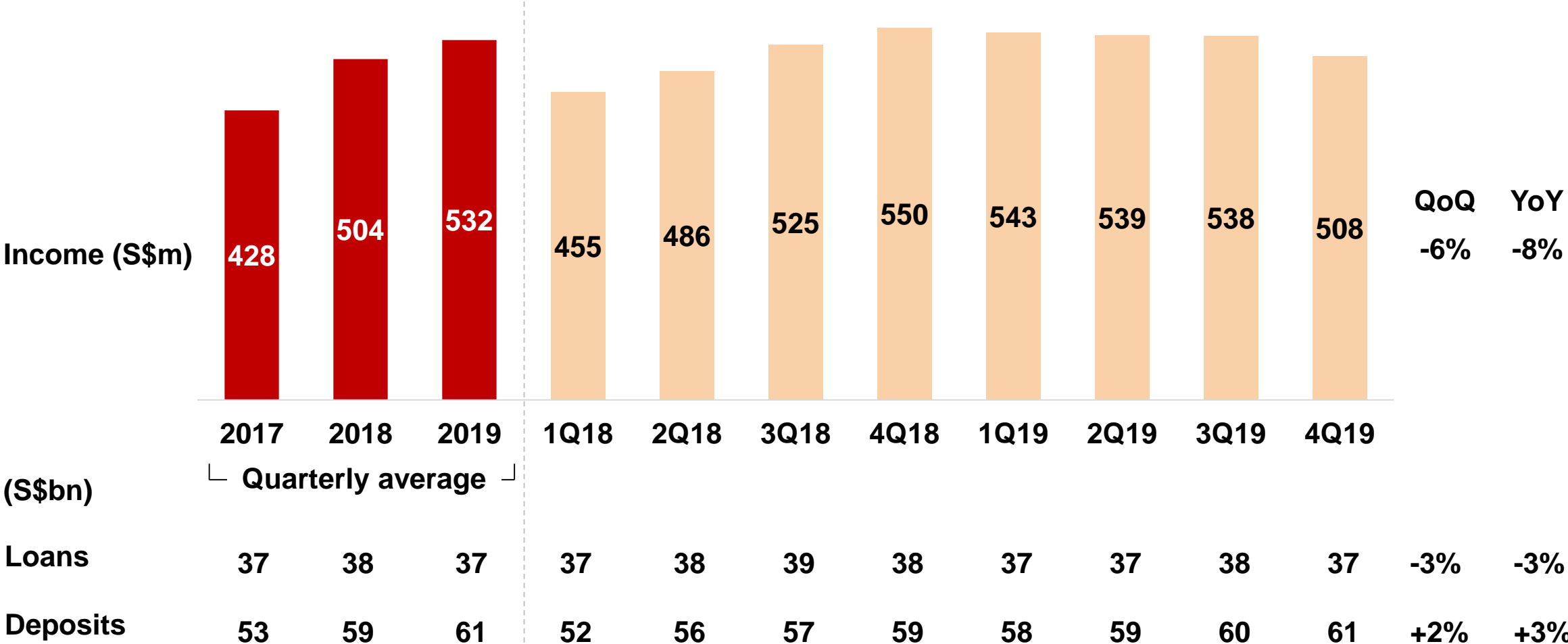
	(S\$bn)	QoQ (%)		YoY (%)	
	Dec-19	Reported	Underlying	Reported	Underlying
Deposits	404	1	2	3	3
By product					
Casa	238	3	4	3	4
Fixed deposits	163	(1)	(0)	2	3
Other	3	(12)	(11)	(22)	(21)
By currency					
Singapore dollar	163	0	0	2	2
US dollar	141	(0)	3	2	3
HK dollar	37	(0)	2	0	1
Chinese yuan	13	14	14	1	4
Others	51	5	4	8	9
LDR (%)	Dec-19	Sep-19		Dec-18	
Overall	89	88		88	
Singapore dollar	89	88		89	
US dollar	77	78		80	

Wealth Management segment

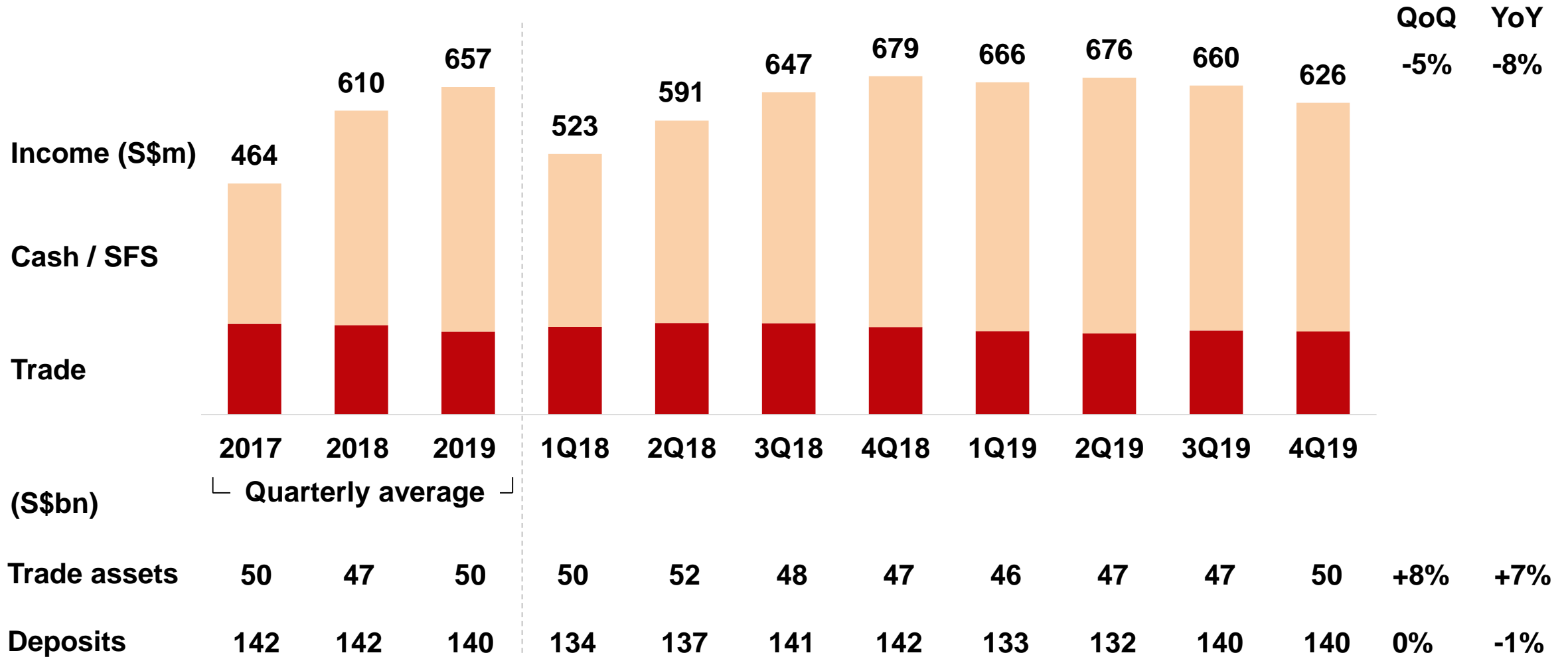


Comprising Treasures, Treasures Private Client and Private Bank

SME segment



Global transaction services



Assets and deposits at end of period



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