Live more, Bank less

Record quarterly earnings and ROE

DBS Group Holdings

1Q 2023 financial results

May 2, 2023

Highlights

First-quarter net profit up 43% yoy to record $2.57bn, ROE 18.6% at new high

- Total income up 34% to $4.94bn from healthy business momentum with loans up 3%, NIM up 66bp, fee trend improving
- Commercial book total income up 44% to $4.67bn while Treasury Markets normalises to $269m per guidance
- Cost-income ratio at 38%, SP at 6bp of loans, GP of $99m taken as prudent measure

First quarter net profit up 10% QoQ with total income up 8%

- Commercial book income grows 6% from higher loans (+1%), NIM improvement (+8bp), stronger fee income growth (+29%)

Balance sheet healthy

- Benefited from flight-to-safety deposit inflows / wealth management net new money in March
- NPA declines 3% QoQ with new NPA formation remaining low and more than offset by repayments and write-offs
- Allowance coverage rises to 127% and to 229% after considering collateral
- CET-1 at 14.4%

1Q dividend at 42 cents per share

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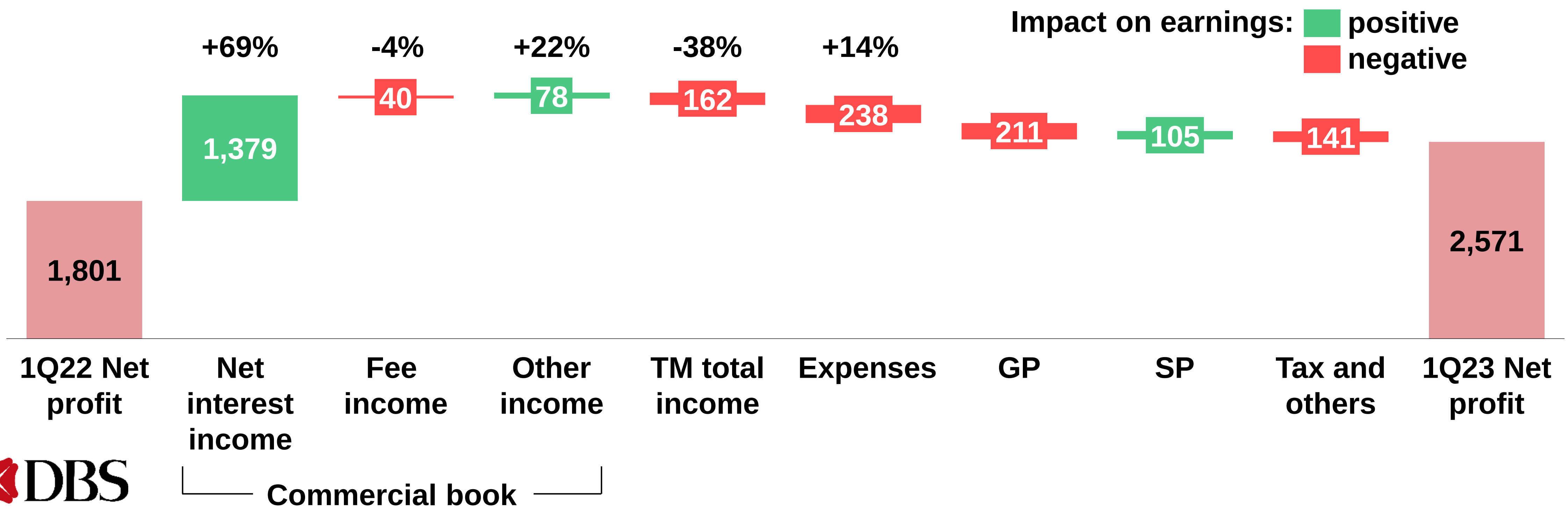
1Q net profit up 43% YoY to new quarterly high

		1Q23	YoY %
Total income	record	4,936	34
Commercial book		4,667	44
Treasury Markets (TM)		269	(38)
Expenses		1,882	14
Profit before allowances	record	3,054	50
Allowances		161	>100
Net profit	record	2,571	43

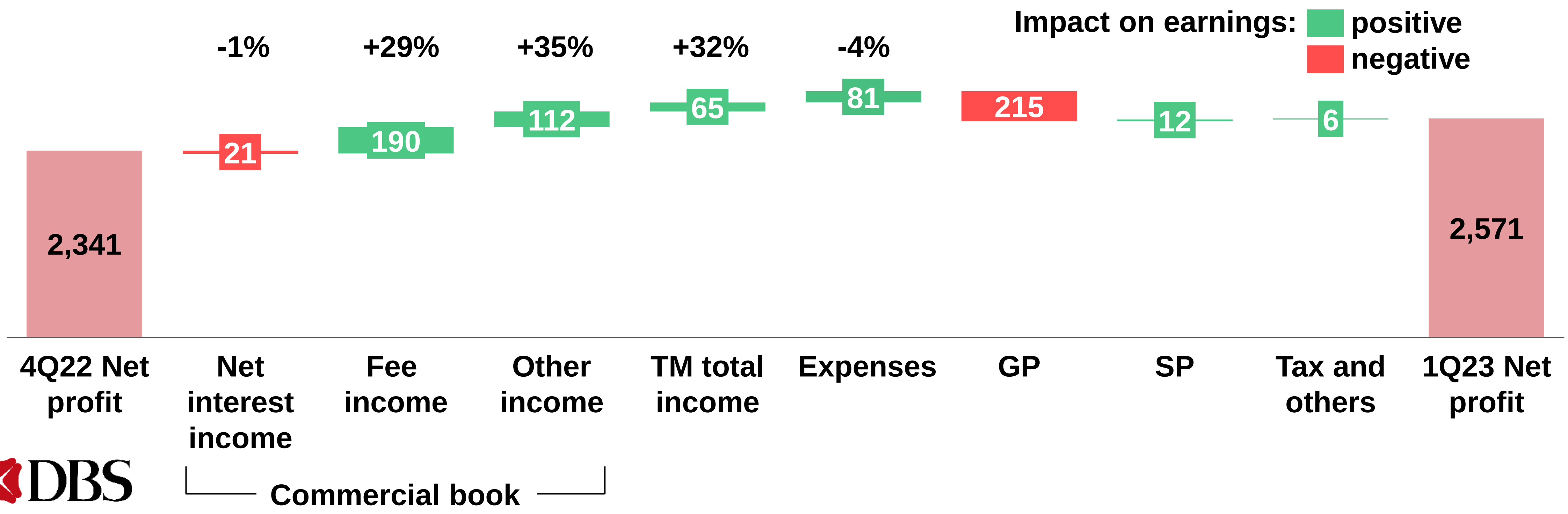
- Commercial book total income up 44% from higher NIM (+104bp) and sustained business momentum
- TM total income normalises to $269m per guidance
- Positive jaw of 20 percentage points, cost-income ratio at 38%
- GP of $99m taken as prudent measure to strengthen reserves, SP declines to 6bp of loans



1Q net profit rises 10% QoQ

		1Q23	QoQ %
Total income	record	4,936	8
Commercial book		4,667	6
Treasury Markets (TM)		269	32
Expenses		1,882	(4)
Profit before allowances	record	3,054	16
Allowances		161	NM
Net profit	record	2,571	10

- Commercial book total income up 6% from higher NIM (+8bp), loan growth and seasonally higher non-interest income
- Expenses decline 4% due to non-recurring items in previous quarter, underlying expenses stable
- GP set aside compared to write-back in previous quarter, SP unchanged at 6bp of loans



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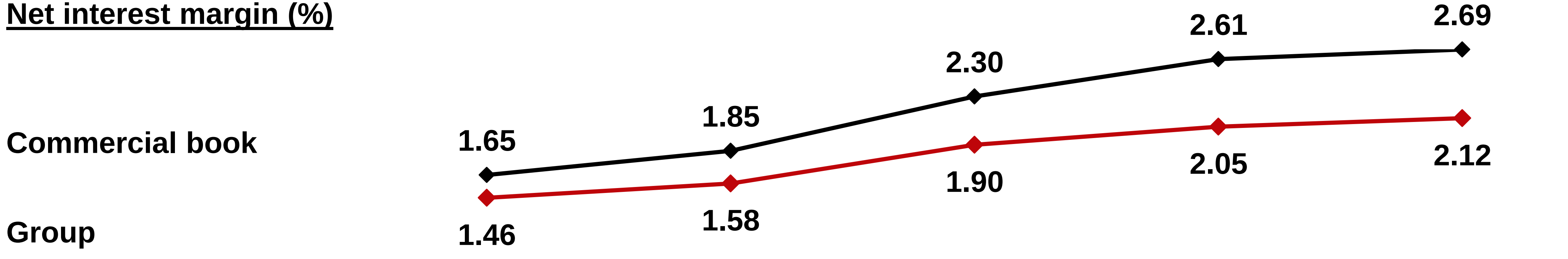
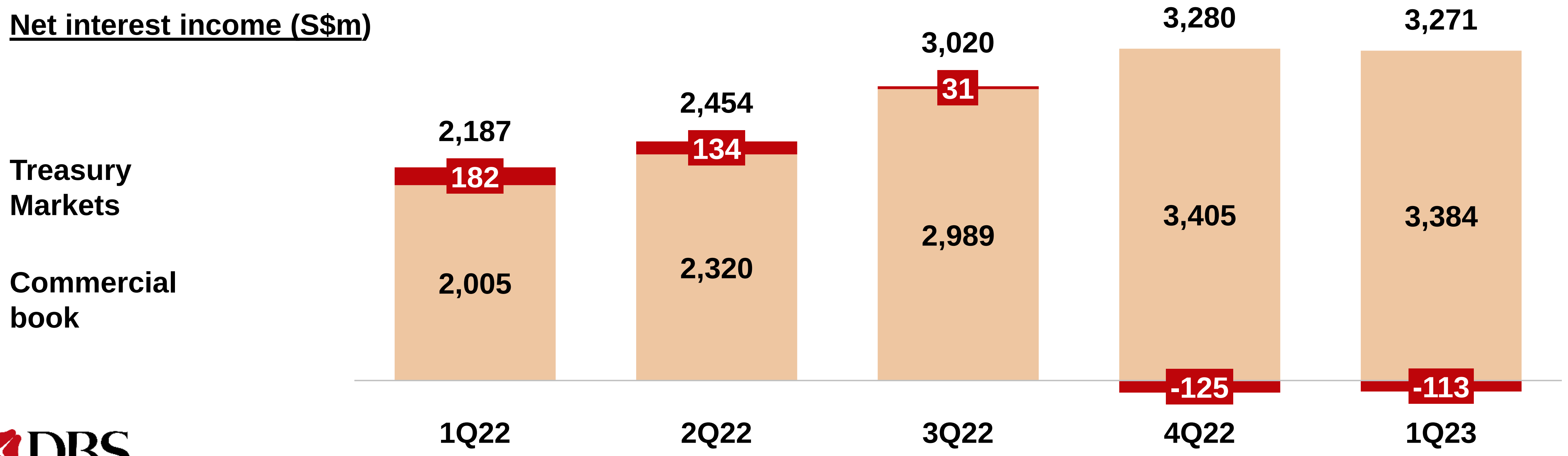
1Q commercial book net interest income up day-adjusted 2% QoQ, NIM rises 8bp to 2.69%

Net interest margin (%)



Net interest income (S$m)



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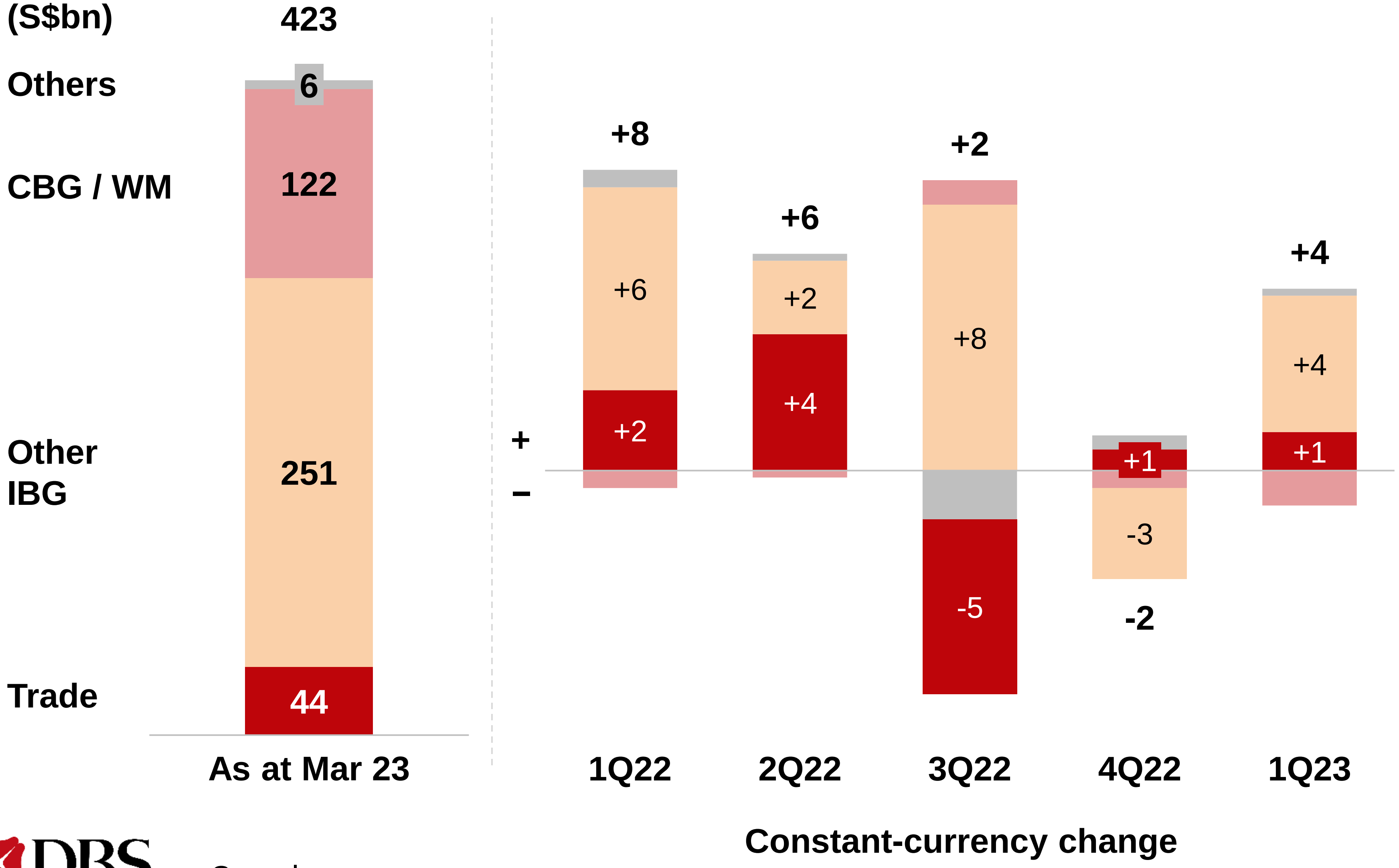
Loans up 1% QoQ in constant-currency terms

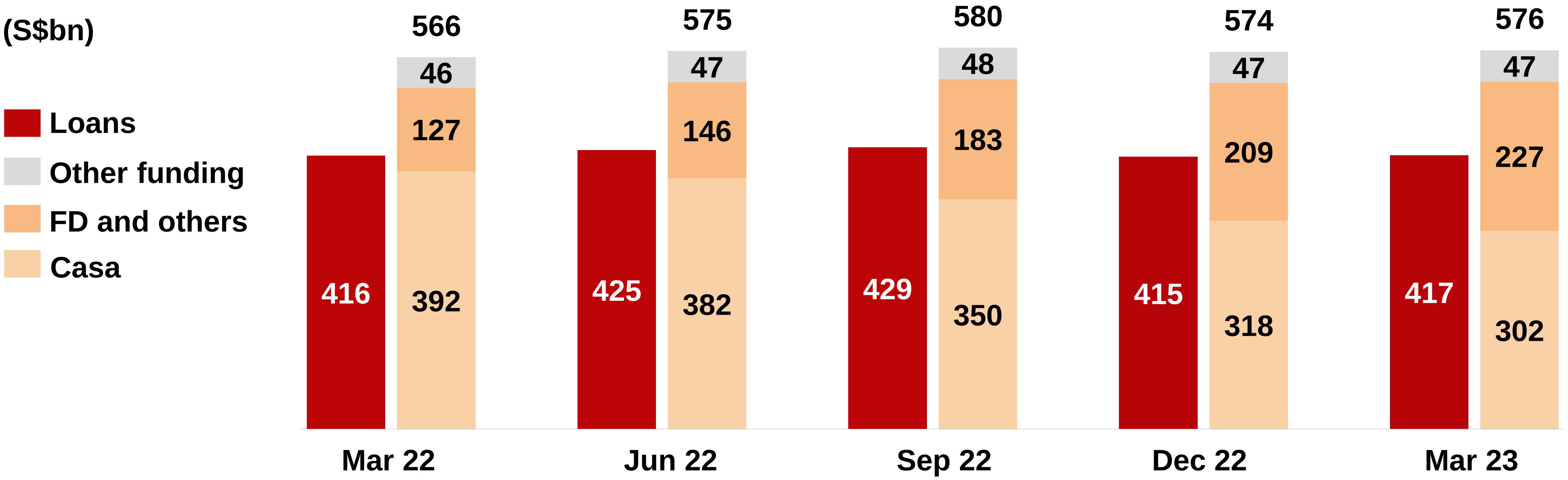


In constant-currency terms

- **Non-trade corporate loan growth led by Singapore real estate acquisition financing**
- **Consumer loans decline slightly**

Gross loans

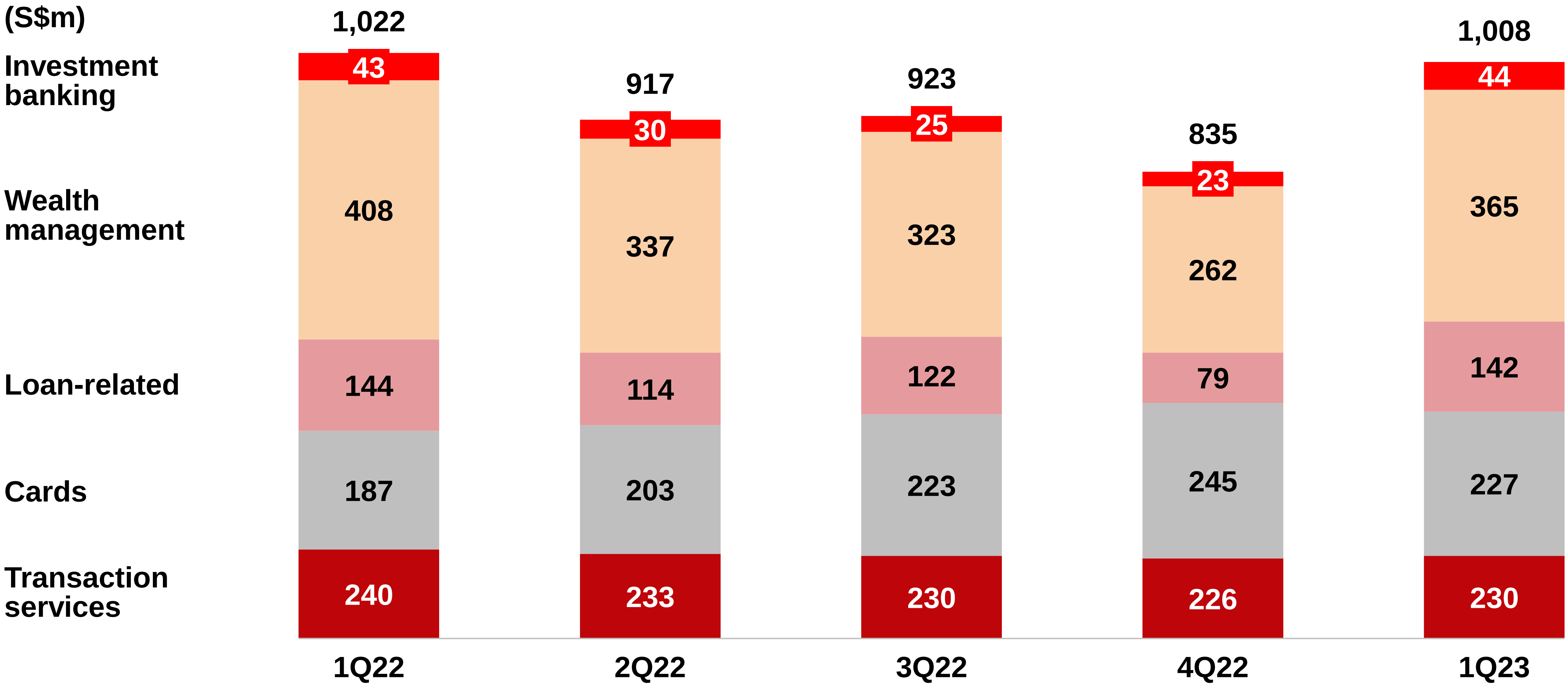
Deposits rise 1% QoQ in constant-currency terms, benefited from flight-to-safety inflows



	Mar 22	Jun 22	Sep 22	Dec 22	Mar 23
HQLA (S$bn)	134	140	138	145	144
<u>Ratios (%)</u>					
LDR	80	80	81	79	79
LCR	138	142	133	146	147
NSFR	122	118	114	117	118

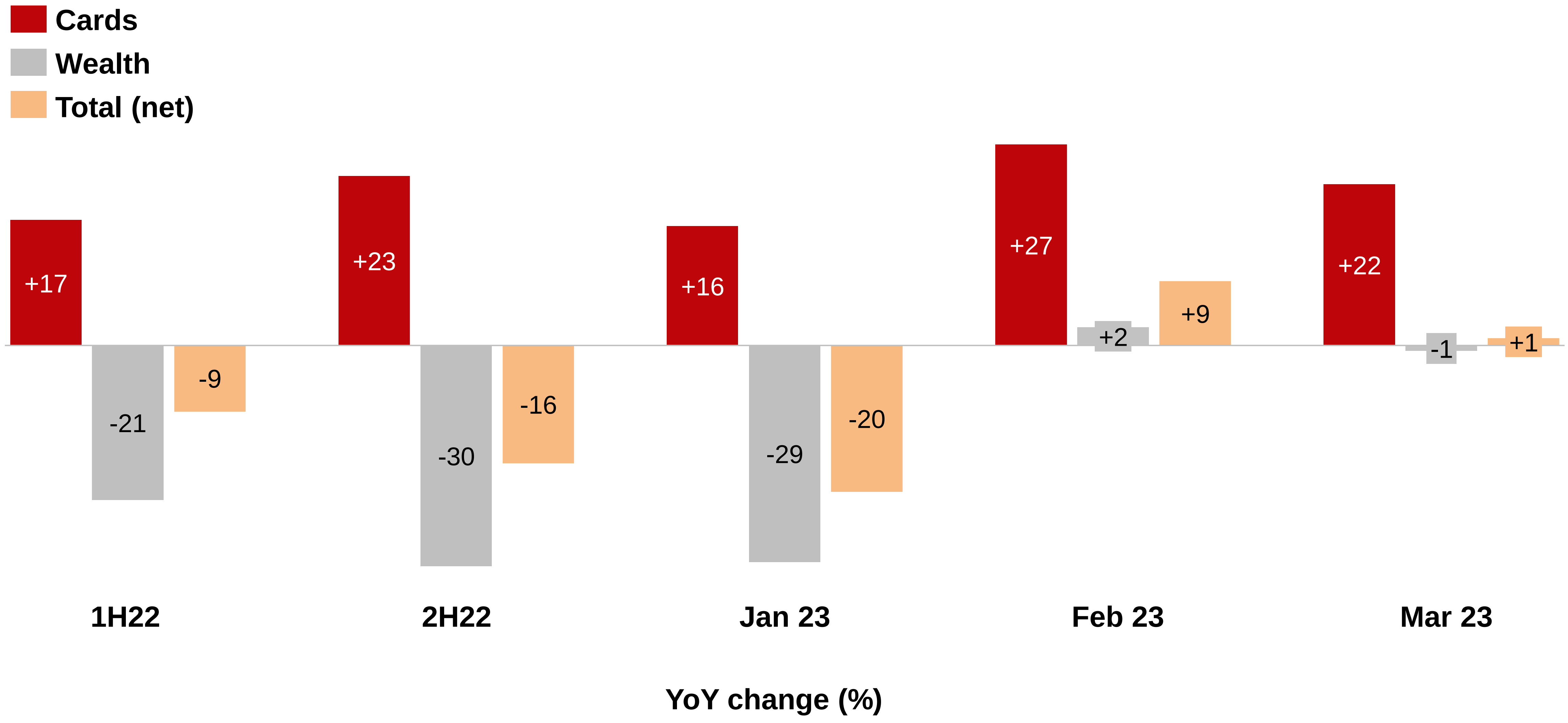
HQLA is high quality liquid assets; Other funding comprises senior medium term notes, commercial papers, negotiable certificates of deposit, other debt securities and covered bonds

Fee income decline moderates YoY, up QoQ



Gross fee income

Fee income up YoY in February and March, reversing declines over past year



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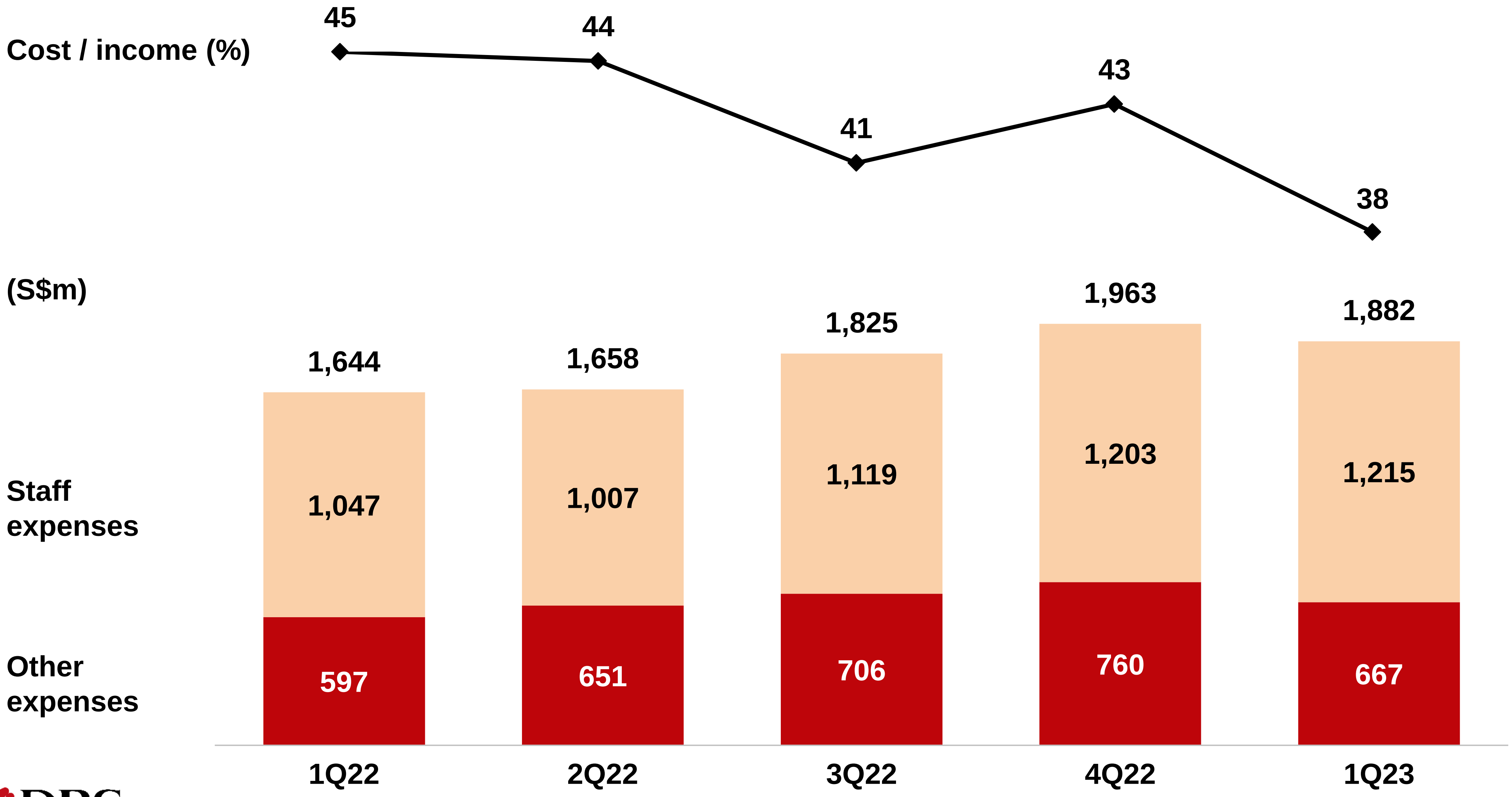
Cost-income ratio improves seven percentage points YoY to 38%



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NPL ratio unchanged QoQ at 1.1%

(S$m)	1Q22	2Q22	3Q22	4Q22	1Q23
NPAs at start of period	**5,849**	**5,981**	**5,908**	**5,600**	**5,125**
IBG and others	**187**	**(98)**	**(346)**	**(207)**	**(133)**
New NPAs	465	271	278	350	218
Upgrades, settlements and recoveries	(269)	(173)	(411)	(357)	(251)
Write-offs	(9)	(196)	(213)	(200)	(100)
CBG / WM	**(41)**	**(14)**	**(26)**	**(31)**	**(9)**
Translation	**(14)**	**39**	**64**	**(237)**	**(32)**
NPAs at end of period	**5,981**	**5,908**	**5,600**	**5,125**	**4,951**
NPL ratio (%)	**1.3**	**1.3**	**1.2**	**1.1**	**1.1**

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Quarterly movements may not sum up to the full year as the presentation is based on the classification of the borrower in the respective period

1Q SP remains low at 6bp

(S$m)	1Q22	2Q22	3Q22	4Q22	1Q23
IBG and others	**122**	**52**	**(7)**	**27**	**24**
Add charges for	**189**	**91**	**74**	**152**	**84**
New NPLs	157	58	7	67	17
Existing NPLs	32	33	67	85	67
Subtract charges for	**67**	**39**	**81**	**125**	**60**
Upgrades	0	0	45	2	1
Settlements	62	28	26	108	50
Recoveries	5	11	10	15	9
CBG / WM	**32**	**32**	**28**	**37**	**34**
SP charges for loans	**154**	**84**	**21**	**64**	**58**
Other credit exposures	**13**	**(16)**	**4**	**8**	**4**
Total SP charges	**167**	**68**	**25**	**72**	**62**
SP / loans (bp)	**15**	**8**	**2**	**6**	**6**

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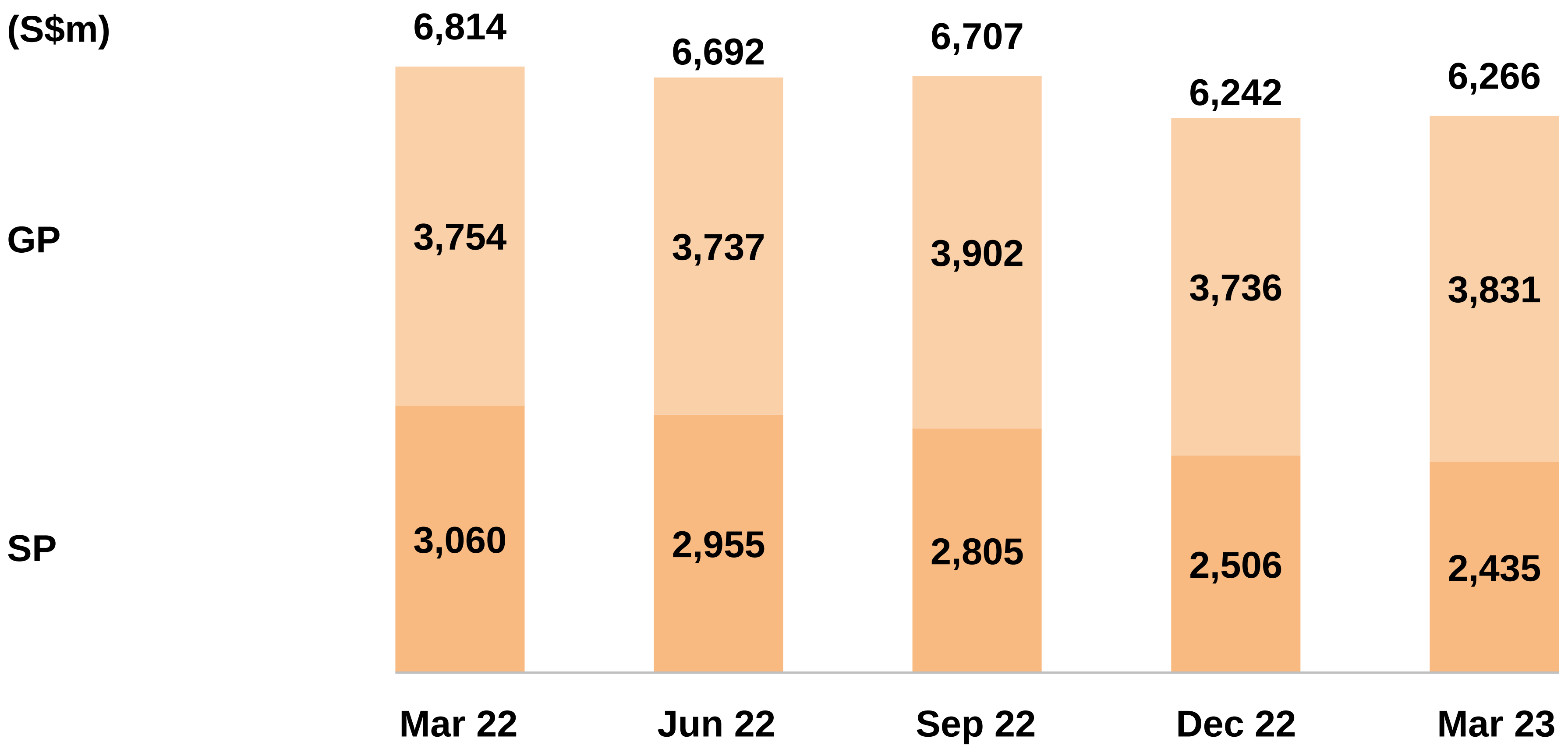
Allowance coverage rises to 127%



- Allowance coverage comfortably above 100% and exceeds 200% after considering collateral

<u>Total allowance reserves as % of:</u>

	Mar 22	Jun 22	Sep 22	Dec 22	Mar 23
NPA	114	113	120	122	127
Unsecured NPA	193	199	216	215	229

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Positive OCI from cash flow hedges and FVOCI debt securities in 1Q, partially reversing losses in FY22

(S$m)	FY22	1Q23
Net profit	**8,194**	**2,572**
Other comprehensive income		
- Cash flow hedges	(2,302)	445
- FVOCI debt instruments	(1,618)	292
- Others	(1,249)	(223)
Other comprehensive income, net of tax	**(5,169)**	**514**
Total comprehensive income	**3,025**	**3,086**

- **Cash flow hedges of $33bn (or 6% of Commercial book) are used to transform floating rate loans to fixed rate via interest rate swaps to stabilise NII. The swaps are MTM while the loans are not. This accounting asymmetry reverses over the life of the swap. Cash flow hedge reserves do not affect capital adequacy ratio.**
- **FVOCI recorded gains in 1Q as bond prices improve**
- **Others refer mainly to FX movements arising from investments in overseas subsidiaries / branches**

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Fixed-income investment portfolio duration remains short

Carrying value ($bn)	Mar 23	
	FVOCI	HTC
Government	30.1	21.0
Supranational and bank	12.4	3.7
Corporate	9.2	28.0
Total	51.7	52.7
Weighted duration (years)	1.9	3.6

- Of the $104 billion of FVOCI and HTC bond portfolio, $87 billion are High Quality Liquid Assets per Basel rules

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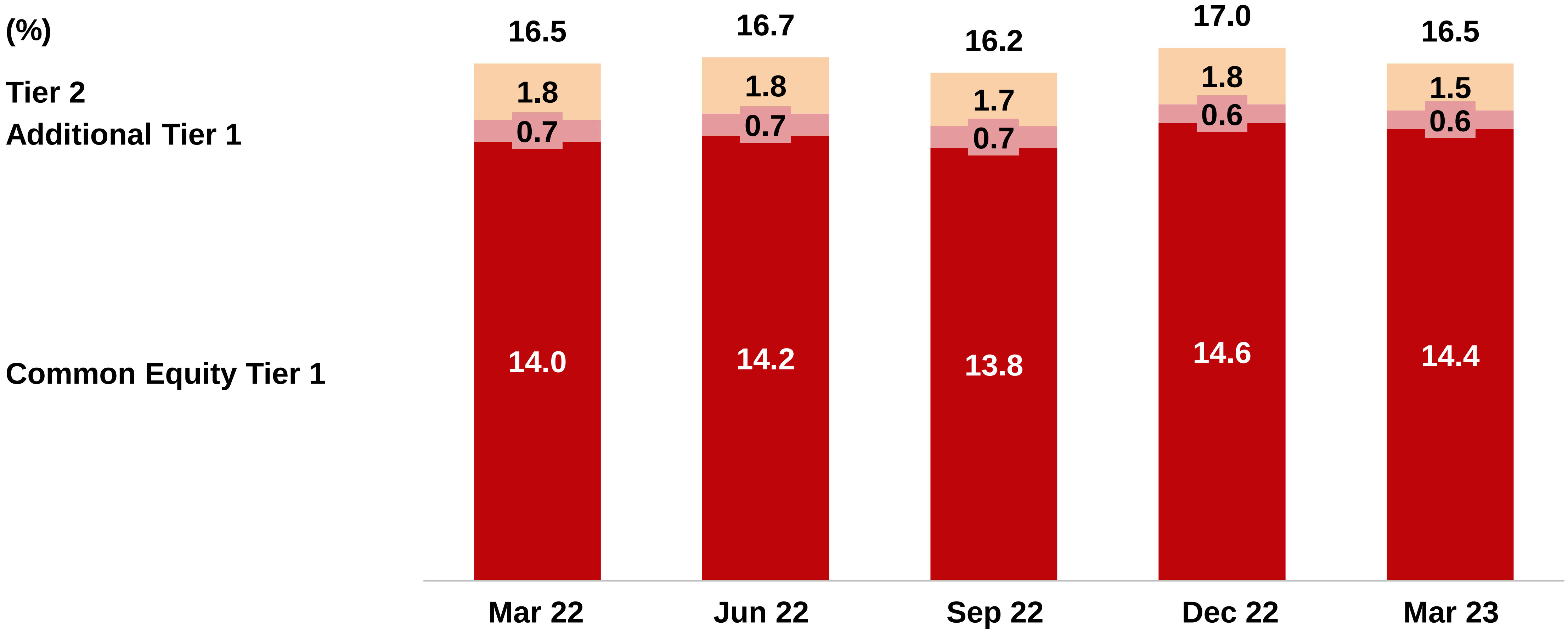
Strong CET-1 and leverage ratios



	Mar 22	Jun 22	Sep 22	Dec 22	Mar 23
RWA (S$bn)	351	349	361	347	354
Leverage ratio (%)	6.3	6.2	6.1	6.4	6.4

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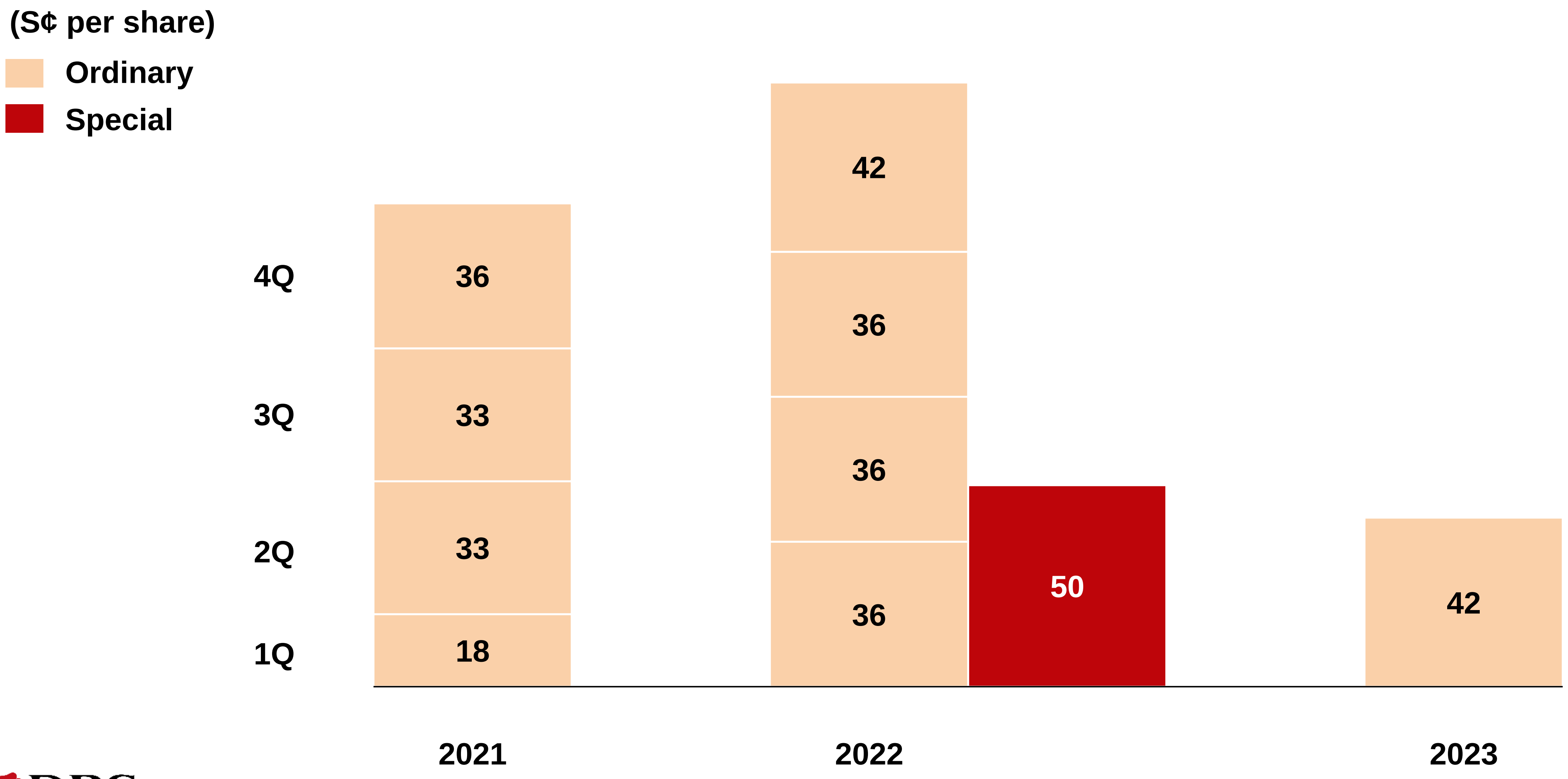
1Q dividend at 42 cents per share



In summary – record earnings and ROE

Record performance including ROE of 18.6% reflects structural improvements from ongoing digital and organisational transformation as well as higher interest rates

Ability to sustain business momentum and customers' trust during quarter marked by market volatility underscores solid capital base, prudent risk management, diversified business lines and nimble execution

Business pipelines remain healthy, asset quality resilient

Our franchise strengths will enable us to continue supporting customers and delivering shareholder returns

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