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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 2022

Details of the financial results are enclosed.

Dividends

The Board has declared an interim one-tier tax-exempt dividend of 36 cents for each DBSH ordinary share for the first quarter of 2022 (the “1Q22 Interim Dividend”). The estimated dividend payable is \$926 million.

The DBSH Scrip Dividend Scheme will not be applied to the 1Q22 Interim Dividend.

The DBSH ordinary shares will be quoted ex-dividend on 11 May 2022 (Wednesday). The payment date for the cash dividends will be on 25 May 2022 (Wednesday).

The Transfer Books and Register of Members of DBSH will be closed from 5.00 p.m. on 12 May 2022 (Thursday) up to (and including) 13 May 2022 (Friday) for the purpose of determining shareholders' entitlement to the 1Q22 Interim Dividend.

By order of the Board

Marc Tan
Group Secretary

29 April 2022
Singapore

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

First-quarter net profit at SGD 1.80 billion, second highest on record, underpinned by healthy business momentum, higher net interest margin and stable asset quality

DBS Group reported net profit of SGD 1.80 billion for first-quarter 2022, the second highest on record. Return on equity was 13.1%. Business momentum remained healthy as loans grew 2% over the quarter and fee income streams other than wealth management and investment banking were higher than a year ago. Net interest margin rose three basis points from the previous quarter, the first increase in three years. Asset quality was stable. Specific allowances of 15 basis points of loans were partially offset by a write-back of general allowances.

The performance was moderated by a high base for wealth management and Treasury Markets activities a year ago, when buoyant market sentiment and clear market momentum had driven income from both activities to exceptional levels. As a result, total income fell 3% from a year ago to SGD 3.75 billion and net profit was 10% lower.

Compared to the previous quarter, net profit was 30% higher. Total income rose 14% from broad-based growth while expenses were 2% lower. Profit before allowances increased 30%.

Net interest income increased 4% on a day-adjusted basis from the previous quarter to SGD 2.19 billion. Net interest margin increased three basis points to 1.46% as interest rates rose. Loans grew 2% or SGD 8 billion in constant-currency terms to SGD 416 billion. Non-trade corporate loans rose 2% or SGD 6 billion led by Singapore and Hong Kong across a range of industries. Trade loans grew 5% or SGD 2 billion amidst rising commodity prices. Housing loans and wealth management loans were little changed. Compared to a year ago, net interest income rose 4%. Loan growth of 8% or SGD 30 billion more than offset the impact of a net interest margin decline of three basis points.

Deposits grew 4% or SGD 18 billion from the previous quarter and 9% or SGD 41 billion from a year ago in constant-currency terms to SGD 520 billion. Current and savings accounts accounted for 75% of customer deposits.

Net fee income fell 7% from the record a year ago to SGD 891 million as weaker market sentiment affected wealth management and investment banking. Wealth management fees fell 21% to SGD 408 million with declines in investment product sales mitigated by higher bancassurance income. Investment banking fees were also lower, by 12% to SGD 43 million, as fixed income activities fell.

Other fee income activities were higher. Loan-related fees grew 21% to SGD 144 million. Card fees rose 11% to SGD 187 million as credit and debit card spending exceeded pre-pandemic levels and travel spending picked up. Transaction service fees grew 4% to a new high of SGD 240 million led by higher cash management fees.

Compared to the previous quarter, net fee income rose 9% due to higher fees from loan-related activities, transaction banking and wealth management.

Other non-interest income declined 16% from the high base a year ago to SGD 669 million from lower trading income and lower investment gains. Compared to the previous quarter, other non-interest income doubled from higher net trading income due partly to seasonal effects in the fourth quarter.

Expenses rose 4% from a year ago to SGD 1.64 billion due to base salary increments carried out in mid-2021. Compared to the previous quarter, they were 2% lower as higher staff costs were more than offset by declines in other operating expenses. The cost-income ratio was 44%.

Asset quality was stable from the previous quarter. The NPL ratio was unchanged at 1.3%.

Specific allowances amounted to SGD 167 million or 15 basis points of loans, which were in line with recent quarters when significant repayments were excluded.

There was a general allowance write-back of SGD 112 million from credit upgrades and transfers to NPA. General allowance overlays built up in prior periods were maintained. General allowance reserves remained prudent at SGD 3.75 billion, which were SGD 0.2 billion above the MAS requirement and SGD 1 billion above Tier-2 eligibility. Together with specific allowance reserves,

total allowance reserves amounted to SGD 6.81 billion, resulting in an allowance coverage of 114% and of 193% after considering collateral.

Capital remained strong. The Common Equity Tier-1 ratio declined 0.4 percentage points from the previous quarter to 14.0%, which included a previously-announced temporary 0.4 percentage point impact from the digital disruption in November 2021. The leverage ratio of 6.3% was more than twice the regulatory minimum of 3%.

The Board declared a dividend of SGD 36 cents per share for the first quarter.

DBS CEO Piyush Gupta said, “First-quarter business momentum was strong and broad-based, and earnings were second only to the exceptional quarter a year ago. Geopolitical developments in recent weeks have created macroeconomic headwinds and financial market volatility. We have stress tested our portfolio and it remains resilient. While some activities such as wealth management will be affected, our overall business pipeline continues to be healthy and we will benefit significantly from interest rate increases in the coming quarters.”

	1st Qtr 2022	1st Qtr 2021	% chg	4th Qtr 2021	% chg
Selected income statement items (\$m)					
Net interest income	2,187	2,107	4	2,140	2
Net fee and commission income	891	953	(7)	815	9
Other non-interest income	669	794	(16)	338	98
Total income	3,747	3,854	(3)	3,293	14
Expenses	1,644	1,587	4	1,671	(2)
Profit before allowances	2,103	2,267	(7)	1,622	30
Allowances for credit and other losses	55	10	>100	33	67
ECL ¹ Stage 3 (SP)	167	200	(17)	67	>100
ECL ¹ Stage 1 and 2 (GP)	(112)	(190)	41	(34)	(>100)
Profit before tax	2,048	2,257	(9)	1,589	29
Net profit	1,801	2,009	(10)	1,389	30
One-time items	-	-	-	4	(100)
- SZRCB gain ²	-	-	-	104	(100)
- CSR commitment ³	-	-	-	(100)	NM
Net profit including one-time items	1,801	2,009	(10)	1,393	29
Selected balance sheet items (\$m)					
Customer loans	416,181	386,382	8	408,993	2
Constant-currency change			8		2
Total assets	723,681	660,609	10	686,073	5
of which: Non-performing assets	5,981	6,585	(9)	5,849	2
Customer deposits	519,723	478,095	9	501,959	4
Constant-currency change			9		4
Total liabilities	666,993	604,733	10	628,359	6
Shareholders' funds	56,495	55,708	1	57,526	(2)
Key financial ratios (%) excluding one-time items⁴					
Net interest margin	1.46	1.49		1.43	
Cost/income ratio	43.9	41.2		50.7	
Return on assets	1.04	1.25		0.81	
Return on equity ⁵	13.1	15.4		9.9	
NPL ratio	1.3	1.5		1.3	
Total allowances/ NPA	114	109		116	
Total allowances/ unsecured NPA	193	203		214	
SP for loans/ average loans (bp)	15	21		6	
Common Equity Tier 1 capital adequacy ratio	14.0	14.3		14.4	
Leverage ratio ⁶	6.3	6.7		6.7	
Average all-currency liquidity coverage ratio ⁷	138	136		135	
Net stable funding ratio ⁸	122	127		123	
Per share data (\$)					
Per basic and diluted share					
- earnings excluding one-time items	2.81	3.14		2.11	
- earnings	2.81	3.14		2.11	
- net book value ⁹	21.02	20.46		21.47	

Notes:

1 Refers to expected credit loss

2 Refers to gain recognised on completion of Shenzhen Rural Commercial Bank (SZRCB) acquisition

3 Refers to Corporate Social Responsibility (CSR) commitment to DBS Foundation and other charitable causes

4 Return on assets, return on equity, ECL Stage 3 (SP) for loans/average loans and per share data are computed on an annualised basis

5 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

6 Leverage Ratio is computed based on MAS Notice 637

 7 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/investors/default.page>

8 Net stable funding ratio (NSFR) is computed based on MAS Notice 652

9 Non-controlling interests are not included as equity in the computation of net book value per share

NM Not Meaningful

 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