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News Release

DBS FULL-YEAR 2021 NET PROFIT RISES 44% TO RECORD SGD 6.80 BILLION

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Fourth-quarter earnings up 37% to SGD 1.39 billion

SINGAPORE, 14 February 2022 – DBS Group achieved record net profit of SGD 6.80 billion in 2021, up 44% from the previous year and restoring a trend of consecutively higher earnings that the pandemic disrupted in the previous year. Return on equity rose to 12.5% from 9.1% a year ago. Strong business momentum mitigated the full-period impact of interest rate cuts in March 2020 and exceptional investment gains the previous year. Loan growth of 9% was the highest in seven years, while fee income and Treasury Markets income rose to record levels.

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Asset quality improved. Non-performing assets fell 13% during the year, with most of the decline occurring in the fourth quarter due to repayments of two significant non-performing loans. Total allowances fell to SGD 52 million from SGD 3.07 billion a year ago.

Fourth-quarter net profit was SGD 1.39 billion, a 37% increase from a year ago. Business momentum was sustained and allowances were lower. Compared to the previous quarter, net profit fell 18% due to seasonally lower non-interest income and a smaller general allowance write-back.

Full-year performance

Net interest income fell 7% to SGD 8.44 billion as the full impact of interest rate cuts in the previous year was moderated by broad-based loan growth. Net interest margin fell 17 basis points to 1.45%, with most of the decline occurring in the first half.

Loans expanded 9% or SGD 34 billion in constant-currency terms to SGD 409 billion, the fastest growth since 2014. Non-trade corporate loans rose 8% or SGD 18 billion to SGD 241 billion from broad-based growth led by Singapore and Hong Kong. Trade loans grew 10% or SGD 4 billion to SGD 43 billion as regional trade activity strengthened. Housing loans increased 5% or SGD 4 billion to SGD 79 billion from strong bookings throughout the year. Other consumer loans grew 15% or SGD 6 billion led by wealth management loans as investment activity increased.

Deposits grew 7% or SGD 32 billion in constant-currency terms to SGD 502 billion. Strong current and savings account (Casa) inflows continued for a second year, which enabled higher-cost fixed deposits to be released. The proportion of

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Casa to total deposits improved three percentage points to a record 76%. The liquidity coverage ratio of 135% and the net stable funding ratio of 123% were both above regulatory requirements of 100%.

Net fee income rose 15% to SGD 3.52 billion as most fee activities grew. Wealth management fees increased 19% to a record SGD 1.79 billion from higher sales of investment products and bancassurance. Transaction services fees were up 13% to a new high of SGD 925 million from growth in trade finance and cash management fees. Investment banking fees rose 47% to SGD 218 million, as fixed income fees reached a new high and equity market fees grew from a low base. Card fees rose 12% to SGD 715 million as combined credit and debit card spending reached record levels. Loan-related fees were stable at SGD 413 million.

Other non-interest income fell 5% to SGD 2.33 billion. While trading income rose to a record, it was more than offset by a decline in gains from investment securities from a high base. There was a maiden contribution of SGD 26 million in associate income from the 13% stake in Shenzhen Rural Commercial Bank (SZRCB), which was completed in October 2021.

Expenses were 5% higher at SGD 6.47 billion. Excluding costs relating to the amalgamation of Lakshmi Vilas Bank and the previous year's government grants, underlying expense growth was well managed at 1%. The increase was driven by base salary increments and investments for future growth, partially offset by lower occupancy expenses. The cost-income ratio was 45%.

Profit before allowances fell 7% to SGD 7.83 billion due to the declines in net interest margin and gains from investment securities as well as the increase in expenses.

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One-time items

Two one-time items were recorded for the year. There was a gain of SGD 104 million on completion of the SZRCB transaction. A contribution of SGD100 million was made to the DBS Foundation and other charitable causes.

Fourth-quarter performance

Fourth-quarter net interest income increased 2% from the previous quarter to SGD 2.14 billion. Net interest margin was unchanged at 1.43% as market interest rates stabilised. Loans rose 1% over the quarter from growth in non-trade corporate loans, housing loans and wealth management loans. Deposits were 3% higher from continued Casa inflows. Compared to a year ago, net interest income rose 1% as the impact of 9% loan growth was partially offset by a six basis point decline in net interest margin.

Non-interest income was 21% lower than the previous quarter at SGD 1.15 billion from seasonally lower fee income and trading activities. Compared to a year ago, non-interest income rose 1%. Fee income increased 9% to SGD 815 million from broad-based growth across transaction services, cards, investment banking and wealth management. Other non-interest income declined 15% to SGD 338 million from lower gains from investment securities and trading income.

Expenses were stable from the previous quarter at SGD 1.67 billion. Compared to fourth-quarter 2020, expenses rose 6% mainly due to government grants in the previous year.

Profit before allowances was SGD 1.62 billion, 14% below the previous quarter, due to seasonally lower fee income and trading income. It was 4% lower

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than a year ago as higher business volumes were more than offset by a lower net interest margin and a decline in gains from investment securities.

Business unit performance

Full-year Consumer Banking / Wealth Management income declined 8% to SGD 5.32 billion. The impact of lower interest rates was moderated by loan and deposit growth, and higher income from investment products, bancassurance and cards. Institutional Banking income increased 4% to SGD 5.98 billion. Loan growth and higher income from treasury customer sales and capital market activities more than offset the impact of lower interest rates. Treasury Markets income increased 5% to a record SGD 1.51 billion from higher contributions in a range of activities including equities and credit trading.

Allowances and asset quality

Asset quality improved in the fourth quarter. Non-performing assets fell 11% from the previous quarter to SGD 5.85 billion from the full repayment of two significant non-performing loans. New non-performing asset formation was in line with previous quarters. The NPL rate declined to 1.3% from 1.5%. Specific allowances were stable at SGD 67 million or six basis points of loans. Full-year specific allowances fell by two-thirds to SGD 499 million or 12 basis points of loans, below pre-pandemic levels.

There was a general allowance write-back of SGD 34 million in the fourth quarter, bringing the full-year write-back to SGD 447 million, due to repayments of weaker exposures, credit upgrades and transfers to NPA. General allowance overlays made in previous years were maintained.

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General allowance reserves of SGD 3.88 billion were SGD 0.4 billion above the MAS requirement and SGD 1.1 billion above Tier-2 eligibility. Together with specific allowance reserves, total allowance reserves amounted to SGD 6.80 billion, resulting in an allowance coverage of 116% and of 214% after considering collateral.

Capital and dividends

Capital levels remained strong. The Common Equity Tier-1 (CET-1) ratio was little changed from the previous quarter at 14.4%. The leverage ratio of 6.7% was more than twice the regulatory minimum of 3%. On the conservative assumption that the operational risk penalty[1] is not lifted before the consolidation of Citigroup's Taiwan consumer banking business[2], and assuming no capital accretion, the CET-1 ratio would be 13.3%, which is at the upper end of the target CET-1 range.

The Board of Directors proposed, for approval at the annual general meeting on 31 March 2022, a fourth-quarter dividend of 36 cents per share, an increase of three cents per share from the previous payout. Barring unforeseen circumstances, the annualised dividend will rise to SGD 1.44 per share, an increase of 9%.

DBS CEO Piyush Gupta said, "The robust growth in our loan book, along with the solid 15% growth in fee income, speak to a recovering economic environment as well as our broadly diversified franchise. I am pleased that we have managed expenses and credit costs well through this period. Equally important, we have made significant investments in our future by expanding our footprint in India, Taiwan and the Greater Bay Area and building new digital platforms to give us additional engines

[1] Press statement dated 7 February 2022

[2] Press statement dated 28 January 2022

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of growth. The Board raised the quarterly dividend by 9% to 36 cents per share. To share our success with the community, we used a one-time gain to contribute a further SGD 100 million for the DBS Foundation and other charitable causes. We look forward to the coming year with a prudently managed balance sheet that is poised to benefit from rising interest rates."

About DBS

DBS is a leading financial services group in Asia with a presence in 18 markets. Headquartered and listed in Singapore, DBS is in the three key Asian axes of growth: Greater China, Southeast Asia and South Asia. The bank's "AA-" and "Aa1" credit ratings are among the highest in the world.

Recognised for its global leadership, DBS has been named "World's Best Bank" by Euromoney, "Global Bank of the Year" by The Banker and "Best Bank in the World" by Global Finance. The bank is at the forefront of leveraging digital technology to shape the future of banking, having been named "World's Best Digital Bank" by Euromoney and the world's "Most Innovative in Digital Banking" by The Banker. In addition, DBS has been accorded the "Safest Bank in Asia" award by Global Finance for 13 consecutive years from 2009 to 2021.

DBS provides a full range of services in consumer, SME and corporate banking. As a bank born and bred in Asia, DBS understands the intricacies of doing business in the region's most dynamic markets. DBS is committed to building lasting relationships with customers, and positively impacting communities through supporting social enterprises, as it banks the Asian way. It has also established a SGD 50 million foundation to strengthen its corporate social responsibility efforts in Singapore and across Asia.

With its extensive network of operations in Asia and emphasis on engaging and empowering its staff, DBS presents exciting career opportunities. For more information, please visit www.dbs.com

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