



Live more,
Bank less

Strong first-half operating performance

**DBS Group Holdings
2Q 2022 financial results
August 4, 2022**

Highlights

First-half net profit at \$3.62 billion, ROE at 13.3%

- Business momentum sustained as loans rise 3% in first half, while fee income streams other than wealth management and investment banking higher than year ago
- NIM rises after three years of decline
- Cost-income ratio at 44%

Second-quarter net profit up 7% on year to \$1.82 billion, second highest on record

- NIM increase accelerates to 12bp during quarter, boosting net interest income 12% on quarter and 17% on year
- Non-interest income lower on quarter and on year due to weaker market conditions
- Total income rises 6% on year, 1% on quarter

Asset quality stable, balance sheet healthy

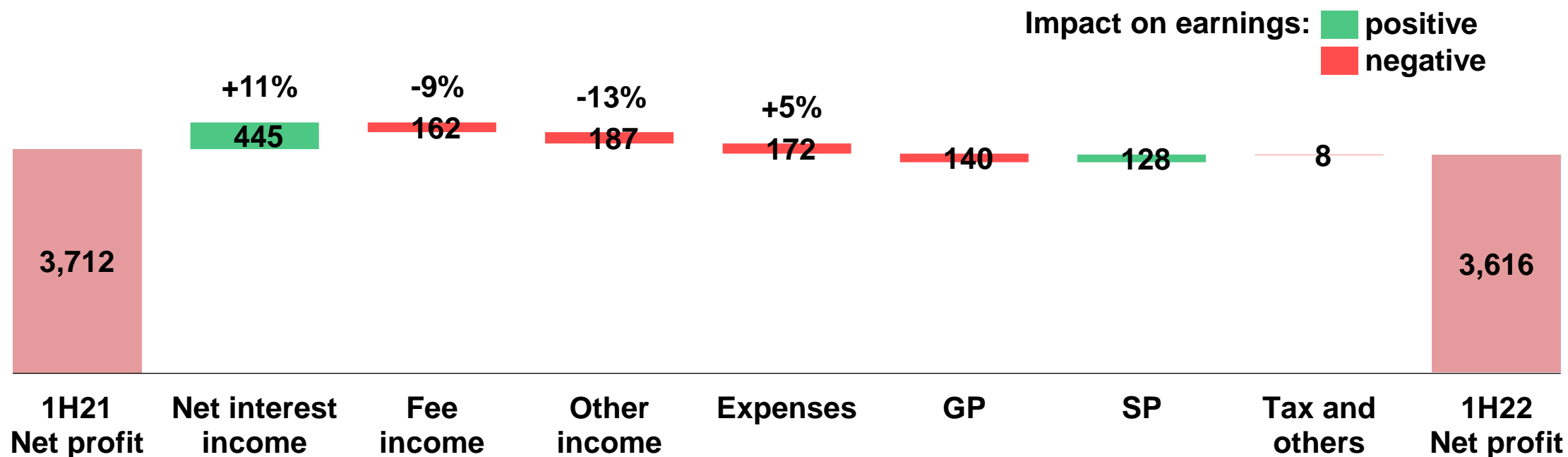
- NPA declines 1% on quarter as new NPA formation remains low, NPL ratio stable at 1.3%
- 1H SP at 11bp of loans, GP overlays maintained, allowance coverage at 113%
- CET-1 at 14.2%, LCR at 142%, NSFR at 118%

2Q dividend at 36 cents per share

1H net profit down 3% on year

(S\$m)	1H22	YoY %
Total income	7,539	1
Expenses	3,302	5
Profit before allowances	4,237	(2)
Allowances	101	13
Net profit	3,616	(3)

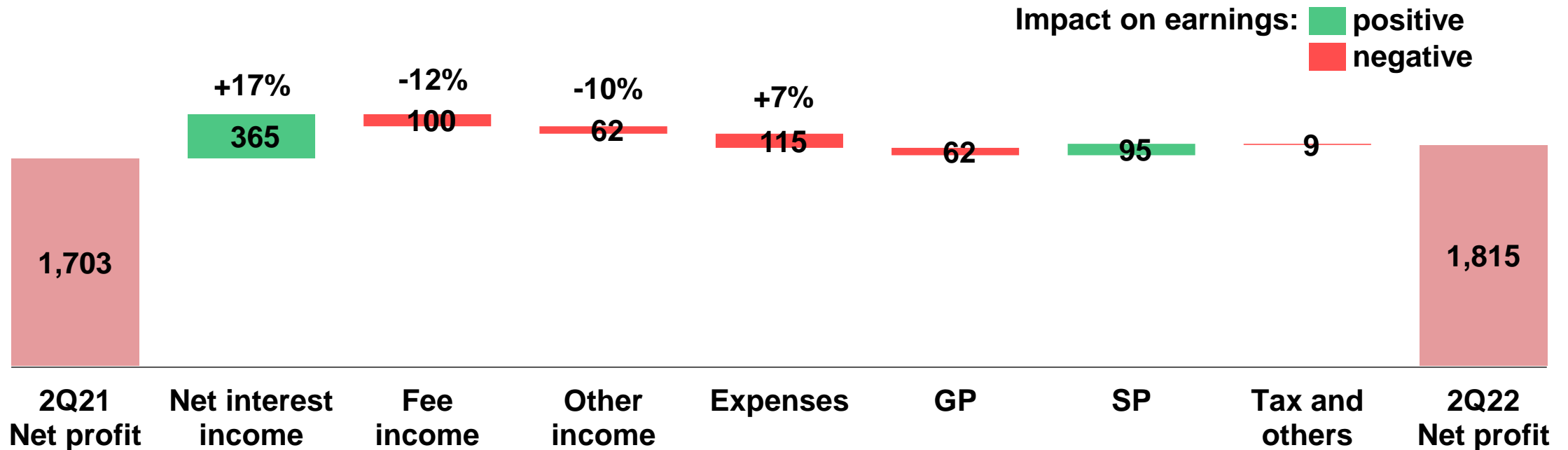
- Net interest income up 11% from NIM increase of 5bp and loan growth of 7% from year ago
- Fee income falls 9% due to wealth management and investment banking
- Other non-interest income down 13% from lower investment gains
- SP at 11bp of loans from 18bp a year ago



2Q net profit up 7% on year

(S\$m)	2Q22	YoY %
Total income	3,792	6
Expenses	1,658	7
Profit before allowances	2,134	4
Allowances	46	(42)
Net profit	1,815	7

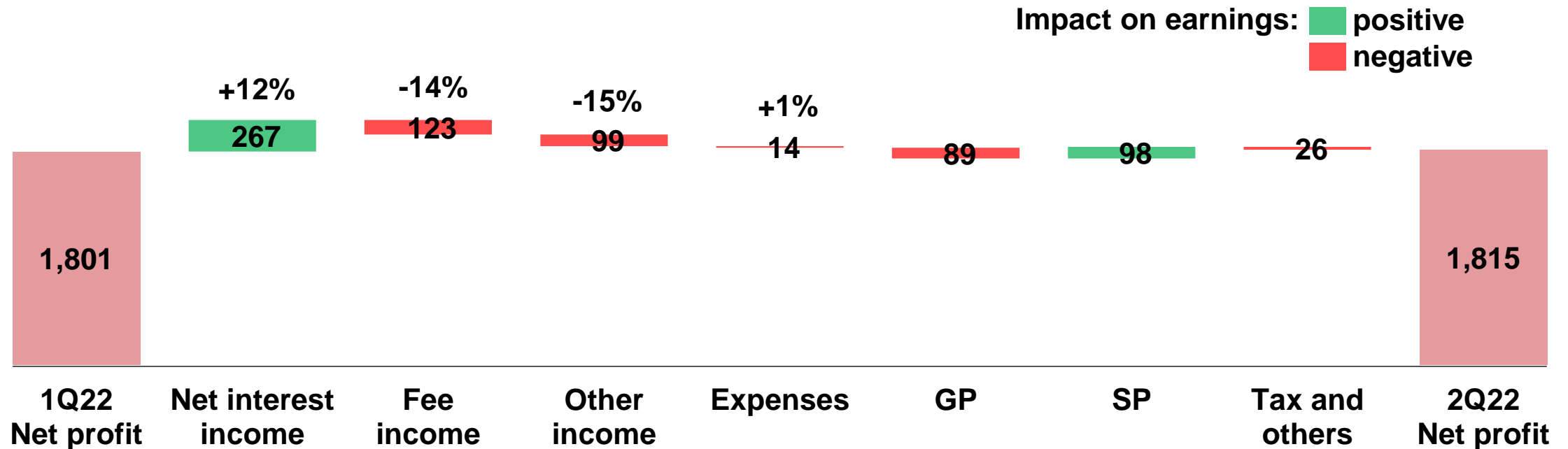
- Net interest income up 17% from NIM increase of 13bp and loan growth of 7% from year ago
- Fee income falls 12% due to wealth management and investment banking
- Other non-interest income down 10% from lower investment gains
- Total allowances fall 42% from lower SP



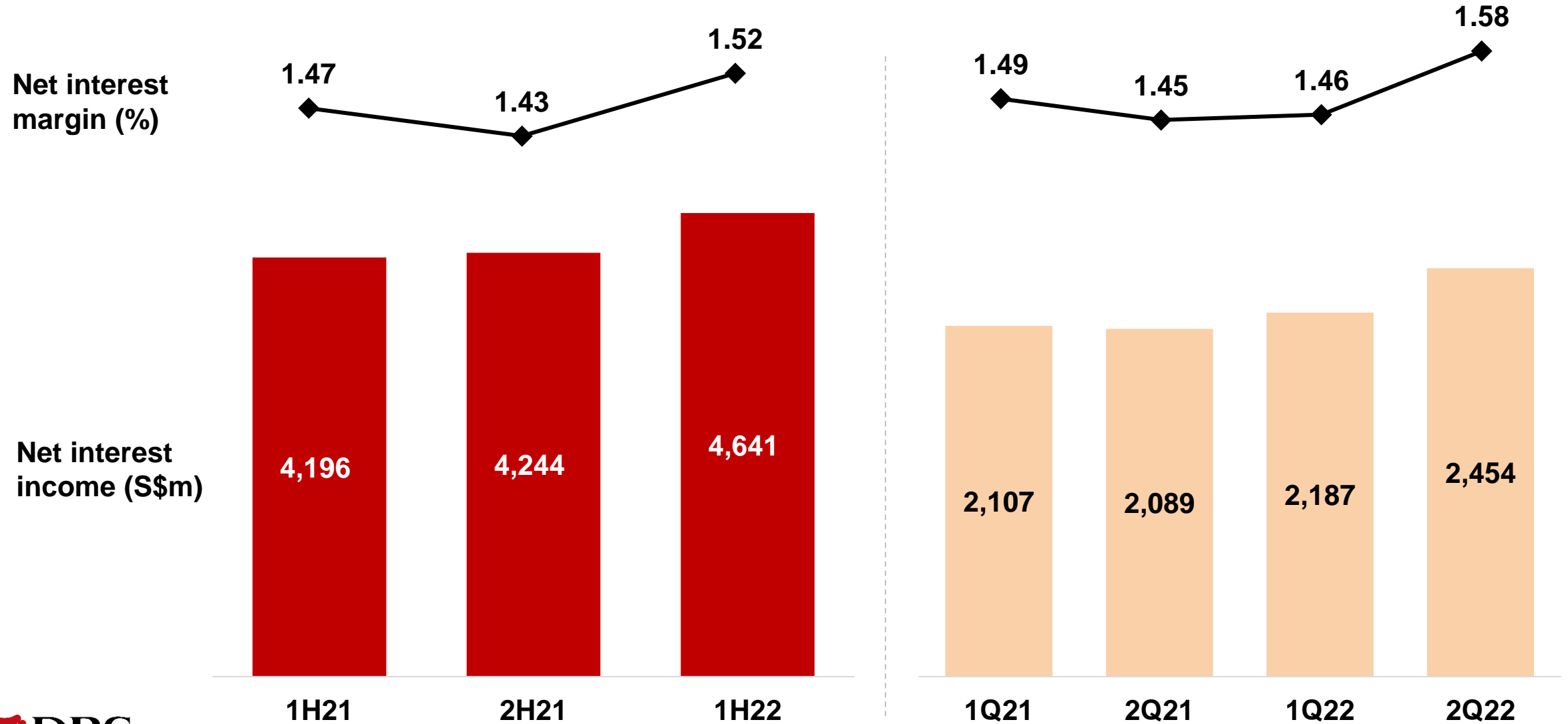
2Q net profit up 1% on quarter

(S\$m)	2Q22	QoQ %
Total income	3,792	1
Expenses	1,658	1
Profit before allowances	2,134	1
Allowances	46	(16)
Net profit	1,815	1

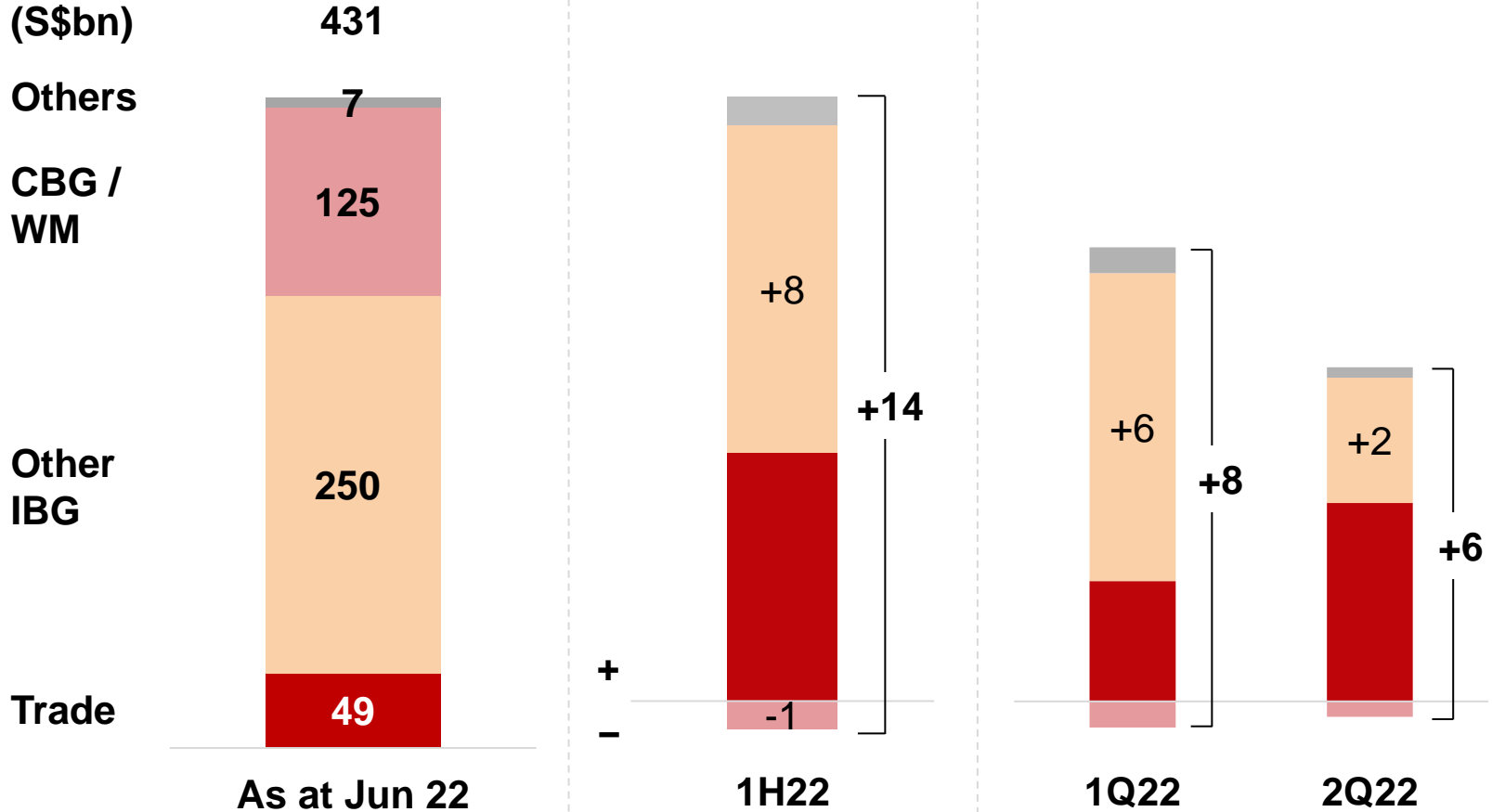
- Net interest income up 12%, boosted by 12bp increase in NIM
- Fee income declines 14% due to weaker market conditions, partially offset by higher card fees
- Other non-interest income down 15%
- SP at 8bp of loans compared to 15bp in 1Q, GP write-back lower



2Q net interest income up 12% on quarter as NIM rises 12bp to 1.58%



Loans up 1% on quarter, 3% in first half



In constant-currency terms

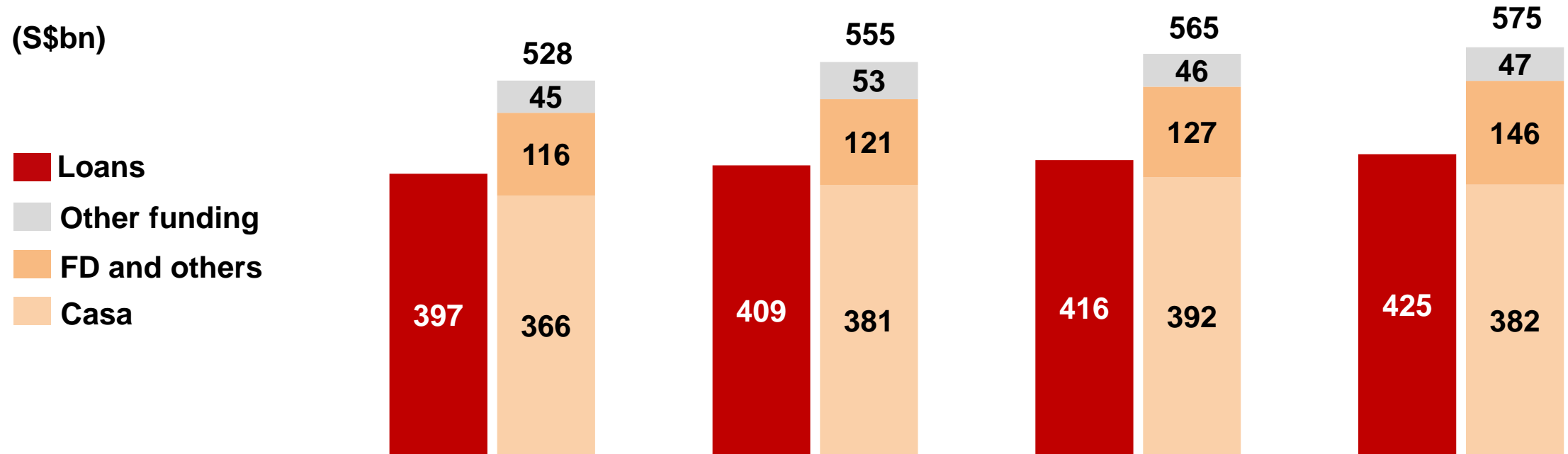
- Loans up 1% in 2Q, 3% in 1H
- Non-trade corporate loans up 1% on quarter led by Singapore and Hong Kong
- Housing and wealth management loans stable on quarter
- Trade loans grow 8% amidst higher commodity prices



Gross loans

Constant-currency change

Deposits up 1% on quarter, 5% in first half

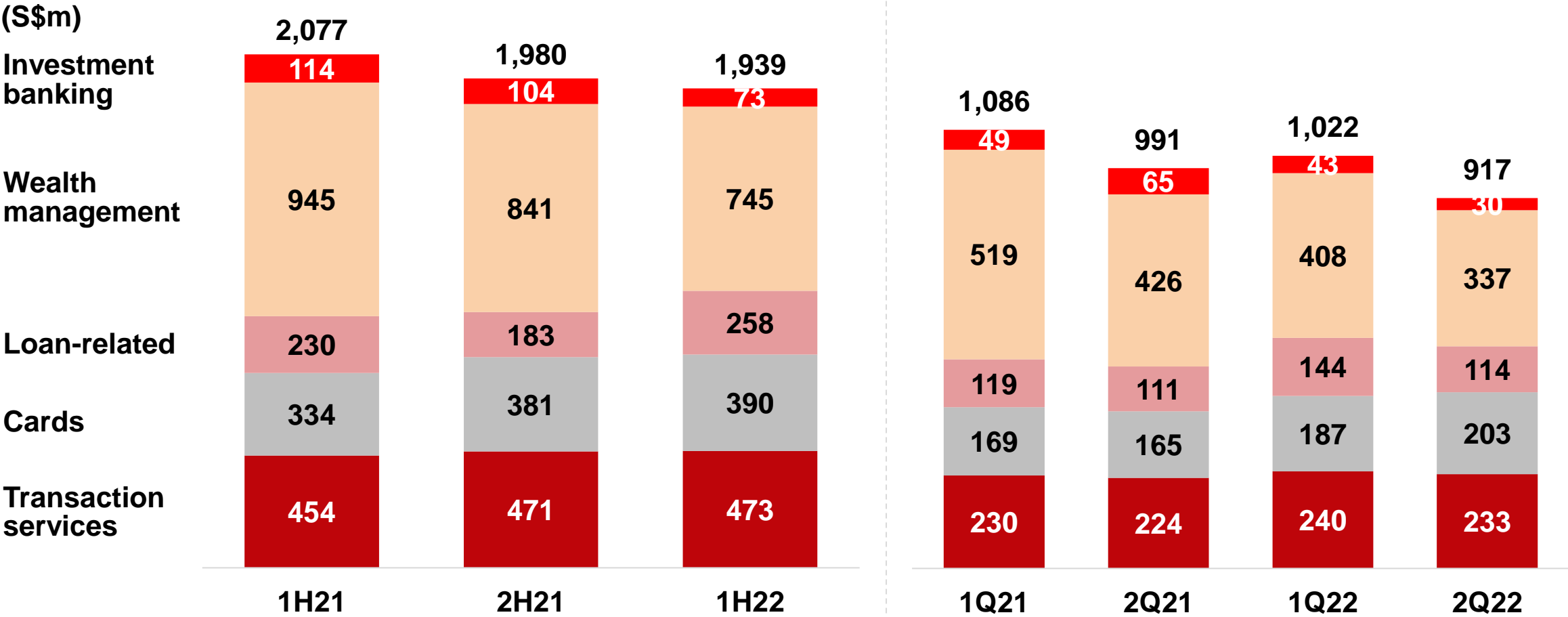


	Jun-21	Dec-21	Mar-22	Jun-22
HQLA (S\$bn)	122	126	134	140
<u>Ratios (%)</u>				
LDR	82	81	80	80
LCR	137	135	138	142
NSFR	127	123	122	118



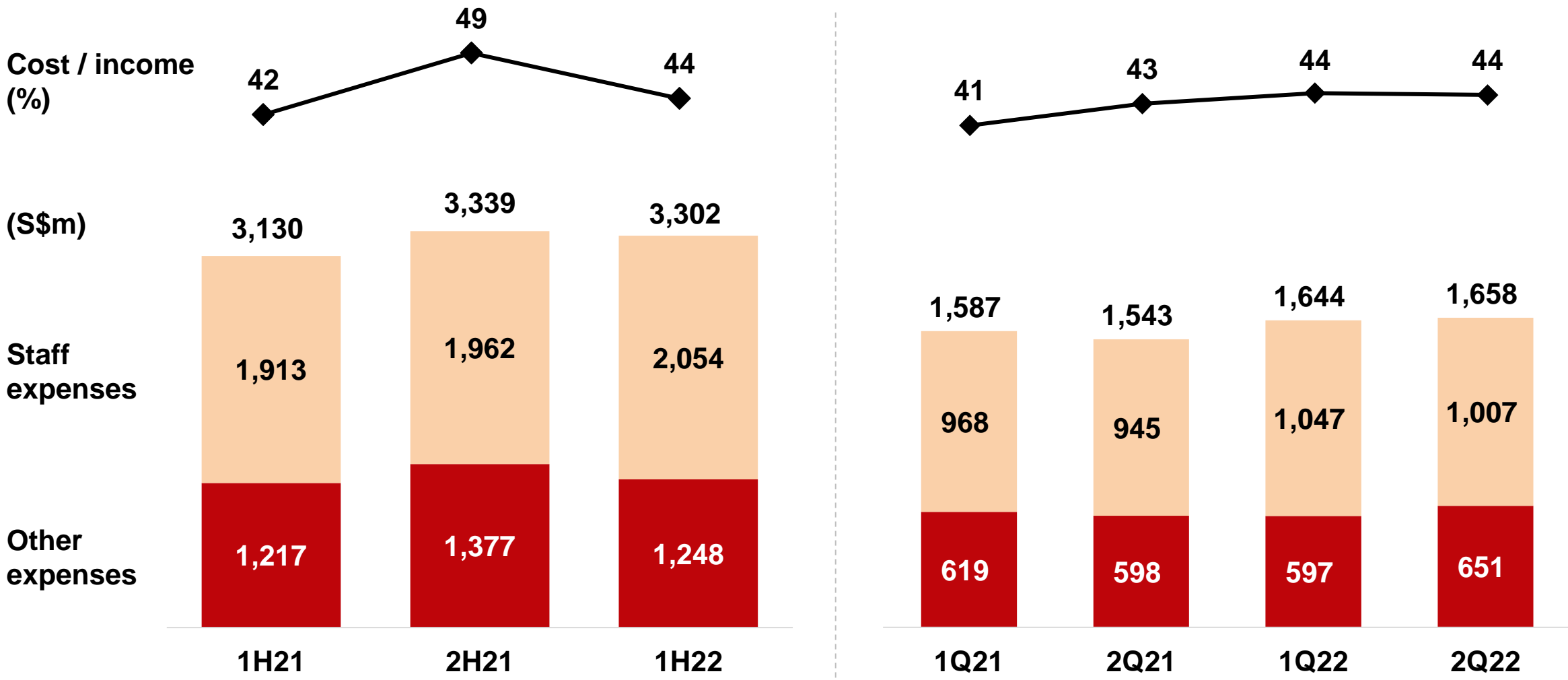
HQLA is high quality liquid assets; Other funding comprises senior medium term notes, commercial papers, negotiable certificates of deposit, other debt securities and covered bonds

2Q fee income declines, with lower wealth management moderated by continued recovery in cards



Gross fee income

1H expenses up 5% on year, cost-income ratio at 44%

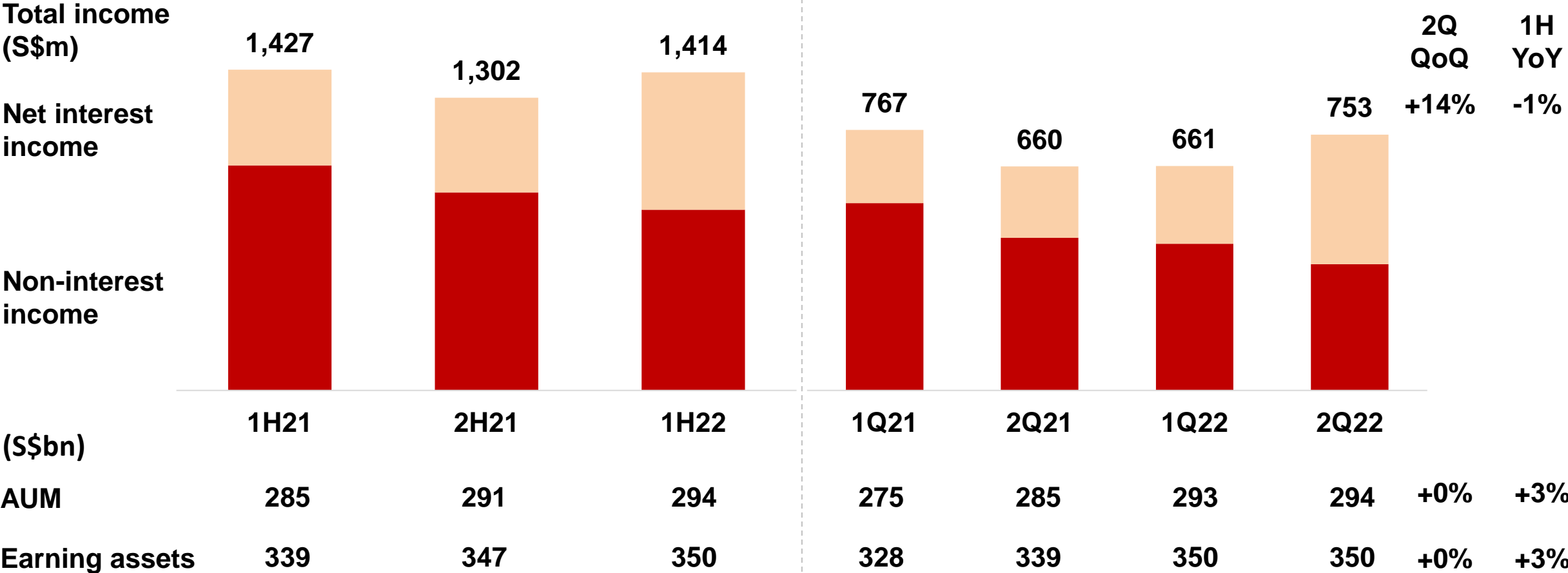


1H CBG/WM income up 6% on year from higher interest rates

(S\$m)	1H22	1H21	YoY %
Total income	2,884	2,713	6
Loans and deposits	1,496	1,126	33
Investment products	973	1,161	(16)
Cards	373	378	(1)
Others	42	48	(13)
Expenses	1,788	1,585	13
Profit before allowances	1,096	1,128	(3)
AUM (S\$bn)	294	285	3
SGD savings (S\$bn)	162	148	9

- 1H total income at \$2.88bn, 6% higher than a year ago
- Stronger deposit income from higher interest rates more than offsets lower investment product income
- Wealth Management AUM increases 3% to \$294bn
- Market share for savings deposits and Singapore housing loans maintained

2Q wealth management income up 14% on quarter



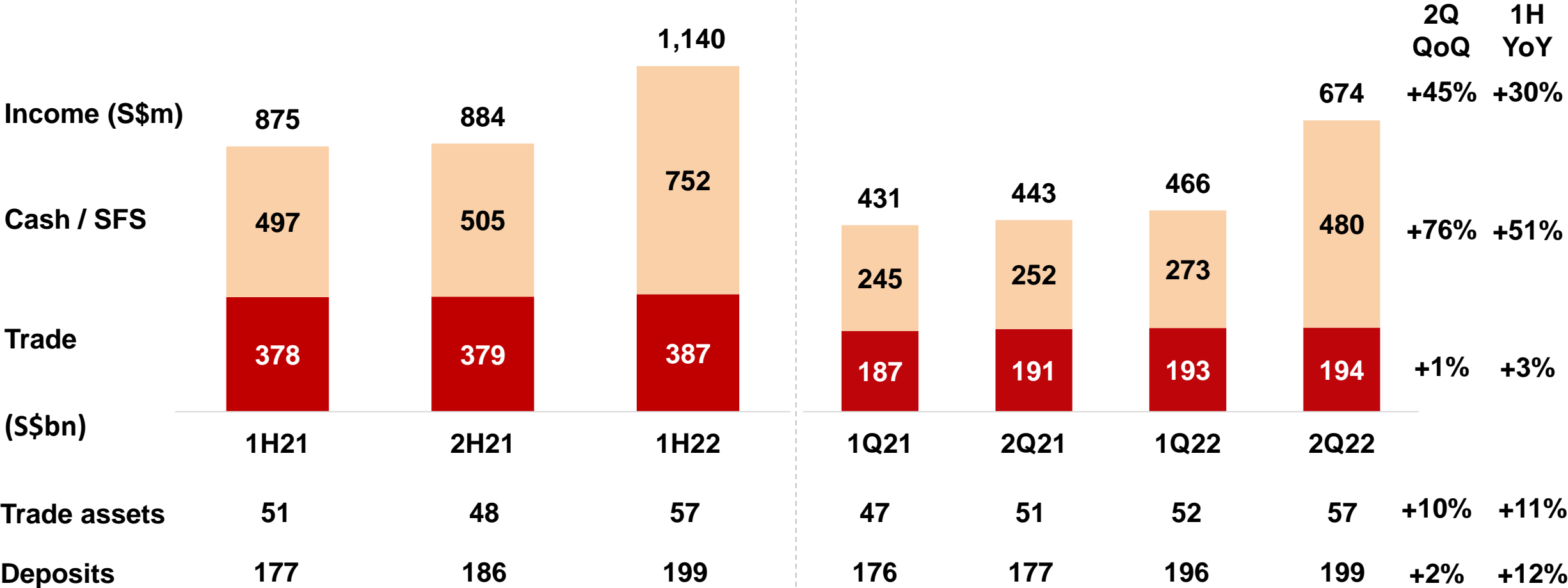
Comprising Treasures, Treasures Private Client and Private Bank

1H IBG income up 13% on year from broad-based growth

(S\$m)	1H22	1H21	YoY %
Total income	3,392	3,000	13
Loans	1,742	1,626	7
Trade	387	378	3
Cash / SFS	752	497	51
Treasury	459	413	11
Investment banking	52	86	(39)
Expenses	1,067	1,004	6
Profit before allowances	2,325	1,996	16
Assets (S\$bn)	334	305	9
GTS deposits (S\$bn)	199	177	12

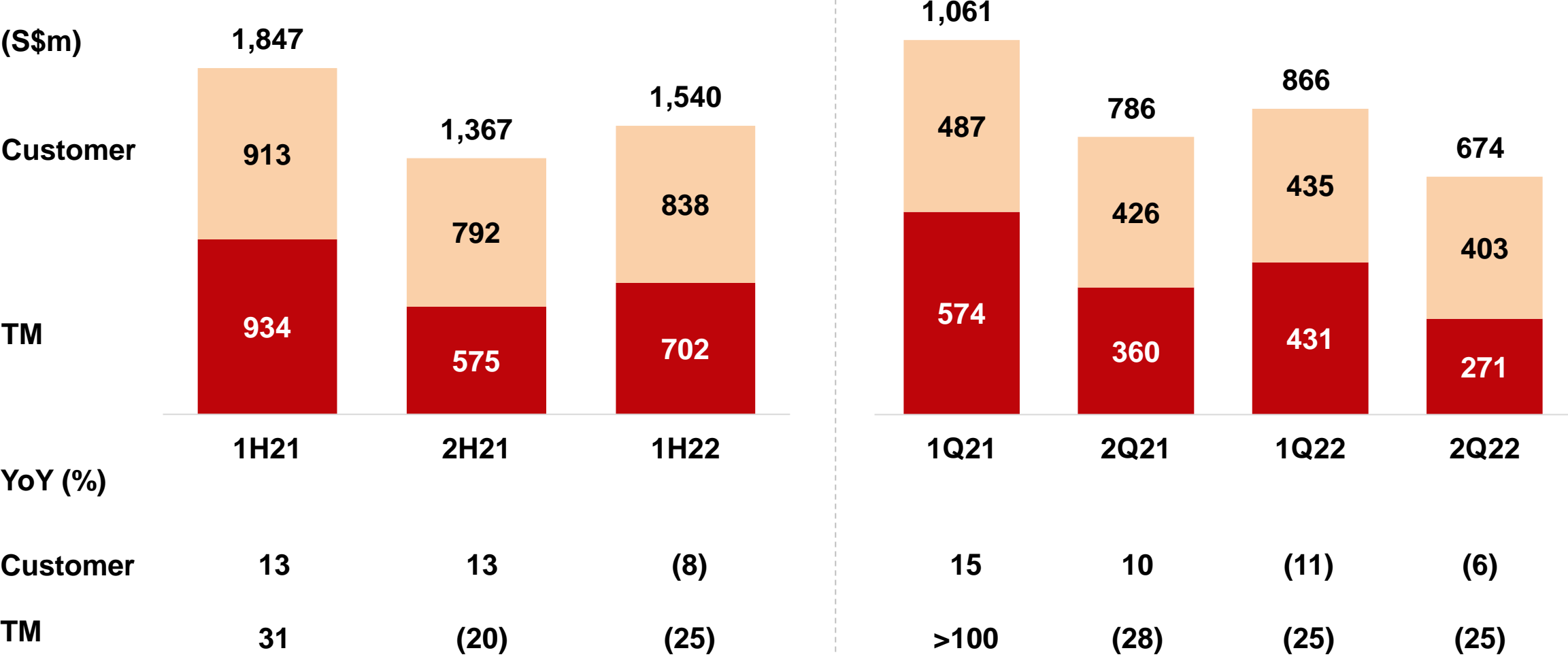
- 1H total income at \$3.39bn, 13% higher than a year ago
- Income growth from loans, trade, cash management and treasury sales offset lower income from investment banking
- GTS deposits up 12%

2Q GTS income up 45% on quarter, with cash up 76%



Assets and deposits at end of period

1H TM and customer income decline from year-ago record

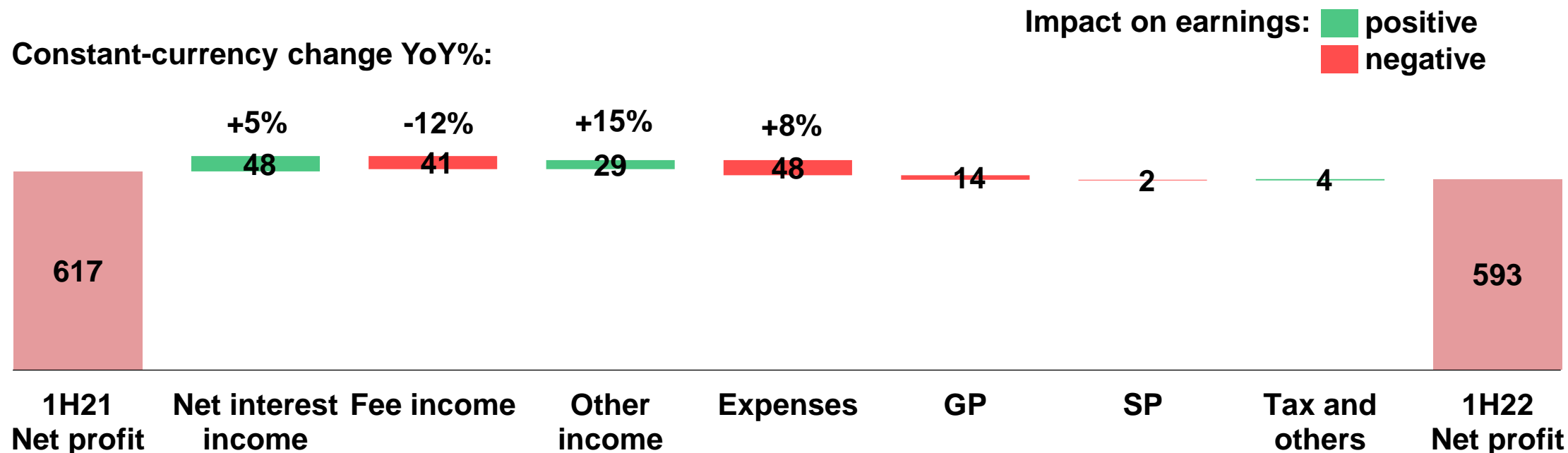


Treasury customer income is included under IBG/CBG segment income. It is included in this chart for a complete product view

1H Hong Kong earnings down 6% on year

(S\$m)	1H22	YoY (%)	Constant-currency YoY%
Total income	1,292	3	1
Expenses	539	10	8
Profit before allowances	753	(2)	(3)
Allowances	43	59	61
Net profit	593	(4)	(6)

- Total income up 1% to \$1.29bn led by higher net interest income
- Profit before allowances 3% lower at \$753m
- Total allowances at \$43m from lower GP write-backs



NPL ratio stable at 1.3%

(S\$m)	1H21	2H21	1H22	1Q22	2Q22
NPAs at start of period	6,686	6,621	5,849	5,849	5,981
IBG and others	(103)	(768)	90	187	(98)
New NPAs	553	521	704	465	271
Upgrades, settlements and recoveries	(469)	(941)	(409)	(269)	(173)
Write-offs	(187)	(348)	(205)	(9)	(196)
CBG / WM	(25)	(23)	(55)	(41)	(14)
Translation	63	19	24	(14)	39
NPAs at end of period	6,621	5,849	5,908	5,981	5,908
NPL ratio (%)	1.5	1.3	1.3	1.3	1.3



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

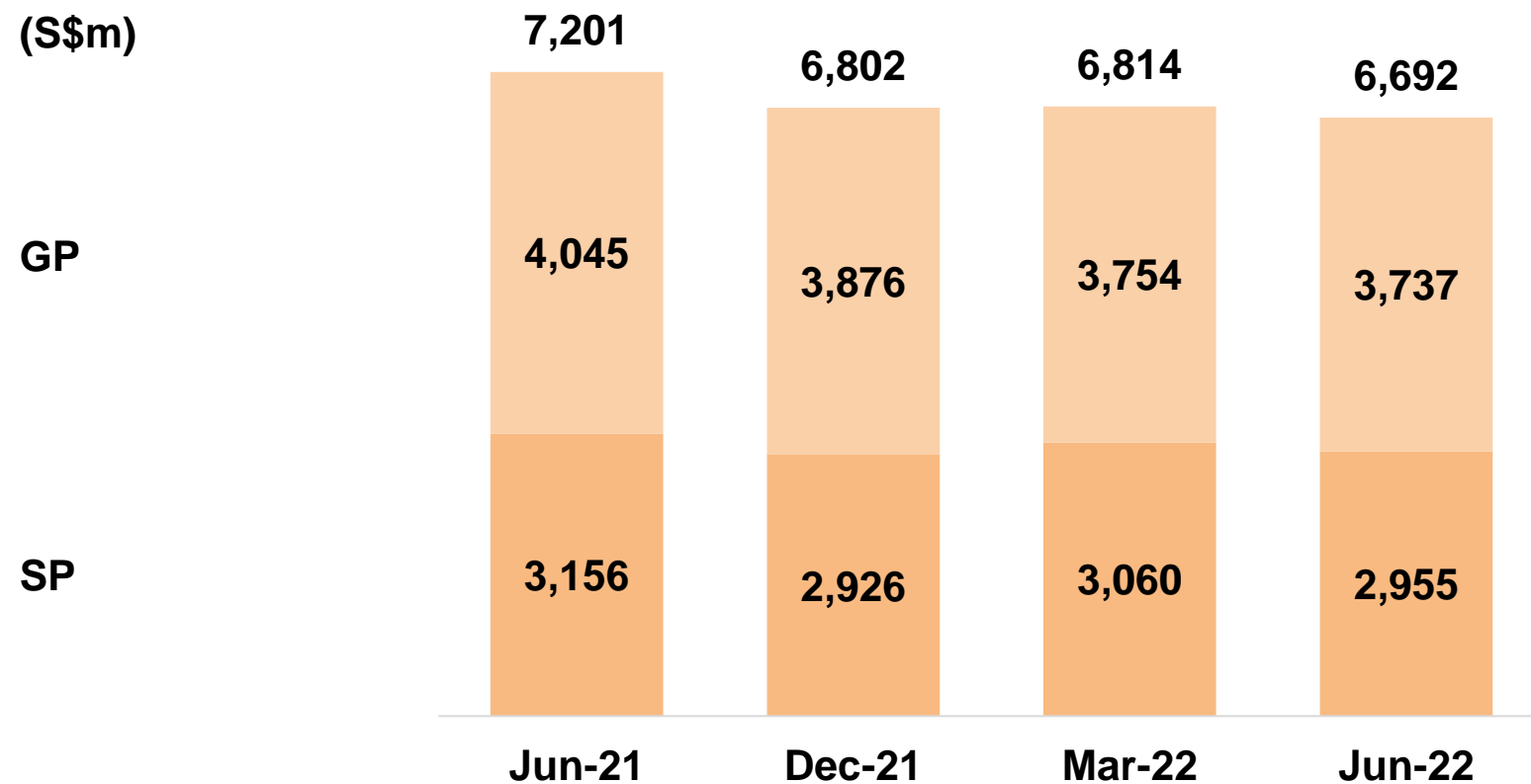
1H specific allowances at 11bp of loans

(S\$m)	1H21	2H21	1H22	1Q22	2Q22
IBG and others	271	73	174	122	52
Add charges for	337	257	270	189	91
New NPLs	199	90	223	157	58
Existing NPLs	138	167	47	32	33
Subtract charges for	66	184	96	67	39
Upgrades	0	0	1	0	0
Settlements	50	155	80	62	28
Recoveries	16	29	15	5	11
CBG / WM	73	54	64	32	32
SP charges for loans	344	127	238	154	84
Other credit exposures	19	8	(3)	13	(16)
Total SP charges	363	135	235	167	68
SP / loans (bp)	18	6	11	15	8



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

GP reserves of \$3.74bn remain prudent



Allowance coverage comfortably exceeds 100% and near 200% after considering collateral

Total allowance reserves as % of:

NPA	109	116	114	113
Unsecured NPA	199	214	193	199

Negative OCI in 1H22 due to cash flow hedge movements and marked-to-market losses on FVOCI debt securities

(S\$m)	1H21	1H22
Net profit	3,713	3,617
Other comprehensive income (OCI)		
- Cash flow hedges (CFH)	(171)	(2,087)
- FVOCI debt instruments	(350)	(1,281)
- Others	364	(64)
OCI, net of tax	(157)	(3,432)
Total comprehensive income (TCI)	3,556	185
TCI adjusted for CFH	3,727	2,272

- Rising interest rates result in negative OCI for cash flow hedges and FVOCI debt securities, which affect net book value
- CFH losses due to accounting asymmetry and do not affect capital adequacy ratio
- CFH are used to transform 8% of floating rate loans to fixed rate via interest rate swaps to stabilise NII. The swaps are MTM while the loans are not. This accounting asymmetry on the balance sheet will reverse over the life of the swaps

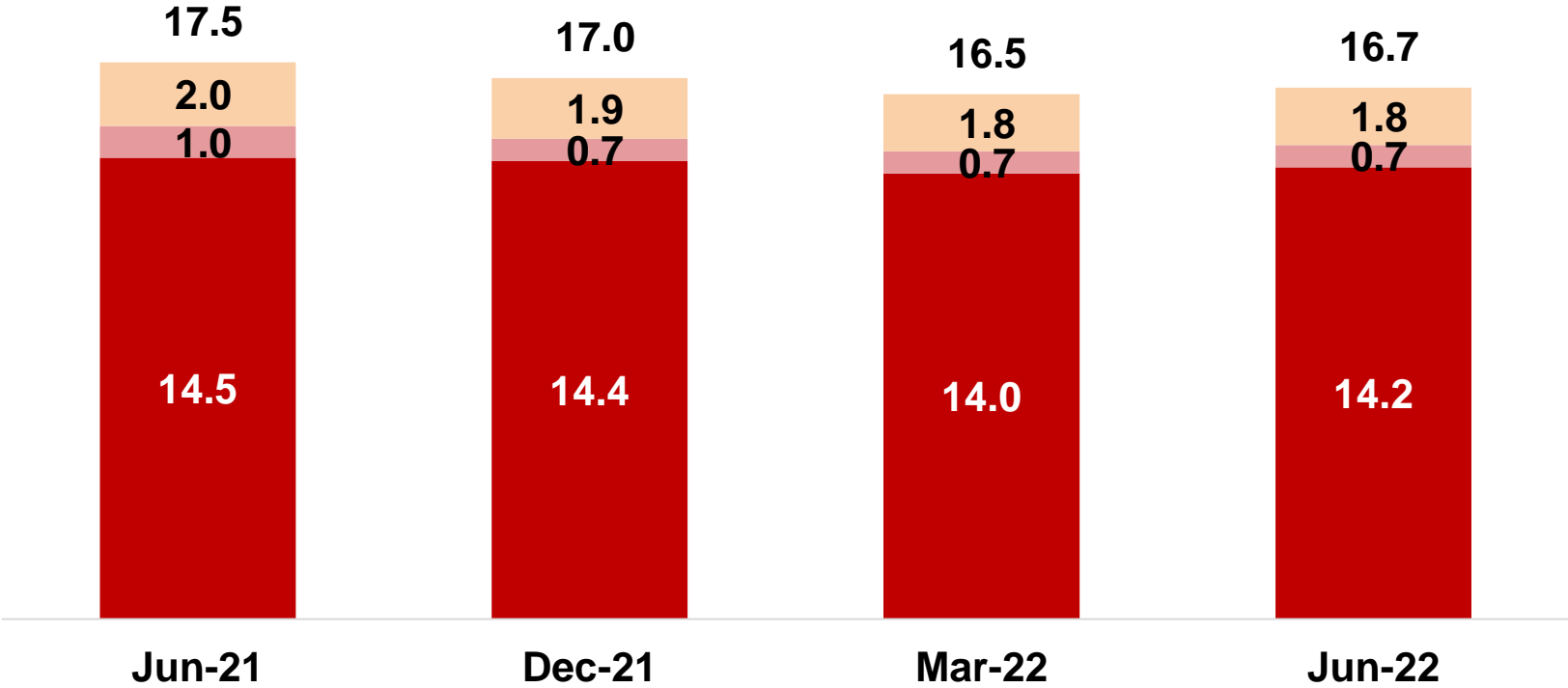
Strong CET-1 and leverage ratios

(%)

Tier 2

Additional Tier 1

Common Equity Tier 1



RWA (S\$bn)

Leverage ratio (%)

331	343	351	349
6.8	6.7	6.3	6.2

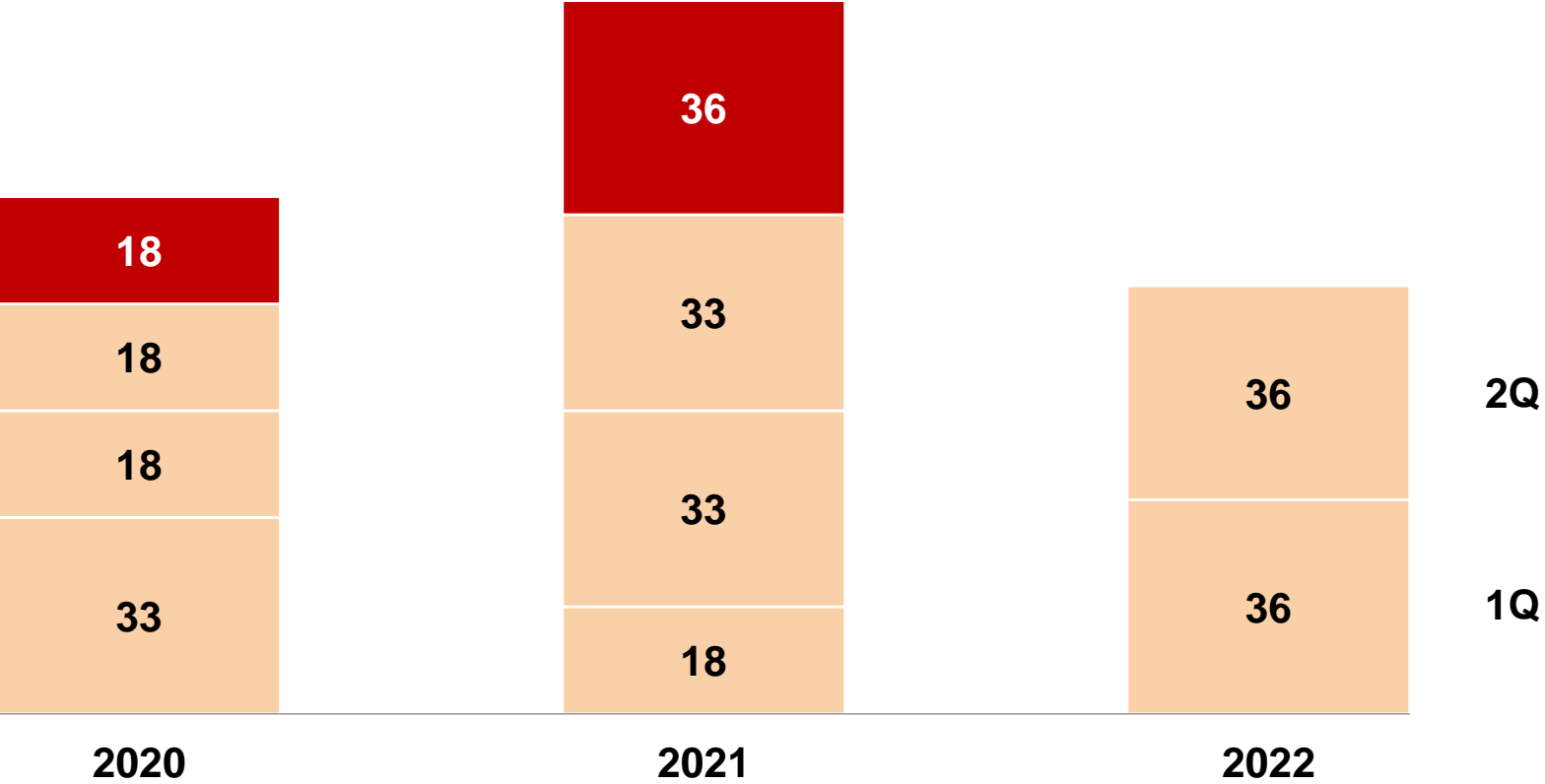


2Q dividend at 36 cents per share

(S¢ per share)

Final

Interim



In summary – Strong first-half operating performance

Strong first-half performance despite challenging market conditions

Business momentum sustained, while net interest margin expansion accelerates in second quarter

Amidst macroeconomic uncertainty, we will benefit from rapidly rising interest rates and have proven ability in capturing opportunities

Income growth will improve cost-income ratio in coming quarters even as we judiciously invest for the future

Ongoing stress tests indicate asset quality remains robust



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Supplementary slides

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1H earnings at \$3.62 billion

(S\$m)

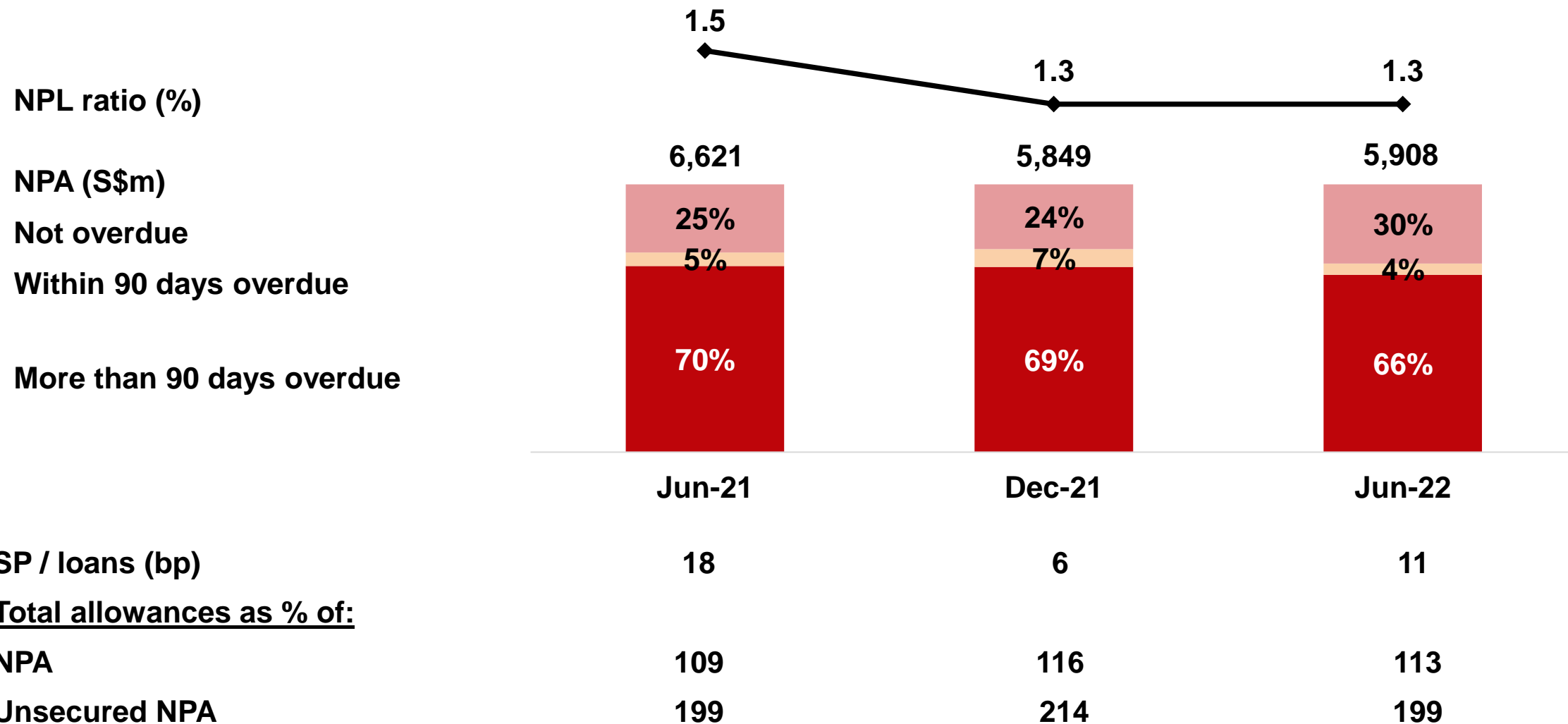
	1H22	1H21	YoY %	2H21	HoH %
Net interest income	4,641	4,196	11	4,244	9
Fee income	1,659	1,821	(9)	1,703	(3)
Trading income	1,060	1,040	2	751	41
Other income	179	386	(54)	156	15
Non-interest income	2,898	3,247	(11)	2,610	11
Total income	7,539	7,443	1	6,854	10
Staff expenses	2,054	1,913	7	1,962	5
Other expenses	1,248	1,217	3	1,377	(9)
Expenses	3,302	3,130	5	3,339	(1)
Profit before allowances	4,237	4,313	(2)	3,515	21
GP	(135)	(275)	NM	(172)	NM
SP	236	364	(35)	135	75
Allowances	101	89	13	(37)	NM
Net profit	3,616	3,712	(3)	3,089	17
One-time items	-	-	-	4	NM
Net profit incl. one-time items	3,616	3,712	(3)	3,093	17

Hong Kong 1H earnings down 6% on year

Constant-currency terms

(S\$m)	1H22	1H21	YoY %	YoY %	2H21	HoH %	HoH %
Net interest income	738	690	7	5	702	5	5
Net fee and commission income	354	395	(10)	(12)	381	(7)	(7)
Other non-interest income	200	171	17	15	141	41	41
Total income	1,292	1,256	3	1	1,224	5	5
Expenses	539	491	10	8	566	(5)	(5)
Profit before allowances	753	765	(2)	(3)	658	14	14
GP	(4)	(18)	NM	NM	(69)	NM	NM
SP	47	45	4	3	49	(4)	(7)
Allowances	43	27	59	61	(20)	NM	NM
Net profit	593	617	(4)	(6)	573	3	3
Net interest margin (%)	1.18	1.30			1.20		
Loan growth (%)				9			5
Non-trade growth (%)				11			3
Trade growth (%)				(3)			22
Deposit growth (%)				14			10

NPL at 1.3%, allowance coverage above 100%



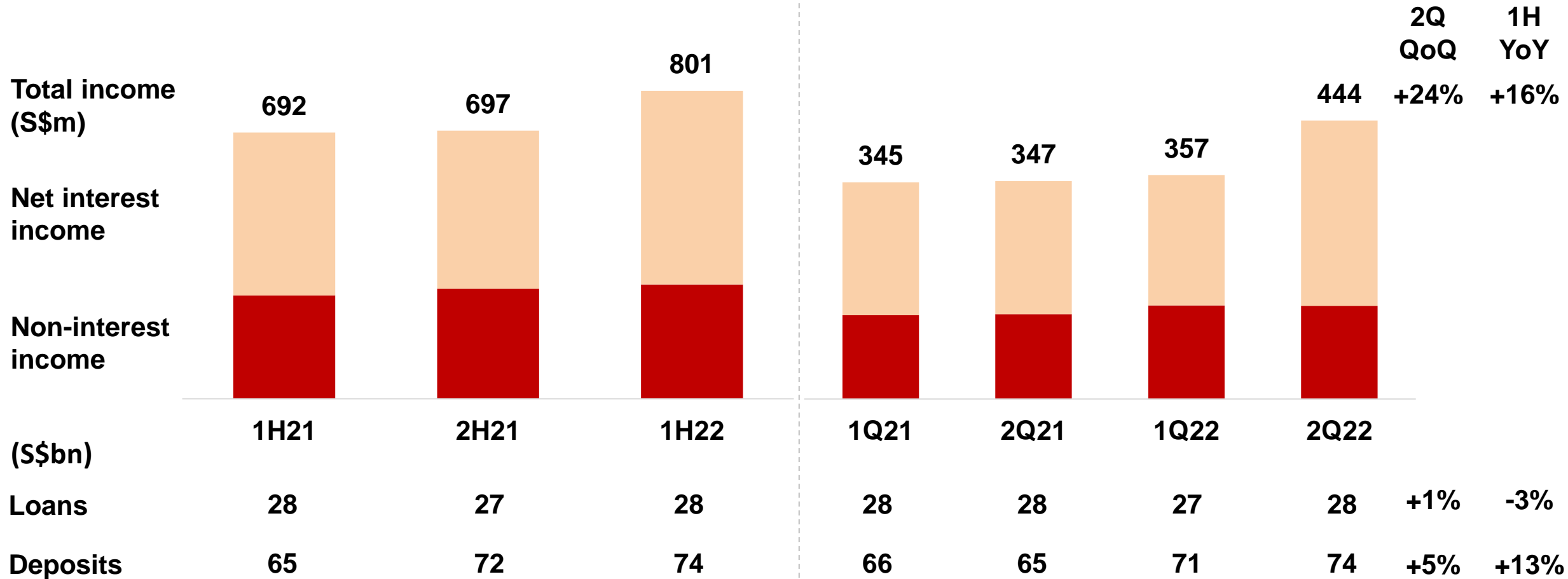
Fixed income duration remains short

(\$m)	Jun 22	
	FVOCI	HTC
Government securities	24,334	23,481
Less than 3 years	17,956	10,320
3 to 5 years	2,303	4,071
5 to 10 years	3,704	8,067
More than 10 years	371	1,023
Supranational, bank and corporate bonds	17,371	29,078
Total	41,705	52,559

Deposits up 5% on half and 9% on year in constant-currency terms

	(S\$bn)	HoH (%)		YoY (%)	
	Jun-22	Reported	Underlying	Reported	Underlying
Deposits	528	5	5	9	9
By product					
Casa	382	0	(1)	4	3
Fixed deposits and others	146	21	21	26	25
By currency					
Singapore dollar	224	2	2	4	4
US dollar	189	8	5	16	12
HK dollar	38	22	20	18	15
Chinese yuan	20	(6)	(4)	5	5
Others	57	3	8	6	12
LDR (%)	Jun-22	Dec-21		Jun-21	
Overall	80	81		82	
Singapore dollar	72	72		73	
US dollar	69	70		73	

SME segment



With effect from 1 January 2022, the SME segment is defined as companies with annual revenues up to \$100 million. Comparatives have been restated on this chart.



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