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To: Shareholders

The Board of Directors of DBS Group Holdings Ltd (“DBSH” or “the Company”) reports the following:

Trading Update for the First Quarter Ended 31 March 2020

Details of the financial results are enclosed.

Dividends

For the first quarter of 2020, the Board has declared an interim one-tier tax-exempt dividend of 33 cents for each DBSH ordinary share (the “1Q20 Interim Dividend”). The estimated dividend payable is \$838 million.

Ex-dividend Date

The DBSH ordinary shares will be quoted ex-dividend on 12 May 2020.

Closure of Books

The Transfer Books and Register of Members of DBSH will be closed from 5.00 p.m. on 13 May 2020 (Wednesday) up to (and including) 14 May 2020 (Thursday) for the purpose of determining shareholders' entitlement to the 1Q20 Interim Dividend.

Scrip Dividend Scheme

The DBSH Scrip Dividend Scheme will not be applied to the 1Q20 Interim Dividend.

Payment Date

The 1Q20 Interim Dividend will be paid on 26 May 2020.

By order of the Board

Teoh Chia-Yin
Group Secretary

30 April 2020
Singapore

More information on the above announcement is available at www.dbs.com/investor

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Total income rises 13%, crossing SGD 4 billion for the first time; profit before allowances up 20% to new high

General allowances of SGD 0.70 billion pre-emptively taken for uncertainty due to pandemic, resulting in 29% decline in first-quarter net profit to SGD 1.17 billion

DBS Group reported net profit of SGD 1.17 billion for first-quarter 2020, a 29% decline from a year ago, as it pre-emptively set aside a further SGD 0.70 billion of general allowances for risks arising from the ongoing Covid-19 pandemic. The charge increased the amount of general allowance reserves by 29% to SGD 3.23 billion to fortify the balance sheet.

Total income grew 13% from a year ago to a new high of SGD 4.03 billion. Business momentum was healthy with broad-based growth in non-trade corporate loans and fee income. Gains from investment securities also contributed to the increase in total income.

Net interest income increased 7% from a year ago and 2% from the previous quarter to SGD 2.48 billion. Loans grew 1% or SGD 3 billion in constant-currency terms from the previous quarter to SGD 369 billion. Non-trade corporate loans grew 5% led by drawdowns in Singapore and Hong Kong, which were offset by declines in trade loans and wealth management customer loans. Net interest margin was stable from the previous quarter at 1.86%. While the US Fed cut policy rates to near-zero in March, Libor interbank rates were resilient due to stressed funding market conditions, which buffered net interest margin.

Fee income grew 14% from a year ago to a new high of SGD 832 million. The growth was led by a 28% increase in wealth management fees, a 17% rise in loan-related fees, and a 64% increase in investment banking fees. Card fees declined 8% due to lower transactions across the region.

Other non-interest income increased 39% from a year ago to SGD 712 million.

Expenses rose 4% from a year ago to SGD 1.56 billion. Compared to the previous quarter, it fell 3% from lower general expenses and staff costs. The positive jaw of nine percentage points compared to a year ago and 19 percentage points compared to the previous quarter lowered the cost-income ratio to 39%. Profit before allowances grew 20% to SGD 2.47 billion.

Total allowances of SGD 1.09 billion were taken to accelerate the build-up of reserves. Two-thirds of the amount or SGD 703 million were for general allowances to anticipate a deeper and more prolonged economic impact from the pandemic. The remaining SGD 383 million was for specific allowances, mainly for new exposures recognised as non-performing during the quarter.

Non-performing assets rose 14% from the previous quarter to SGD 6.59 billion, with two percentage points of the increase due to currency effects. The NPL rate rose from 1.5% in the previous quarter to



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1.6%. Total allowance reserves increased 21% to SGD 6.08 billion and allowance coverage was at 92%. When collateral valued at SGD 3.08 billion was taken into account, allowance coverage was at 173%.

Liquidity remained healthy. Deposits recorded the highest quarterly increase, rising 7% or SGD 30 billion in constant-currency terms from the previous quarter to SGD 445 billion. The majority of the growth was from corporate customers. The loan-deposit ratio declined from 89% in the previous quarter to 83%. The liquidity coverage ratio of 133% and net stable funding ratio of 112% were both above regulatory requirements.

The Common Equity Tier-1 ratio declined 0.2 percentage points from the previous quarter to 13.9%. The ratio was above the group's target operating range as well as regulatory requirements. The leverage ratio of 6.9% was more than twice the regulatory minimum of 3%.

The Board declared a quarterly dividend of 33 cents per share, unchanged from the previous quarter.

DBS CEO Piyush Gupta said, "Our record operating performance in the first quarter has given us a head start to face the challenges of the coming year. While the economic outlook remains uncertain and credit risks have increased, the digital investments we have made have strengthened the resilience and efficiency of our franchise and we remain committed to serving our customers. We will maintain a solid balance sheet with ample capital, liquidity and loss allowance reserves that give us strong buffers to absorb external shocks."

	1st Qtr 2020	1st Qtr 2019	% chg	4th Qtr 2019	% chg
Selected income statement items (\$m)					
Net interest income	2,482	2,310	7	2,426	2
Net fee and commission income	832	730	14	741	12
Other non-interest income	712	511	39	294	>100
Total income	4,026	3,551	13	3,461	16
Expenses	1,556	1,498	4	1,600	(3)
Profit before allowances	2,470	2,053	20	1,861	33
Allowances for credit and other losses	1,086	76	>100	122	>100
ECL ¹ Stage 3 (SP)	383	176	>100	199	92
ECL ¹ Stage 1 and 2 (GP)	703	(100)	NM	(77)	NM
Profit before tax	1,384	1,977	(30)	1,739	(20)
Net profit	1,165	1,651	(29)	1,508	(23)

Selected balance sheet items (\$m)					
Customer loans	369,414	347,061	6	357,884	3
Constant-currency change			4		1
Total assets	643,018	558,525	15	578,946	11
of which: Non-performing assets	6,592	5,648	17	5,773	14
Customer deposits	445,278	394,995	13	404,289	10
Constant-currency change			10		7
Total liabilities	588,372	506,914	16	527,147	12
Shareholders' funds	53,818	50,771	6	50,981	6

Key financial ratios (%)²					
Net interest margin	1.86	1.88		1.86	
Cost/income ratio	38.6	42.2		46.2	
Return on assets	0.78	1.21		1.04	
Return on equity ³	9.2	14.0		12.1	
NPL ratio	1.6	1.5		1.5	
(Total allowances + RLAR)/ NPA ⁴	92	100		94	
(Total allowances + RLAR)/ unsecured NPA ⁴	173	181		191	
SP for loans/average loans (bp)	35	15		21	
Common Equity Tier 1 capital adequacy ratio	13.9	14.1		14.1	
Leverage ratio ⁵	6.9	7.3		7.0	
Average all-currency liquidity coverage ratio ⁶	133	137		139	
Net stable funding ratio ⁷	112	111		110	
Per share data (\$)					
Per basic and diluted share					
– earnings	1.80	2.58		2.31	
– net book value ⁸	19.86	18.75		19.17	

Notes:

- Refers to expected credit loss
- Return on assets, return on equity, ECL Stage 3 (SP) for loans/average loans and per share data are computed on an annualised basis
- Calculated based on net profit attributable to the shareholders net of dividends on other equity instruments. Non-controlling interests and other equity instruments are not included as equity in the computation of return on equity
- Computation includes regulatory loss allowance reserves (RLAR) (31 Mar'20: Nil; 31 Dec'19: \$404 million; 31 Mar'19: \$479 million)
- Leverage Ratio is computed based on MAS Notice 637
- Liquidity Coverage Ratio (LCR) is computed based on MAS Notice 649. For average SGD LCR and other disclosures required under MAS Notice 651, refer to <https://www.dbs.com/investor/index.html>
- Net stable funding ratio (NSFR) is computed based on MAS Notice 652
- Non-controlling interests are not included as equity in the computation of net book value per share

Pillar 3 and LCR disclosures document and the Main Features of Capital Instruments document are published in the Investor Relations section of the Group website: (<https://www.dbs.com/investors/default.page>) and (<https://www.dbs.com/investors/fixed-income/capital-instruments>) respectively