DBS Group Holdings Ltd

Co. Reg. no.: 199901152M

RESPONSES TO SUBSTANTIAL AND RELEVANT QUESTIONS RECEIVED FROM DBSH SHAREHOLDERS IN RELATION TO DBSH'S 26th ANNUAL GENERAL MEETING

21 March 2025 – DBS Group Holdings Ltd ("**DBSH**") would like to thank our shareholders for submitting their questions in advance of DBSH's 26th Annual General Meeting, which will be convened and held, in a wholly physically format, at Marina Bay Sands Expo and Convention Centre, Level 4, Roselle and Simpor Ballrooms, 10 Bayfront Avenue, Singapore 018956 on Friday, 28 March 2025 at 2:00 pm.

Responses to substantial and relevant questions submitted by shareholders

Due to overlaps in several of the questions received up till Friday, 14 March 2025, we will not be providing responses to each question individually. Instead, responses to substantial and relevant questions have been set out according to the following themes:

(i) Technology;
(ii) Financials;
(iii) Capital Management;
(iv) DBS Hong Kong;
(v) DBS India; and
(vi) Miscellaneous.

Please refer to our responses as set out in the **Appendix**.

Appendix

Theme	No.	Questions from Shareholders	DBS Response
Technology	1(a)	Following the recent IT system overhaul, what are the Business Continuity Management initiatives undertaken to ensure that the root cause of the various service outages has been resolved.	We do a thorough review after each disruption. We found that most of our digital disruptions in the past few years were due to software bugs in third-party vendor systems or change management issues. We have focused on addressing these areas, among others, through our Technology Risk Management Uplift (T-Up) programme, which encompasses four key themes – change management, system resilience, incident management and technology risk governance and oversight. Significant progress has been made and while a small number of long-tail initiatives remain to be completed, we believe most of our technology resiliency gaps have been closed. Balancing resiliency and cost efficiency with speed and innovation will be a key focus for technology this year as we dial up on having a strong tech risk culture in an environment of trust, collaboration, and empowerment.
	1(b)	Given the disruptive impact of fintech companies such as Adyen on the financial services industry, what strategies are in place to foster both competition and collaboration for mutually beneficial outcomes? Considering the stricter compliance requirements faced by DBS compared to fintech companies, what are some of the adaptive strategies to ensure ongoing competitiveness?	We have been working with fintechs from as early as 2015. We ran accelerator programmes for promising startups to turn concepts into products, and these initial forays helped shape our engagement model with the fintech ecosystem over the years. For instance, our Innovation Group runs several fintech engagement programmes including Startup Xchange, which matches startups with internal opportunities. At the same time, we have held our own against fintechs competing in our space. This has been possible because with our digital transformation since 2014, we have become more customer-centric, agile, and data-driven. It should also be noted that some fintechs are in fact our customers. DBS provides banking solutions to a number of fintechs in Singapore and around the region.

Theme	No.	Questions from Shareholders	DBS Response
			Over the years, the regulatory playing field between banks and fintechs has become more balanced. Notwithstanding this, we will continue to enhance our customer journeys through the use of data and artificial intelligence to deliver differentiated customer experiences.
	1(c)	Following recent media reports (November 2024) regarding the progress of local banks in implementing purpose bound money (PBM), CBDCs and cross-border transactions on the blockchain, what is the anticipated impact of this development on Partior, and what are the broader implications for the public interest?	The growing interest in and adoption of PBM, CBDCs and blockchain-powered transactions affirm the value such technologies bring to financial services. As an industry pioneer in DLT-based product transformation, we captured the early-mover advantage and industrialised new solutions to offer our clients enhanced and differentiated value propositions. A prime example is DBS Token Services, launched in 2024. DBS Token Services stems from our active involvement in several industry initiatives led by MAS, such as Project Orchid and Project Guardian. Built on DBS' permissioned blockchain and smart contract technology, DBS Token Services unlocks new transaction banking capabilities and operating efficiencies for our institutional clients – such as instant, 24/7 real-time settlement of payments, as well as enabling programmability for institutions to govern the use of funds according to predefined conditions. Partior has made steady progress amid growing industry interest and adoption. In 2024, Partior closed its Series B with USD 80 million raised and crossed a milestone of USD 1 billion in total transaction value. It is another example of how a multi-year industry project (Project Ubin) has led to tangible commercial outcomes in financial services. DBS remains invested in Partior, which we co-founded in 2021, and we continue to support its aim of transforming cross border payments and settlements.
	1(d)	Given a competitor's announced investment in quantum computing training for approximately 100 employees, what is DBS' strategy	Quantum computing holds immense potential for transforming financial services, for instance, by powering exponentially faster and better market simulations and risk modelling.

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		(products, plans and training for staff)?	Quantum technology is still in its nascent stages, with most projections placing true useability at least five years away. Nevertheless, we have a pulse on developments in this space and are in discussion with industry players to understand and leverage the immense opportunities that quantum will bring in areas such as portfolio optimisation and risk modelling. We are also mindful that a quantum world brings new threats, which is why in 2024 we signed an MOU with MAS and other banks and tech partners to address cybersecurity risks brought about by quantum. By proactively participating in these initiatives, we are not only shoring up our defences but also setting new standards for futureproofing our financial systems.
Financials	2(a)	Given DBS' superior return on assets compared with its local peers, – could management elaborate on the key business drivers contributing to this performance?	Several factors drove our outperformance in FY24. Our balance sheet management played a key role. To pre-empt the impact of falling rates, we had locked in a larger portion of asset yields for longer durations. This strategy resulted in a more stable net interest margin compared to peers. Our returns from non-interest income were also significantly above peers as our digital capabilities enabled us to capture market share in wealth management and treasury customer sales as investor sentiment strengthened with peaking interest rates. Efficient expense management resulted in a better cost-income ratio than peers. Finally, prudent risk management led to lower total allowances as a proportion of loans.
	2(b)	Given the 4% decline in IBG's net profit, despite increased non-interest income, what is management's assessment of this trend. What strategies are in place to regain market share in this segment?	The decline in net profit was due to a lower net interest margin from falling interest rates and not market share losses. Our local peers had a similar performance.

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	2(c)	What are the projected contributions of Singapore and DBS' other core locations to the future growth of DBS' wealth management unit?	Our wealth management franchise is well diversified by geography. This is reflected in the number of regions that our customers originate from. In FY24, we received inflows from customers across North Asia, Southeast Asia, the Middle East and Europe. Future growth is expected to remain broad-based but will also depend on market conditions.
Capital Management	3(a)	Could management elaborate on the planned allocation of capital in the current financial year? What is the possibility of future acquisitions?	We remain well capitalised. The CET1 ratio of 15.1% is above the target range of 12.5-13.5% while our capital generation is more than sufficient to fund organic growth opportunities. Thus, we have committed to managing down the stock of excess capital over the coming three years through various forms of capital return. For the current financial year, this is expected to include ordinary dividends, Capital Return dividends and share buybacks. Future acquisitions will depend on available opportunities. We are focused on bolt-on acquisitions and will remain disciplined in our approach. Any acquisition must be in specific lines of business we are interested in and make economic sense.
	3(b)	Please provide a projected timeframe for the completion of the $3 billion share buyback programme. Could management clarify the flexibility allowed in the deployment of funds from the share buyback programme to accommodate unforeseen circumstances?	We have not set a specific time frame for the share buyback programme, but we expect to execute it over two to three years. The buybacks will be carried out at management's discretion taking into account market conditions. This provides us with the flexibility to maximise the value of buybacks for shareholders.
DBS Hong Kong	4(a)	Given Hong Kong's position as the second most profitable market for DBS, does management expect net profit in FY2025 to be on par with FY2024? What key factors are anticipated to influence Hong	We have not provided specific guidance on Hong Kong's net profit growth. The factors that would influence Hong Kong's performance are generally the same as the Group's, and include interest rate movements, the region's economic growth, and investor, business and consumer sentiment.

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		Kong's business performance in FY2025?	
	4(b)	Are Hong Kong companies continuing to obtain financing from mainland Chinese financial institutions driven by prevailing lending rates differentials?	A significant portion of Hong Kong's loans is to Hong Kong and China companies. Due to the prevailing differential between USD and RMB lending rates, China companies continue to prefer borrowing onshore. Nevertheless, they also consider offshore financing options, particularly if the financing offers natural currency hedging. In addition, Hong Kong companies have been borrowing CNH loans in Hong Kong due to the lower interest cost.
DBS India	5(a)	In light of the Reserve Bank of India's (RBI) recent announcement of a $10 billion FX swap, what is the anticipated impact of this on DBS India's operations?	The recently announced FX swap facility will help to improve INR liquidity. It is expected to support policy rate cuts and bolster India's economic growth while providing RBI with more capacity to manage FX volatility. These measures could in turn support loan and deposit growth for the industry and for DBS India.
	5(b)	While previous reports indicated profitability in DBS India's operations, capital generation was identified as a constraint on growth. Has this situation improved? Please provide further detail regarding capital generation within DBS's India franchise. Does DBS's current business activity in India extend beyond retail and consumer banking? What is DBS' involvement in infrastructure loan growth within India?	DBS India's net profit grew 45% in FY24. Total income rose 25% with growth across large cap, SME and consumer portfolios. Nevertheless, the level of capital generated may not be sufficient to fund expected growth. DBS India can tap on the group, which is well capitalised, for capital infusions to support its balance sheet growth and is therefore not constrained. DBS India has played a role in supporting India's infrastructure development through its financing and hedging solutions. They include long-term INR/ foreign currency loans across key sectors such as telecom and sustainable/green projects to support the country's economic development.
Miscellaneous – Leadership	6(a)	I'm confident that Ms Tan Su Shan will connect with shareholders. However, I appreciate the clarity and simplicity with which Mr Piyush Gupta and Mrs Chng Sok Hui have explained complex ideas in previous AGMs. Given Mr	At present, there are no plans for our CFO to retire.

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		Gupta's impending retirement, can the company clarify whether CFO (Mrs Chng) will be retiring as well?	
Miscellaneous – Singapore branches	6(b)	Following the recent lifting of MAS restrictions, please comment on DBS' plans for any branches closure.	There are no plans to close branches. Our branch footprint, which is the largest in Singapore, has remained relatively unchanged over the past few years. Today, DBS/POSB has about 70 branches, comprising full-service branches, financial planning branches, and 24/7 self-service branches, many of which are manned by digital ambassadors. Our colleagues at the branches continue to assist customers on their banking needs. In addition to branches, DBS has about 1,900 self-service machines as well as POSB Cash Points at merchant outlets including Giant, Cold Storage, and 7-Eleven. The transformation of our branch network over the years has been in response to changing customer behaviour, with more customers preferring to bank online, or at their own convenience, at any time of the day. Today, customers can perform the five most popular over-the-counter transactions (e.g., passbook replacement, cash deposit, debit/ATM card issuance) even outside normal branch operating hours.
Miscellaneous – Shenzhen Rural Commercial Bank	6(c)	What factors prompted DBS' decision to increase its stake in Shenzhen Rural commercial bank (SRCB)? Please clarify the extent of SRCB exposure to loans extended to property developers?	The investment in SRCB is in line with our strategy of investing in core markets, including the Greater Bay Area. We also have mentioned previously that we are open to raising our stake when the opportunity arises. In addition, SRCB has proven to be a good economic investment, and we have made progress in developing value-creating partnerships with them. SRCB does not have exposure to major real estate developers that are in distress.