



Live more,  
Bank less

# **Resilient full-year operating performance**

**DBS Group Holdings  
4Q 2020 financial results  
February 10, 2021**

# Highlights

## **Full-year earnings 26% lower at \$4.72 billion**

- Total allowances quadruple to \$3.07bn as general allowances of \$1.71bn conservatively set aside
- Profit before allowances rises 2% to new high of \$8.43 billion

## **Total income stable at \$14.6bn despite economic disruption caused by the pandemic**

- Net interest income falls 6% from 27bp NIM decline, mitigated by 4% loan growth
- Fee income stable at \$3.06bn
- Investment gains triple as government bond portfolio performs well from lower interest rates
- Expenses fall 2%, positive jaw results in one percentage point improvement in the cost-income ratio

## **Balance sheet remains healthy**

- GP reserves up 72% to \$4.31bn, exceeding MAS minimum requirement by 42% and Tier 2 eligibility by \$1.5bn
- Allowance coverage at 110% and at 206% after taking collateral into account
- Record Casa inflows of \$99bn; LCR at 137%, NSFR at 125%
- CET-1 at 13.9%, leverage ratio at 6.8%

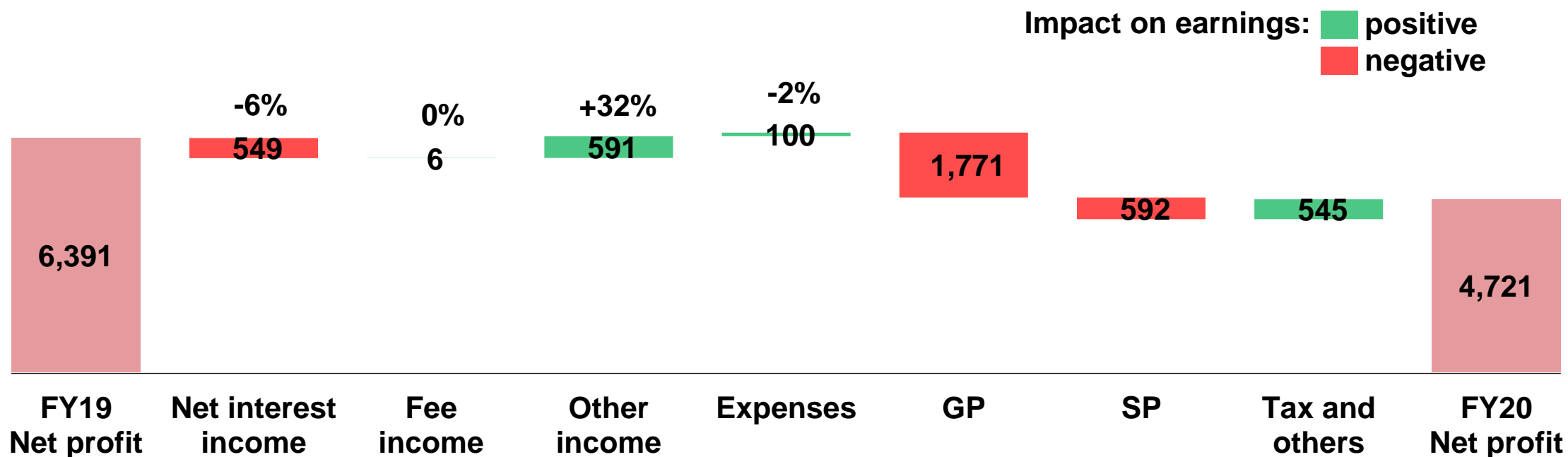
## **4Q dividend at 18 cents per share, in line with MAS guidance**



# Full-year net profit down 26%

(S\$m)	FY20	YoY %
Total income	14,592	0
Expenses	6,158	(2)
Profit before allowances	record 8,434	2
Allowances	3,066	>100
Net profit	4,721	(26)

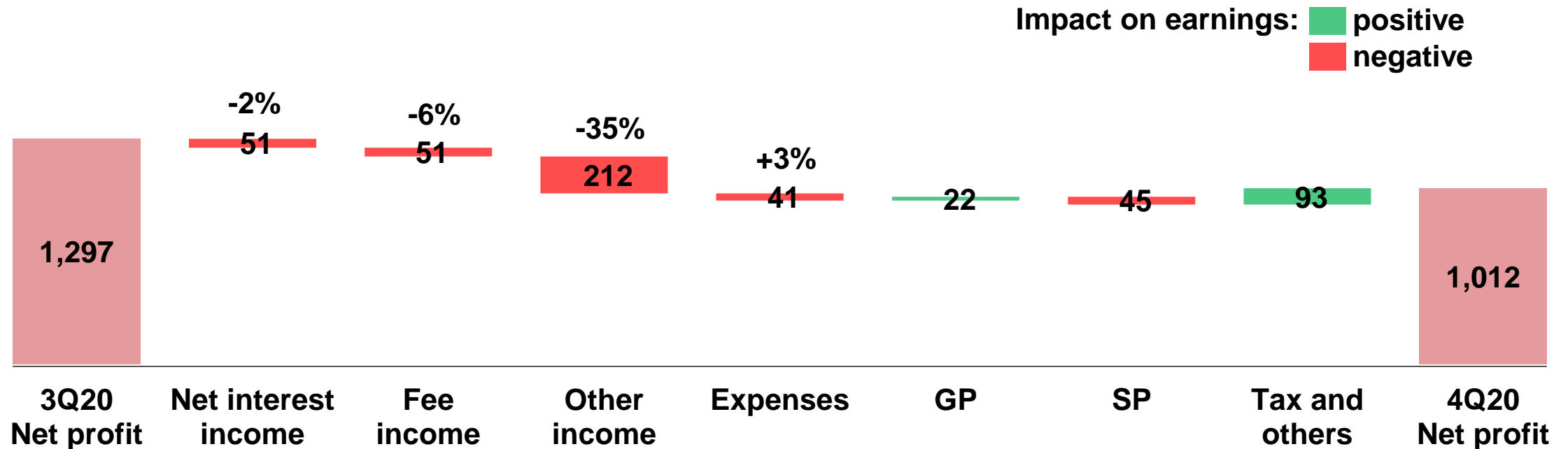
- Net interest income down 6% from the impact of interest rate cuts at the end of first quarter
- Fee income stable despite a challenging economic environment
- Other income up 32% as investment gains tripled
- GP of \$1.71bn conservatively set aside to fortify the balance sheet against potential pandemic risks



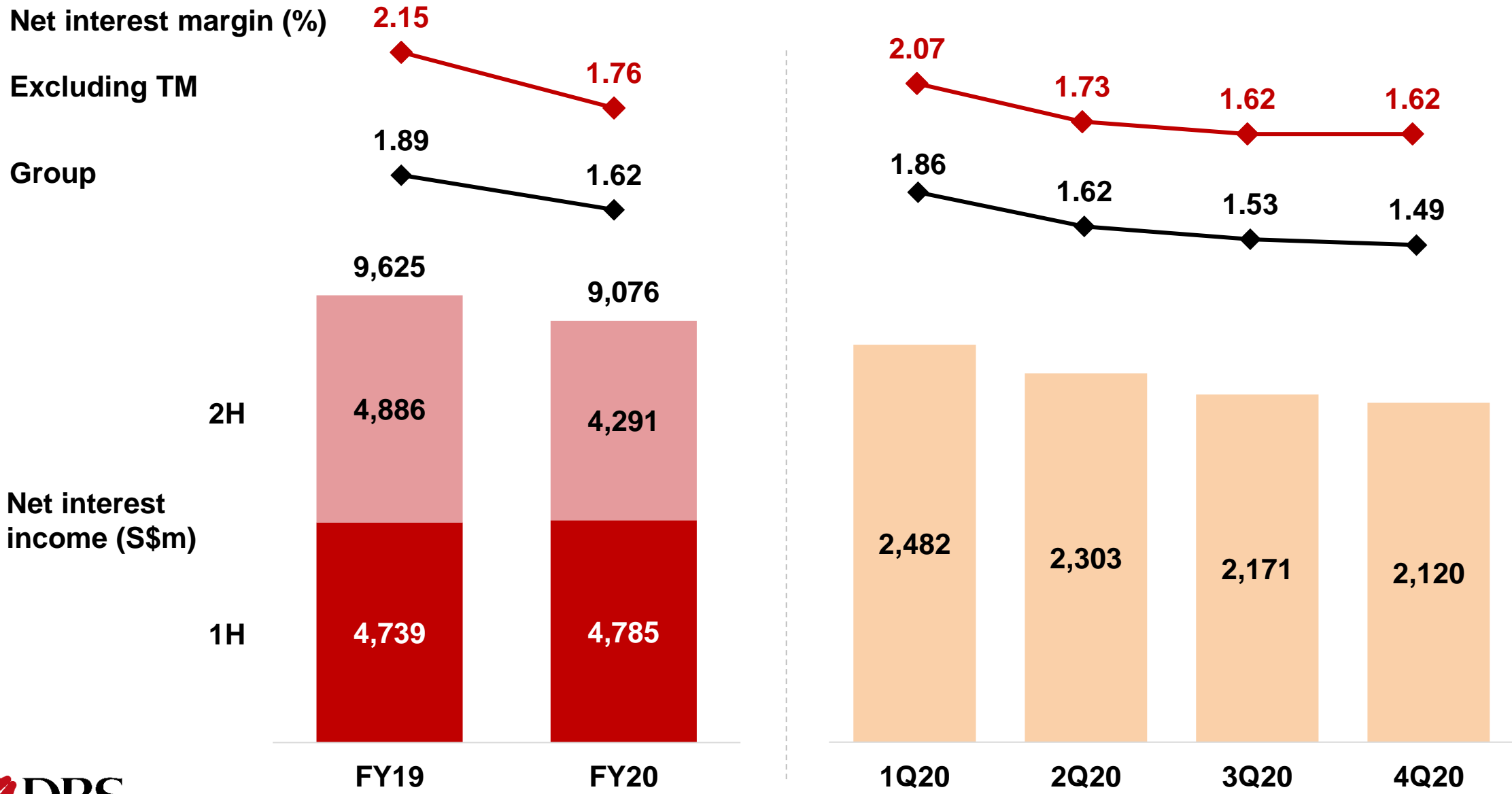
# 4Q net profit down 22%

(S\$m)	4Q20	QoQ %
Total income	3,263	(9)
Expenses	1,580	3
Profit before allowances	1,683	(17)
Allowances	577	4
Net profit	1,012	(22)

- Total income down 9% due to 4bp lower NIM from loans repricing in a low interest rate environment, seasonally-lower fee income and lower gains from investment securities
- Pace of general allowance build up slows as full-year total allowances reach \$3bn

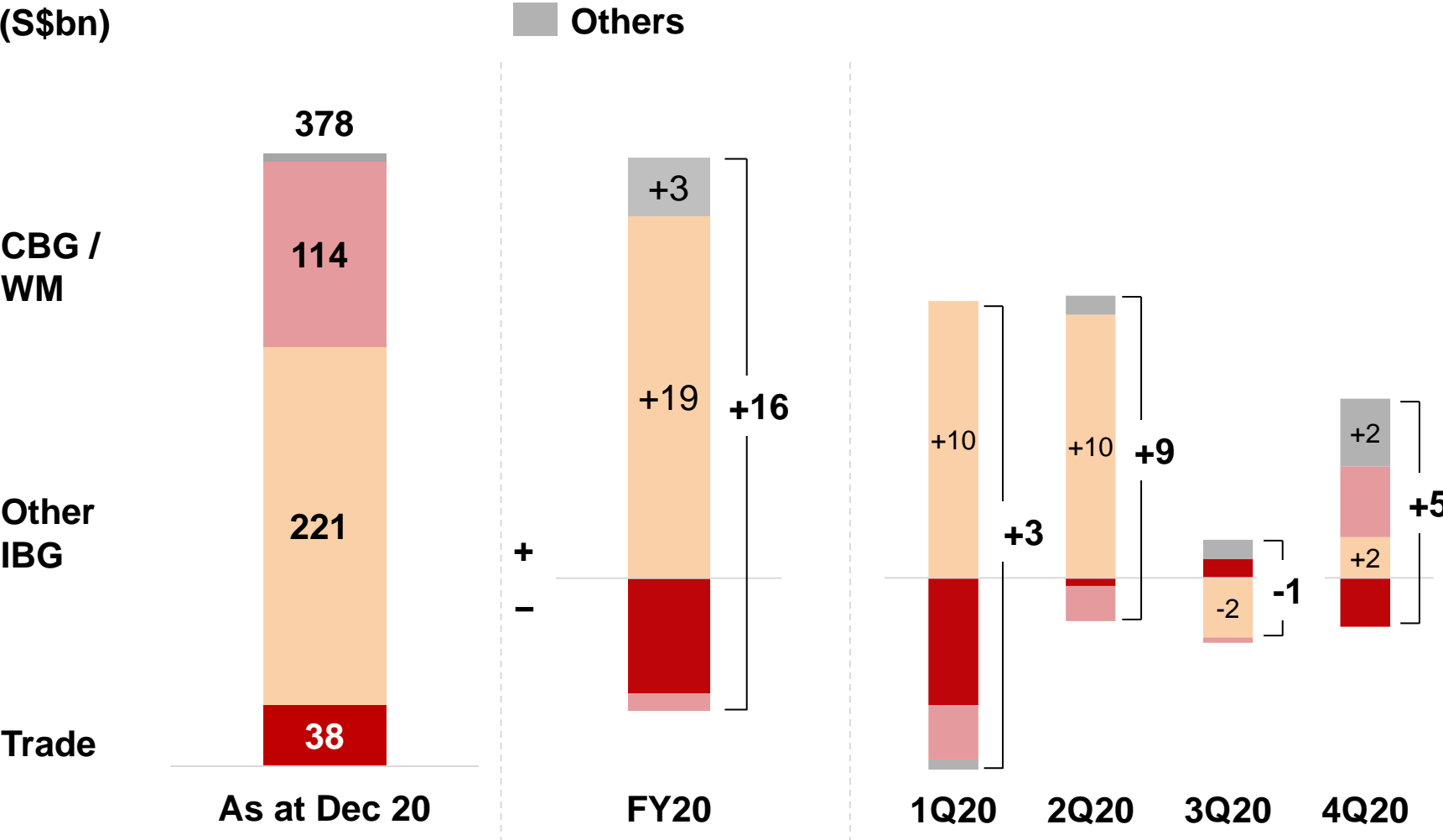


# 4Q net interest income down 2% on quarter



# Loans up 1% on quarter

(S\$bn)



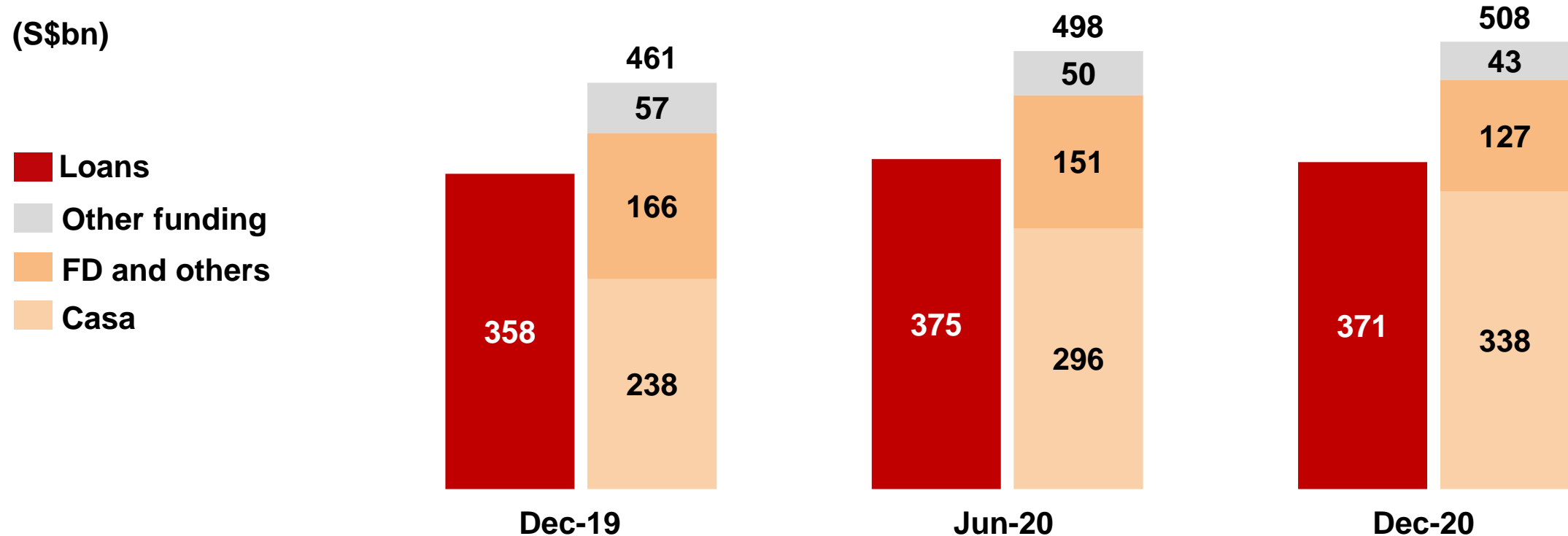
- Loans up \$5bn or 1% from growth in consumer and non-trade corporate loans, and \$2bn loans from Lakshmi Vilas Bank (LVB)
- Singapore housing loans rise following strong bookings in 3Q
- Loans up 4% over the full year led by non-trade corporate loan growth



Gross loans. Others includes SGD 2 billion from Lakshmi Vilas Bank

# Deposits up 15% on year from Casa inflows

(S\$bn)



HQLA (S\$bn)

Dec-19

92

Jun-20

108

Dec-20

116

Ratios (%)

LDR

89

84

80

LCR

135

134

137

NSFR

110

121

125



Lakshmi Vilas Bank added SGD 3 billion of deposits. HQLA refers to 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 gross fee income stable on year

(S\$m)

Brokerage

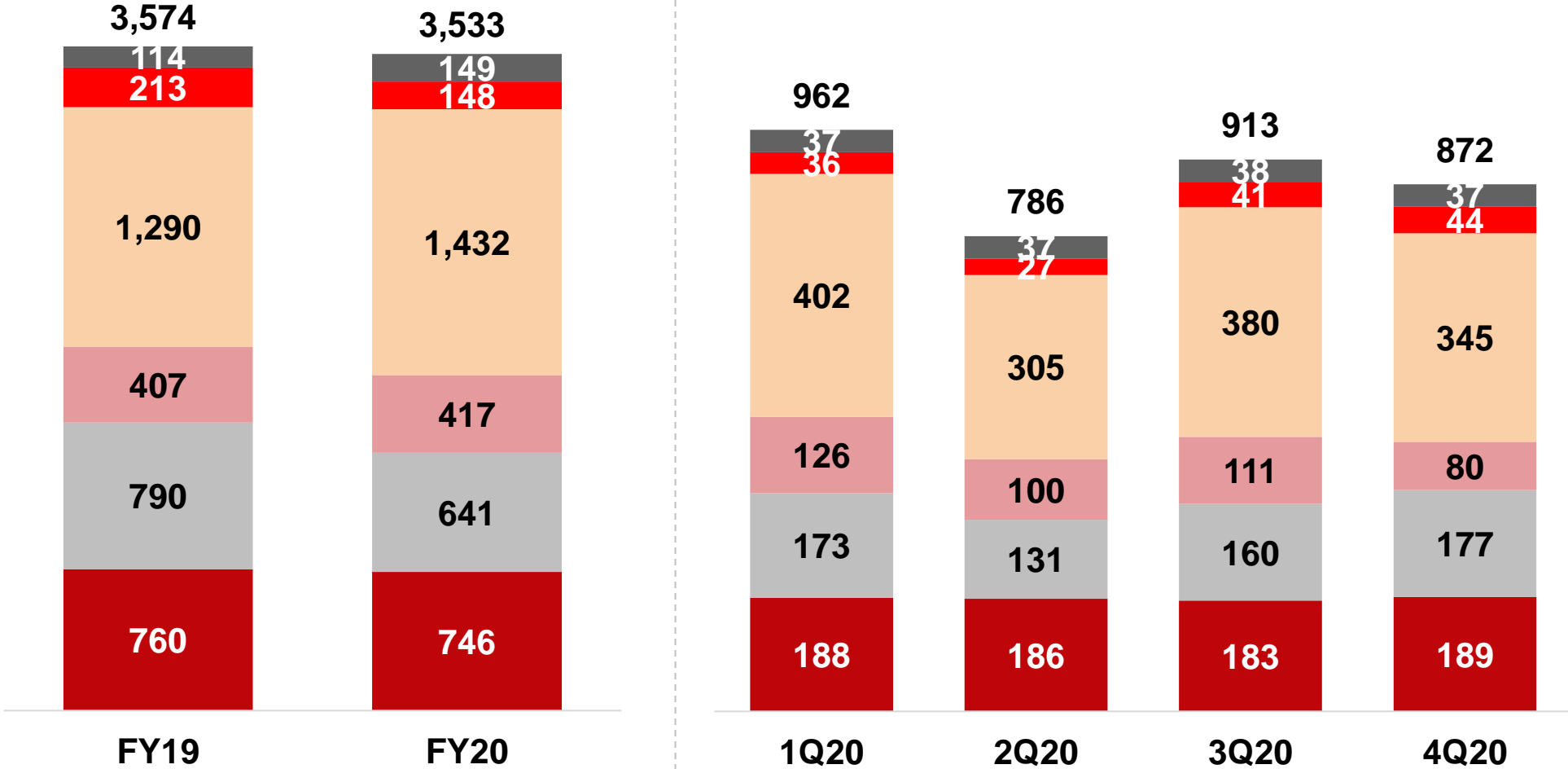
Investment banking

Wealth management

Loan-related

Cards

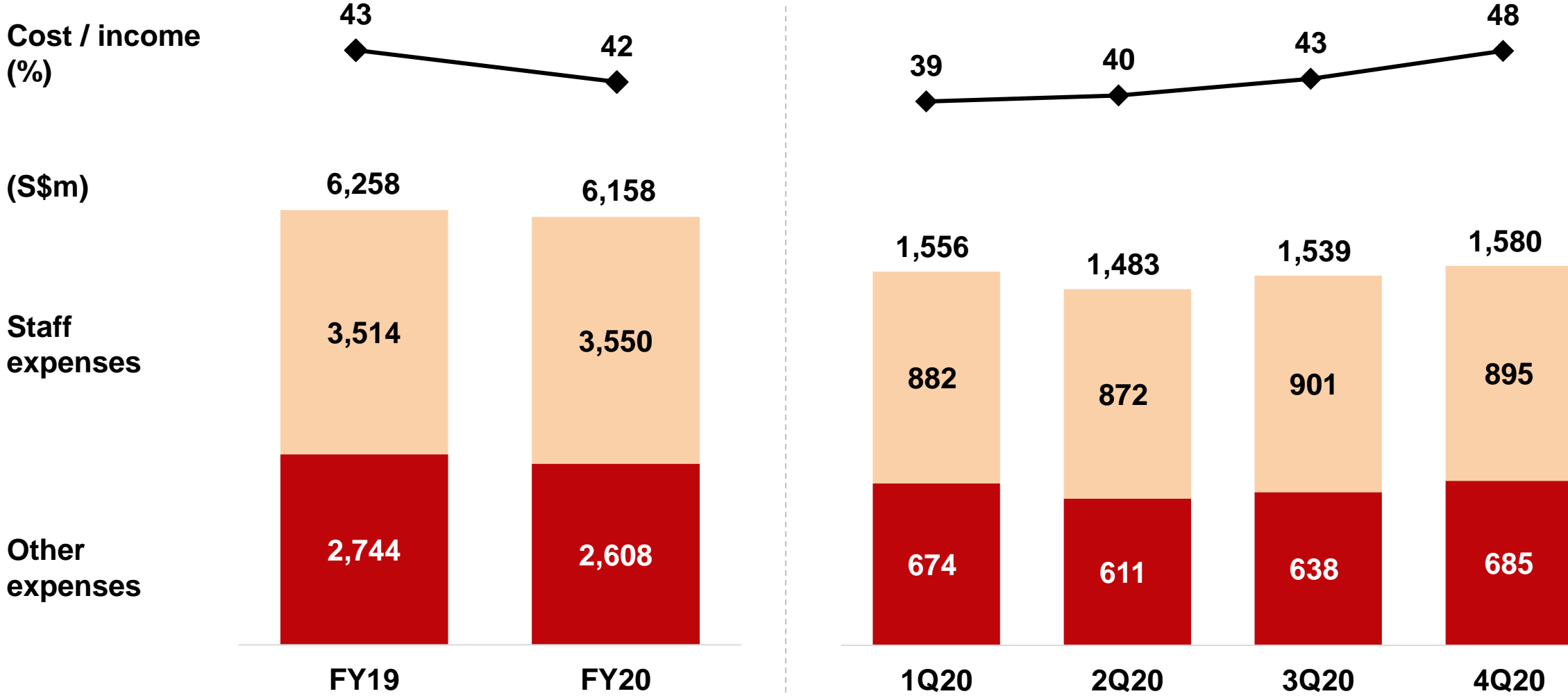
Transaction services



Gross fee income



# Full-year expenses stable, cost-income ratio at 42%



# Full-year CBG income down 8% from lower interest rates and card spending

(S\$m)	FY20	FY19	YoY %
<b>Total income</b>	<b>5,767</b>	<b>6,299</b>	<b>(8)</b>
Retail	2,902	3,219	(10)
Wealth Management	2,866	3,080	(7)
Loans and deposits	3,016	3,729	(19)
Investment products	1,944	1,714	13
Cards	730	795	(8)
Others	78	61	27
<b>Expenses</b>	<b>3,288</b>	<b>3,280</b>	<b>0</b>
<b>Profit before allowances</b>	<b>2,479</b>	<b>3,019</b>	<b>(18)</b>
<b>AUM (S\$bn)</b>	<b>264</b>	<b>246</b>	<b>7</b>
<b>SGD savings (S\$bn)</b>	<b>139</b>	<b>116</b>	<b>19</b>

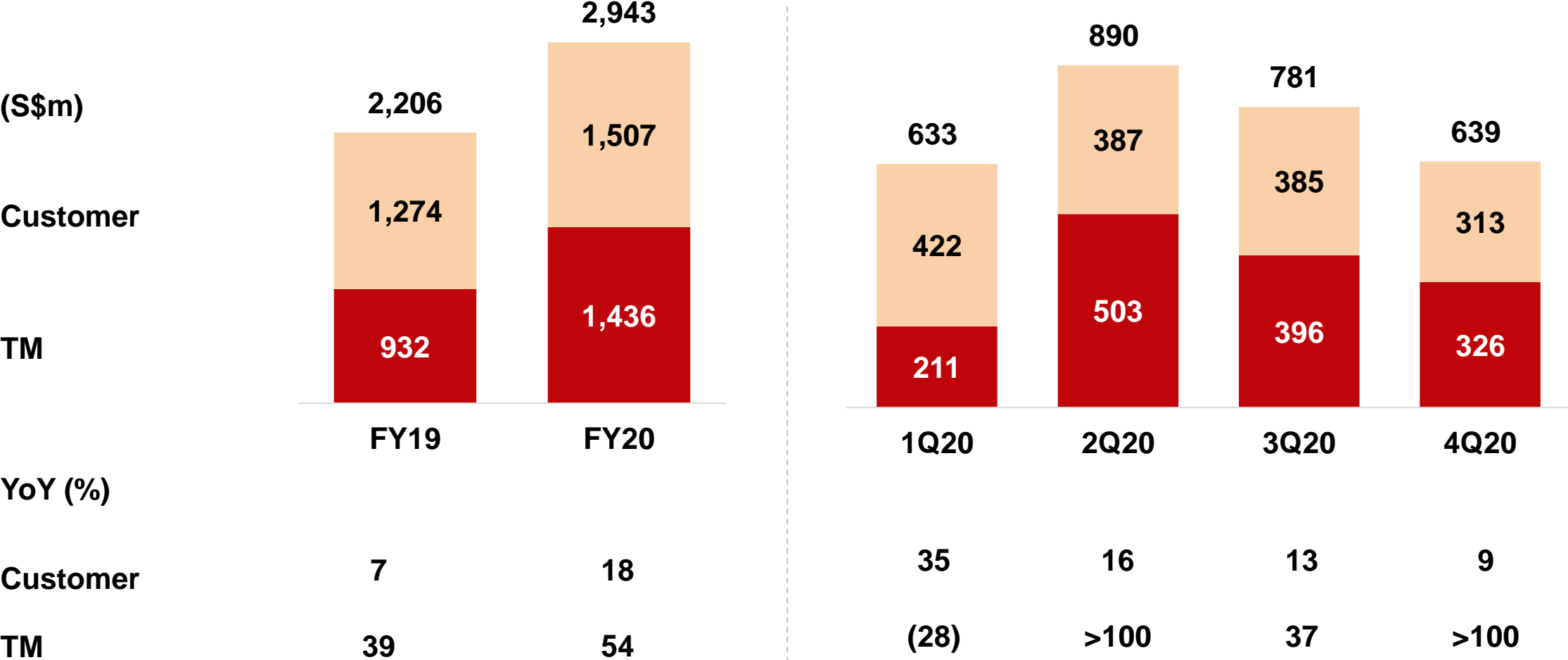
- Full-year total income at \$5.77bn, 8% lower than a year ago
- Weaker income from lower deposit margin and cards fees, mitigated by higher investment product income and higher loan margins
- Wealth management AUM increased 7% to \$264bn
- Market share for SGD savings deposits at 52% and Singapore housing loans at 31%

# Full-year IBG total income down 5% as lower interest rates offset loan growth and higher treasury sales

(S\$m)	FY20	FY19	YoY %
<b>Total income</b>	<b>5,745</b>	<b>6,073</b>	<b>(5)</b>
Corporate	4,028	3,947	2
SME	1,717	2,126	(19)
Loans	3,027	2,677	13
Trade	719	666	8
Cash / SFS	1,200	1,955	(39)
Treasury	677	601	13
Investment banking	122	174	(30)
<b>Expenses</b>	<b>1,987</b>	<b>2,015</b>	<b>(1)</b>
<b>Profit before allowances</b>	<b>3,758</b>	<b>4,058</b>	<b>(7)</b>
<b>Assets (S\$bn)</b>	<b>293</b>	<b>278</b>	<b>5</b>
<b>GTS deposits (S\$bn)</b>	<b>166</b>	<b>140</b>	<b>19</b>

- Full-year total income at \$5.75bn, 5% lower than a year ago
- Cash management income declined due to lower interest rates. Investment banking income weaker from lower market activity
- Higher loan-related income and trade income due to better margins. Higher treasury income driven by interest rate products
- Strong loan and deposit growth
  - Assets up 5%
  - GTS deposits up 19%

# Full-year TM income increases 54%, customer income up 18%



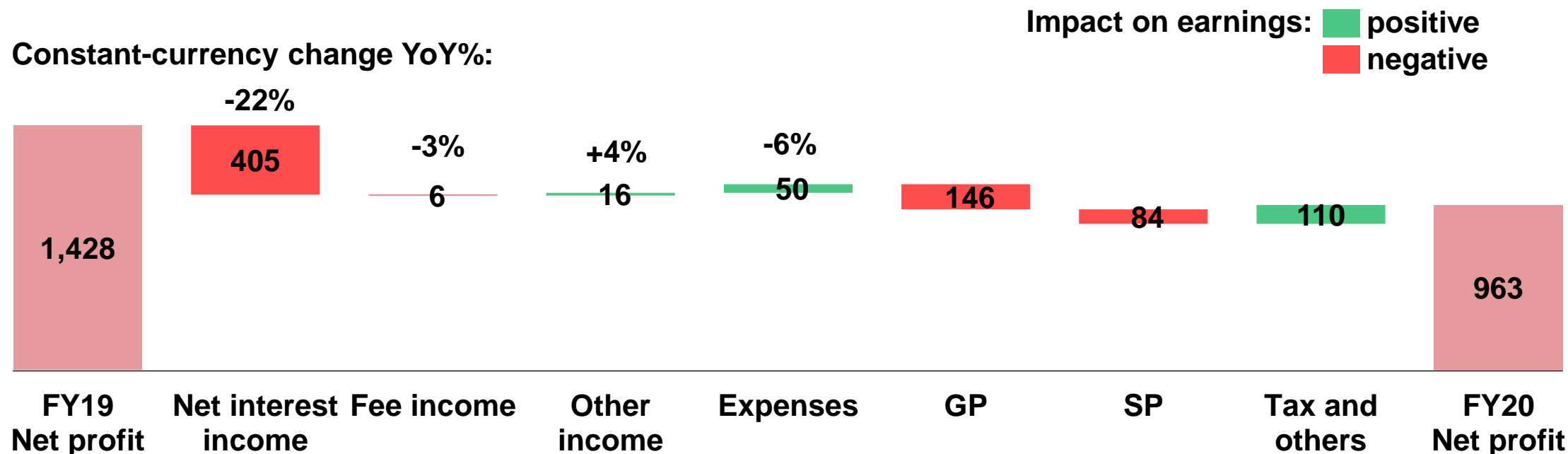
Treasury customer income is included under IBG/CBG segment income. It is included in this chart for a complete product view

# Hong Kong full-year earnings down 34%

(S\$m)	FY20	YoY (%)	Constant-currency YoY%
Total income	2,534	(13)	(15)
Expenses	1,059	(5)	(6)
Profit before allowances	1,475	(19)	(21)
Allowances	332	>100	>100
Net profit	963	(33)	(34)

- Total income declines 15% to \$2.53bn from lower interest rates
- Profit before allowances 21% lower at \$1.48bn
- GP of \$177m conservatively taken for potential risks arising from the pandemic

Constant-currency change YoY%:



# India franchise boosted by amalgamation of Lakshmi Vilas Bank (LVB)

- DBS India Ltd (ex-LVB) franchise achieved strong performance in 2020, with total income up 40% to record \$376m and pre-tax profit quadrupling to \$89m
- LVB amalgamated with DBS India Ltd with effect from 27 November 2020. DBS India franchise expands to 600 branches and 1,000 ATMs, adds two million retail and 125,000 non-retail customers, strengthening deposit franchise
- Provisional goodwill of \$153 million, with fair value of assets at \$3.89bn and liabilities at \$4.04bn
- Minimal impact of 0.3%pt to Group CET-1 ratio
- Asset quality decisively dealt with: net NPA transferred of \$212m fully secured, GP conservatively built up to 9.5% of performing loans

(S\$m)

Gross NPA	881	
SP	669	76% of gross NPA
<b>Net NPA transferred</b>	<b>212</b>	Adds 3% to group NPA
Performing loans	1,930	
<b>Total loans transferred</b>	<b>2,142</b>	
<b>GP in group financial statements</b>	<b>183</b>	9.5% of performing loans

# 4Q new NPA formation in line with recent average run-rate

(S\$m)	FY19	FY20	1Q20	2Q20	3Q20	4Q20
<b>NPAs at start of period</b>	<b>5,684</b>	<b>5,773</b>	<b>5,773</b>	<b>6,592</b>	<b>6,354</b>	<b>6,517</b>
<b>IBG and others</b>	<b>118</b>	<b>792</b>	<b>620</b>	<b>(201)</b>	<b>236</b>	<b>135</b>
New NPAs	1,221	1,945	1,023	115	543	541
Upgrades, settlements and recoveries	(413)	(580)	(340)	(201)	(78)	(240)
Write-offs	(690)	(573)	(63)	(115)	(229)	(166)
<b>CBG / WM</b>	<b>22</b>	<b>(24)</b>	<b>(0)</b>	<b>27</b>	<b>5</b>	<b>(55)</b>
<b>Translation</b>	<b>(51)</b>	<b>(67)</b>	<b>199</b>	<b>(64)</b>	<b>(78)</b>	<b>(123)</b>
<b>NPAs at end of period</b>	<b>5,773</b>	<b>6,474</b>	<b>6,592</b>	<b>6,354</b>	<b>6,517</b>	<b>6,474</b>
<b>LVB</b>	<b>-</b>	<b>212</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>212</b>
<b>Total NPAs</b>	<b>5,773</b>	<b>6,686</b>	<b>6,592</b>	<b>6,354</b>	<b>6,517</b>	<b>6,686</b>
<b>NPL ratio (%)</b>	<b>1.5</b>	<b>1.6</b>	<b>1.6</b>	<b>1.5</b>	<b>1.6</b>	<b>1.6</b>



Lakshmi Vilas Bank's NPAs transferred net of allowances. 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 at 34bp of loans, in line with full year

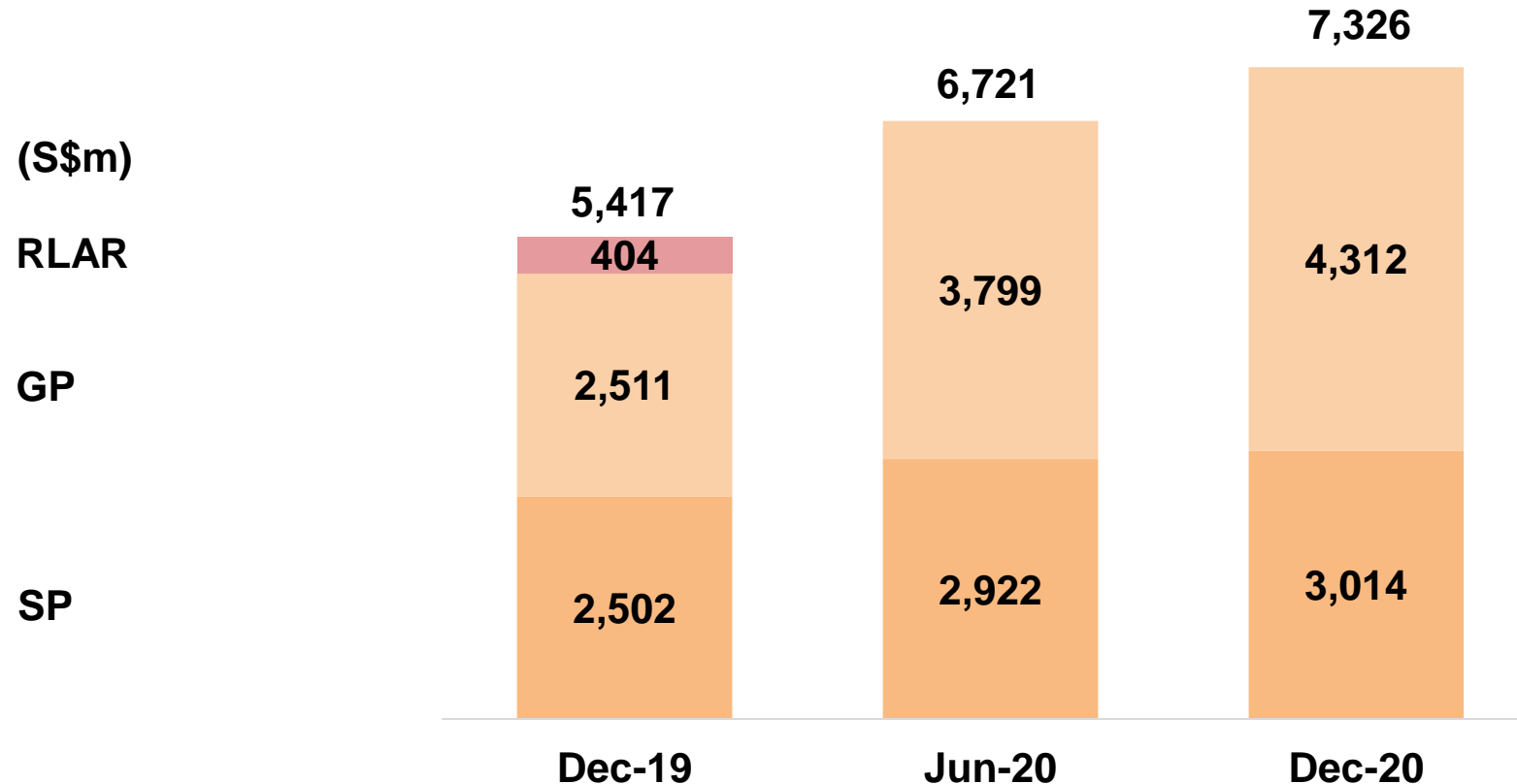
(S\$m)	FY19	FY20	1Q20	2Q20	3Q20	4Q20
<b>IBG and others</b>	<b>501</b>	<b>874</b>	<b>257</b>	<b>146</b>	<b>189</b>	<b>282</b>
<b>Add charges for</b>	<b>575</b>	<b>1,012</b>	<b>359</b>	<b>165</b>	<b>212</b>	<b>293</b>
New NPLs	264	759	315	16	161	153
Existing NPLs	311	253	44	149	51	140
<b>Subtract charges for</b>	<b>74</b>	<b>138</b>	<b>102</b>	<b>19</b>	<b>23</b>	<b>11</b>
Upgrades	1	1	0	0	0	0
Settlements	54	120	100	15	14	8
Recoveries	19	17	2	4	9	3
<b>CBG / WM</b>	<b>197</b>	<b>300</b>	<b>57</b>	<b>96</b>	<b>107</b>	<b>40</b>
<b>Other credit exposures</b>	<b>64</b>	<b>176</b>	<b>69</b>	<b>47</b>	<b>20</b>	<b>40</b>
<b>Total SP charges</b>	<b>762</b>	<b>1,350</b>	<b>383</b>	<b>289</b>	<b>316</b>	<b>362</b>
<b>SP / loans (bp)</b>	<b>20</b>	<b>31</b>	<b>35</b>	<b>26</b>	<b>31</b>	<b>34</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



# GP reserves rise 72% on year to \$4.31bn



## Conservative GP reserves

- Balance sheet conservatively fortified against potential risks arising from the Covid-19 pandemic
- GP reserves raised beyond Tier-2 eligibility by \$1.5bn, forming a buffer for the total capital adequacy ratio.
- GP reserves exceed MAS requirement by 42%

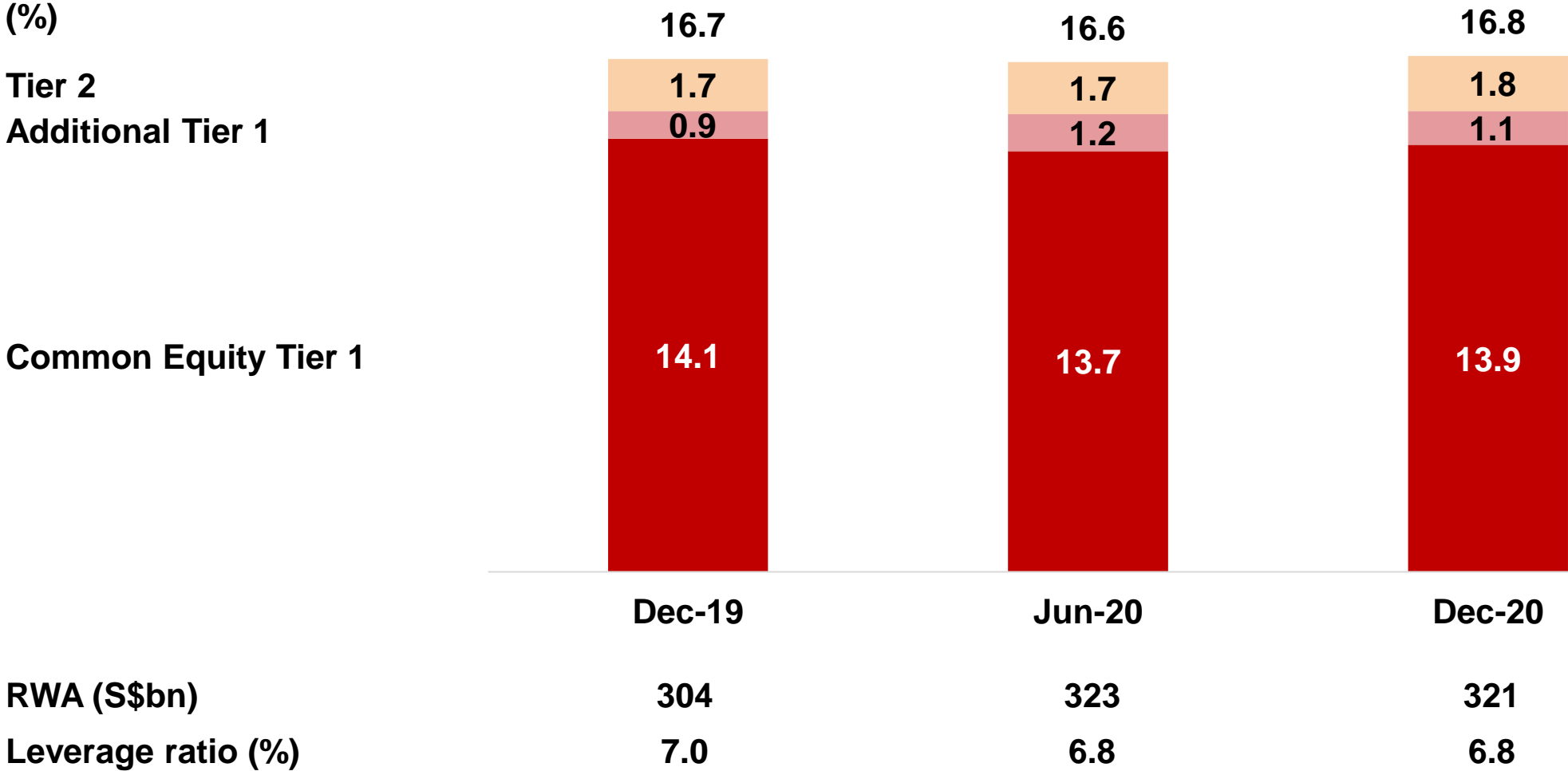
### Total allowance reserves as % of:

NPA	94	106	110
Unsecured NPA	191	199	206



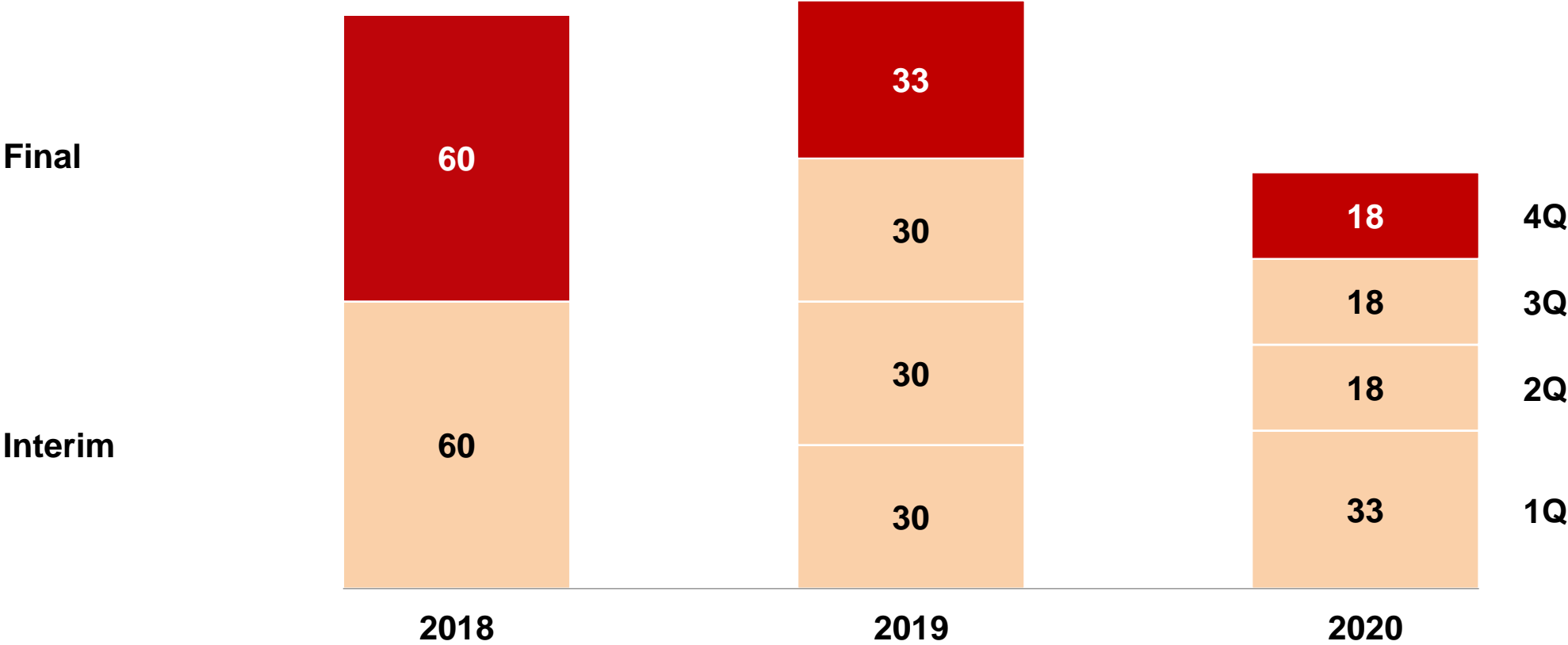
RLAR is regulatory loss allowance reserves which is set aside from retained earnings

# Strong CET-1 and leverage ratios



# 4Q dividend at 18 cents per share

(S¢ per share)



# **In summary – resilient full-year operating performance**

**Stable total income despite external headwinds attests to the quality of the franchise**

**Balance sheet fortified by additional general allowances of \$1.71bn**

**Business pipeline healthy, strong momentum at start of 2021**

**New growth platforms include Lakshmi Vilas Bank, China Securities JV, Digital Exchange, retail wealth planning and supply chain digitalisation**

**Enhanced franchise and strong balance sheet strengthen our ability to continue supporting customers and delivering shareholder returns**



Live more,  
Bank less

# Supplementary slides

**DBS Group Holdings  
4Q 2020 financial results  
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# Full-year earnings down 26%

(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

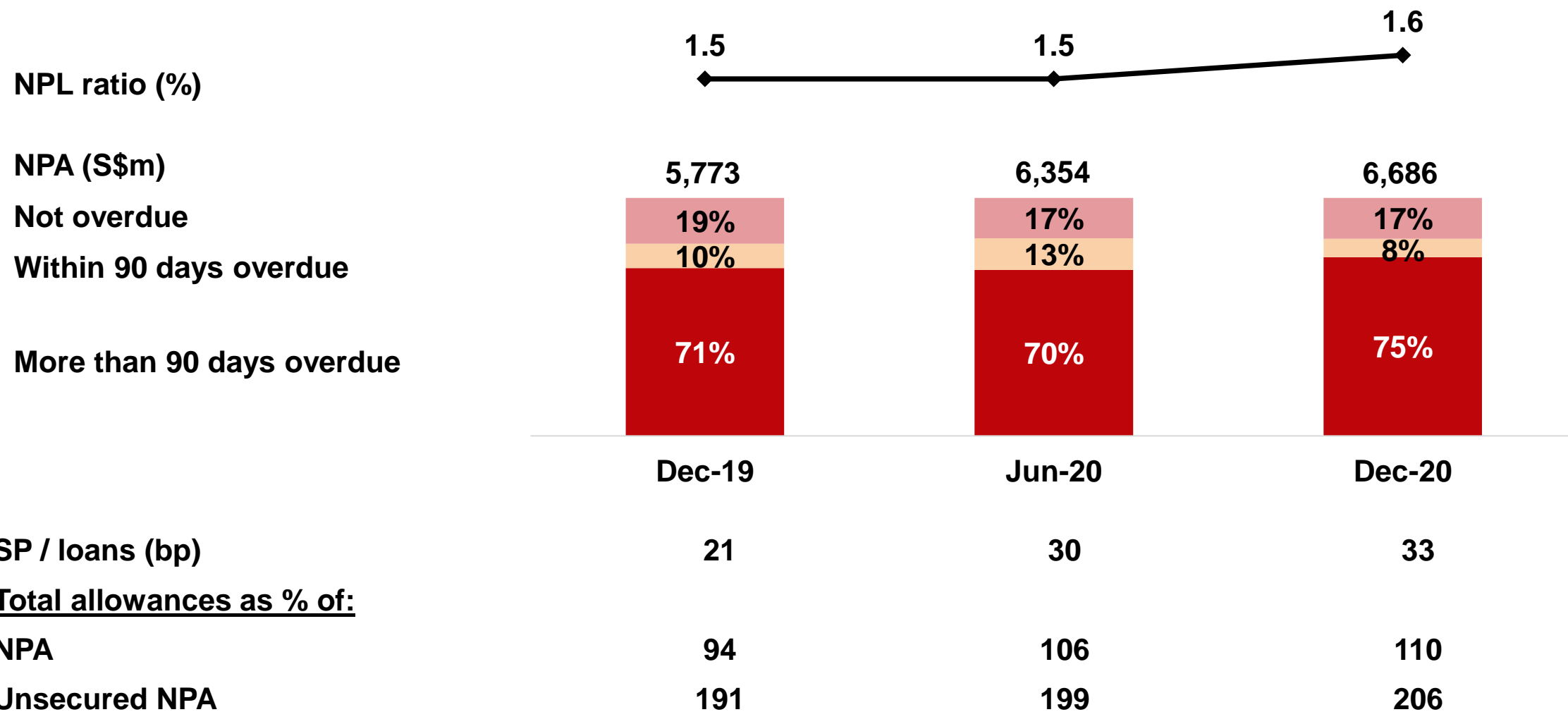
	FY20	FY19	YoY %
	<b>9,076</b>	<b>9,625</b>	<b>(6)</b>
	3,058	3,052	0
	1,405	1,459	(4)
	1,053	408	>100
	<b>5,516</b>	<b>4,919</b>	<b>12</b>
	<b>14,592</b>	<b>14,544</b>	<b>0</b>
	3,550	3,514	1
	2,608	2,744	(5)
	<b>6,158</b>	<b>6,258</b>	<b>(2)</b>
	<b>8,434</b>	<b>8,286</b>	<b>2</b>
	1,713	(58)	NM
	1,353	761	78
	<b>3,066</b>	<b>703</b>	<b>&gt;100</b>
	<b>4,721</b>	<b>6,391</b>	<b>(26)</b>

# Hong Kong full-year earnings down 34% on year

Constant-currency terms

(S\$m)	FY20	FY19	YoY %	YoY %
Net interest income	1,607	2,012	(20)	(22)
Net fee and commission income	661	667	(1)	(3)
Other non-interest income	266	250	6	4
<b>Total income</b>	<b>2,534</b>	<b>2,929</b>	<b>(13)</b>	<b>(15)</b>
<b>Expenses</b>	<b>1,059</b>	<b>1,109</b>	<b>(5)</b>	<b>(6)</b>
<b>Profit before allowances</b>	<b>1,475</b>	<b>1,820</b>	<b>(19)</b>	<b>(21)</b>
GP	177	31	>100	>100
SP	155	71	>100	>100
<b>Allowances</b>	<b>332</b>	<b>102</b>	<b>&gt;100</b>	<b>&gt;100</b>
<b>Net profit</b>	<b>963</b>	<b>1,428</b>	<b>(33)</b>	<b>(34)</b>
<b>Net interest margin (%)</b>	<b>1.55</b>	<b>2.07</b>		
<b>Loan growth (%)</b>				<b>3</b>
Non-trade growth (%)				6
Trade growth (%)				(18)
<b>Deposit growth (%)</b>				<b>9</b>

# NPL stable, allowance coverage above 100%





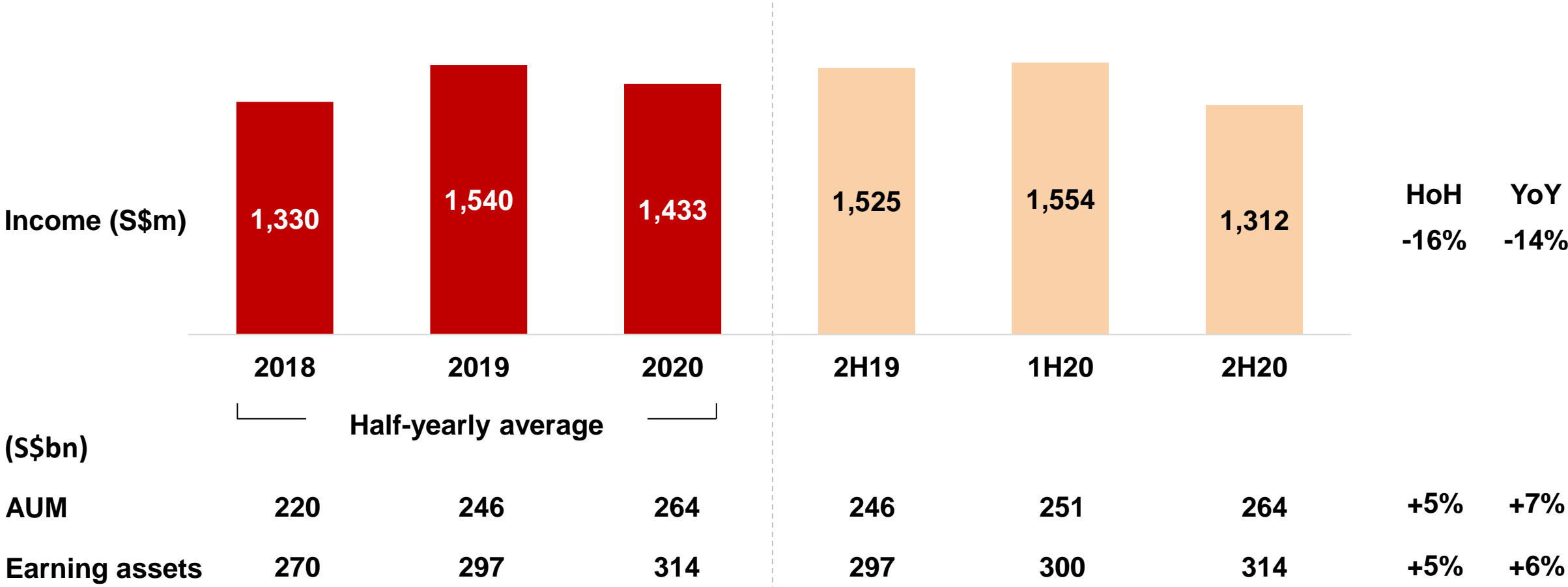
# Fixed income duration remains well-balanced across the curve

(\$m)	Dec 20	
	FVOCI	HTC
<b>Government securities</b>	<b>17,370</b>	<b>21,692</b>
Less than 3 years	10,830	9,647
3 to 5 years	2,411	3,552
5 to 10 years	3,511	7,034
More than 10 years	618	1,459
<b>Supranational, bank and corporate bonds</b>	<b>19,080</b>	<b>26,721</b>
<b>Total</b>	<b>36,450</b>	<b>48,413</b>

# Deposits up 6% on half and up 15% on year in constant-currency terms

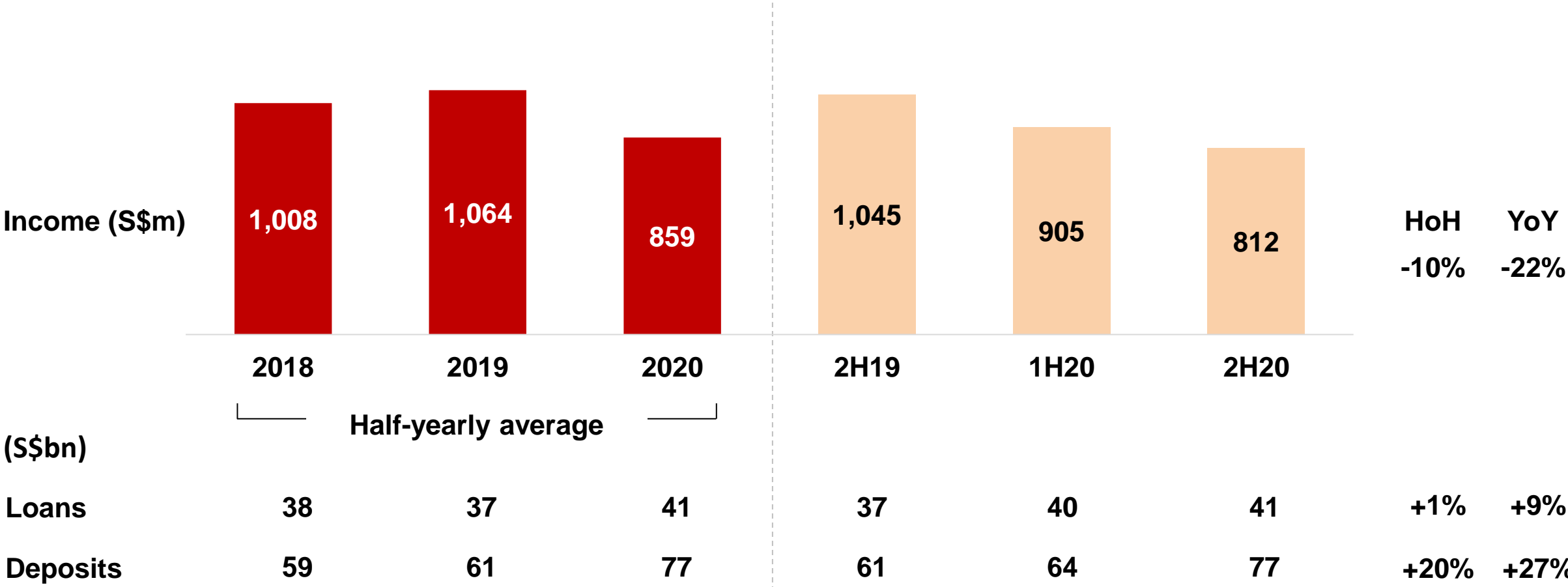
	(S\$bn)	HoH (%)		YoY (%)	
	Dec-20	Reported	Underlying	Reported	Underlying
<b>Deposits</b>	<b>465</b>	<b>4</b>	<b>6</b>	<b>15</b>	<b>15</b>
<b>By product</b>					
Casa	338	14	16	42	42
Fixed deposits and others	127	(16)	(13)	(23)	(23)
<b>By currency</b>					
Singapore dollar	204	4	4	26	26
US dollar	153	1	7	9	10
HK dollar	39	8	13	5	6
Chinese yuan	16	20	17	22	17
Others	52	3	1	4	0
<b>LDR (%)</b>	<b>Dec-20</b>	<b>Jun-20</b>		<b>Dec-19</b>	
<b>Overall</b>	<b>80</b>	<b>84</b>		<b>89</b>	
Singapore dollar	74	75		89	
US dollar	69	77		77	

# Wealth Management segment

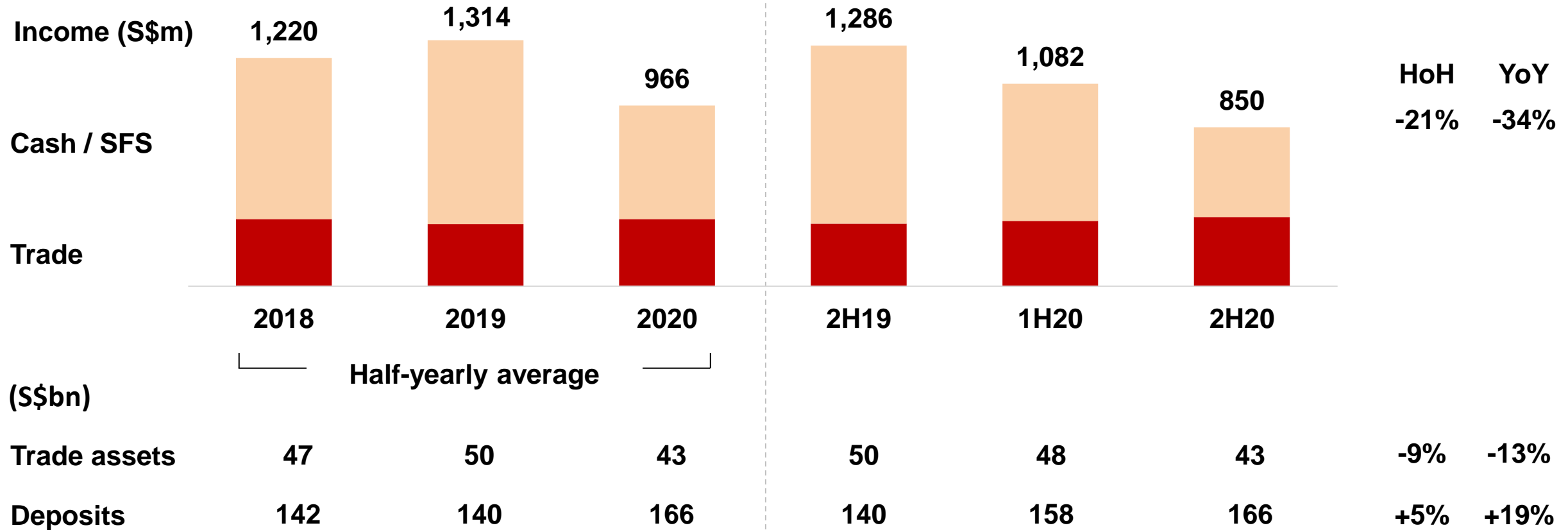


Comprising Treasures, Treasures Private Client and Private Bank

# SME segment



# Global transaction services



Assets and deposits at end of period



Live more,  
Bank less

# **Resilient full-year operating performance**

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