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News Release

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**FIRST-HALF NET PROFIT UP 54% TO RECORD SGD 3.71 BILLION,
RETURN ON EQUITY AT 14.0%**

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***Second-quarter net profit up 37% to SGD 1.70 billion
as strong business momentum and resilient asset quality sustained***

SINGAPORE, 5 August 2021 – DBS Group achieved record first-half 2021 net profit of SGD 3.71 billion, 54% higher than a year ago. Return on equity rose from 9.5% a year ago to 14.0%.

Business momentum accelerated in the first six months of the year with loans rising 6% and deposits 3% while fee income and Treasury Markets income set new records. Asset quality was resilient. New NPA formation and specific allowances fell to pre-pandemic levels and general allowances were written back. The strong growth

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in business volumes and lower allowances more than offset declines in interest rates and in investment gains from a high base.

Second-quarter net profit was SGD 1.70 billion, a 37% increase from a year ago. First-quarter and second-quarter net profit were the two highest on record.

First-half performance

Net interest income was 12% lower than a year ago at SGD 4.20 billion as a decline in net interest margin more than offset loan and deposit growth. Net interest margin fell 27 basis points to 1.47%, with most of the decline occurring in the two quarters after global interest rate cuts in March 2020. Loans grew 7% or SGD 26 billion in constant-currency terms from a year ago to SGD 397 billion. Six percentage points or SGD 22 billion of the increase occurred in the first half. Non-trade corporate loans were SGD 7 billion higher led by drawdowns in Singapore and Greater China. Trade loans increased SGD 6 billion with the rebound in regional trade. Housing loans rose SGD 2 billion as bookings continued to be strong. Wealth management loans were also higher on buoyant investor sentiment.

Deposits grew 9% or SGD 40 billion from a year ago to SGD 483 billion with three percentage points or SGD 14 billion of the growth in the first half. Current and savings accounts rose SGD 73 billion from a year ago and SGD 26 billion over the first half, enabling more expensive fixed deposits to be reduced. The proportion of Casa deposits improved from 66% a year ago to 76%. The liquidity coverage ratio of 136% and the net stable funding ratio of 127% were both above regulatory requirements of 100%.

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Fee income rose 20% from a year ago to a record SGD 1.82 billion. Wealth management fees increased 27% to a new high of SGD 945 million as investment product sales were boosted by an improving economic outlook in a low interest rate environment. Insurance fees were also higher as they recovered to pre-pandemic levels. Card fees rose 10% to SGD 334 million as consumer spending recovered from a year ago with growth led by online transactions.

Investment banking fees increased 81% to SGD 114 million from a recovery in equity transactions and record fixed income fees. Transaction service fees grew 10% to SGD 454 million from higher trade and cash management activities. Loan related fees rose 2% to SGD 230 million.

Other non-interest income declined 2% from a year ago to SGD 1.43 billion as record trading income offset lower investment gains. Trading income increased 38% to SGD 1.04 billion as Treasury Markets non-interest income and treasury customer income both rose to new highs. Gains on investment securities fell 53% to SGD 310 million due to favourable market opportunities a year ago.

Expenses increased 3% to SGD 3.13 billion. Excluding the erstwhile Lakshmi Vilas Bank, underlying expenses were stable. Higher staff costs in line with an improved business environment were offset by lower occupancy and computerisation costs. The cost income ratio was 42%.

Profit before allowances fell 8% from a year ago to SGD 4.31 billion due to the declines in net interest margin and investment gains.

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Second-quarter performance

Net interest income declined 1% from the previous quarter to SGD 2.09 billion as a lower net interest margin offset higher loan and deposit volumes. Net interest margin declined four basis points to 1.45% due to an increased deployment of surplus deposits at lower yields and to lower market interest rates. Loans rose 3% from broad-based growth led by trade and non-trade corporate loans. Housing loan and wealth management loan growth were sustained at the previous quarter's levels. Deposits were 1% higher as continued Casa growth was offset by a reduction in fixed deposits. Net interest income was 9% lower than a year ago as a 17 basis points fall in net interest margin more than offset broad-based loan growth.

Fee income amounted to SGD 868 million, the second highest after the previous quarter's record. It was 9% lower than in the first quarter as wealth management fees moderated from exceptional levels. Investment banking fees were higher while transaction service fees and card fees were stable. Compared to a year ago, fee income grew 27% as all activities increased by double-digit percentages. The growth was led by a 31% rise in wealth management fees, a more than doubling in investment banking fees and a 26% increase in card fees as financial market activity and consumer spending recovered from the trough a year ago.

Other non-interest income was SGD 632 million, 15% lower than a year ago and 20% below the previous quarter. The declines were due to lower trading income in comparison to the two strongest trading quarters on record and to higher investment gains a year ago.

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Expenses were 3% lower than the previous quarter at SGD 1.54 billion as both staff and non-staff costs declined. Excluding the erstwhile Lakshmi Vilas Bank, expenses were little changed from a year ago.

Profit before allowances was SGD 2.05 billion, 10% below the previous quarter as fee income and trading income declined from records. It was 9% lower than a year ago as higher business volumes were more than offset by a lower net interest margin and a decline in investment gains.

Business unit performance

For the first half, Consumer Banking / Wealth Management income fell 12% from a year ago to SGD 2.71 billion. The impact of lower interest rates was partially offset by housing loan and wealth management loan growth as well as higher income from investment products, bancassurance and cards. Institutional Banking income was little changed from a year ago at SGD 3.00 billion. Lower income from interest rates was moderated by higher loan volumes, treasury customer flows and capital markets activity. Treasury Markets income increased 31% to SGD 934 million from credit and equity asset classes.

Allowances and asset quality

Asset quality was healthy as the economic environment improved. New non-performing asset formation declined to pre-pandemic levels and was significantly offset by repayments in both the first and second quarters. The NPL rate improved from 1.6% to 1.5% over the six months. First-half specific allowances declined 46%

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to SGD 364 million or 18 basis points of loans, in line with levels before the pandemic.

There was a general allowance write-back of SGD 275 million due to repayments of weaker exposures and credit upgrades. General allowance overlays built up in prior periods were maintained. General allowance reserves remained prudent at SGD 4.05 billion, which were SGD 0.8 billion above MAS's minimum requirement and SGD 1.2 billion above the amount eligible as Tier 2. Total allowance reserves amounted to SGD 7.20 billion, resulting in an allowance coverage of 109% and of 199% after considering collateral of SGD 3.00 billion.

Capital and dividends

The Common Equity Tier-1 ratio rose 0.2 percentage points from the previous quarter to 14.5%. Profit accretion during the quarter was partially offset by higher credit risk-weighted assets due to loan growth. The leverage ratio of 6.8% was more than twice the regulatory minimum of 3%.

With the full lifting of regulatory restrictions imposed a year ago, the Board declared a dividend of SGD 33 cents per share for the second quarter, bringing the first-half dividend to SGD 51 cents per share.

DBS CEO Piyush Gupta said, "We achieved an exceptional first half with the first and second quarters the two highest on record. Business momentum and asset quality have both been better than expected as the economic recovery from the pandemic takes hold. While risks remain, our pipeline remains healthy and we expect business momentum to be sustained in the coming quarters."

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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 12 consecutive years from 2009 to 2020.

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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