To: Shareholders

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

Trading Update for the Third Quarter Ended 30 September 2023

Details of the financial results are enclosed.

Dividends

The Board has declared an interim one-tier tax-exempt dividend of 48 cents for each DBSH ordinary share for the third quarter of 2023 (the "3Q23 Interim Dividend"). The estimated dividend payable is $1,238 million.

The DBSH Scrip Dividend Scheme will not be applied to the 3Q23 Interim Dividend.

The DBSH ordinary shares will be quoted ex-dividend on 14 November 2023 (Tuesday). The payment date for the 3Q23 Interim Dividend will be on or about 27 November 2023 (Monday).

The Transfer Books and Register of Members of DBSH will be closed from 5.00 p.m. on 15 November 2023 (Wednesday) up to (and including) 16 November 2023 (Thursday) for the purpose of determining shareholders' entitlement to the 3Q23 Interim Dividend.

By order of the Board

Marc Tan
Group Secretary

6 November 2023
Singapore

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

Third-quarter net profit rises 18% to SGD 2.63 billion as total income increases 16% to record SGD 5.19 billion.

Nine-month net profit up 35% to SGD 7.89 billion, ROE at 18.6%

DBS Group's third-quarter 2023 net profit rose 18% from a year ago to SGD 2.63 billion. Total income grew 16% to a record SGD 5.19 billion from higher net interest margin and growth in commercial book non-interest income. Asset quality was healthy. The NPL ratio was little changed from the previous quarter at 1.2% with specific allowances at 18 basis points of loans. General allowances of SGD 18 million were taken. Compared to the record in the previous quarter, net profit was 2% lower as higher income was offset by higher expenses and total allowances.

Nine-month net profit increased 35% to a new high of SGD 7.89 billion. Return on equity was at a record 18.6%. Total income rose 27% to SGD 15.2 billion driven by the commercial book. Expenses grew 14% and the cost-income ratio improved four percentage points to 39%. Profit before allowances increased 37% to SGD 9.32 billion. Specific allowances rose three basis points to 11 basis points of loans while general allowances of SGD 75 million were taken.

Third-quarter net profit up 18% from year ago and down 2% from the previous quarter

Commercial book net interest income rose 23% from a year ago and 3% from the previous quarter to SGD 3.68 billion. Net interest margin of 2.82% was stable from the previous quarter and expanded 52 basis points from a year ago due to higher interest rates. Loans grew 1% or SGD 5 billion in constant-currency terms from the previous quarter to SGD 420 billion. The consolidation of Citi Taiwan contributed SGD 10 billion to loans. Excluding Citi Taiwan, non-trade corporate loans declined 1% or SGD 2 billion from higher repayments while trade loans fell 3% or SGD 1 billion due to unattractive pricing. Housing and other consumer loans were 1% or SGD 1 billion lower.

Deposits grew 2% or SGD 12 billion in constant-currency terms from the previous quarter to SGD 531 billion due to the consolidation of Citi Taiwan. Underlying deposits were unchanged as a decline in Casa deposits was offset by an increase in fixed deposits.

Commercial book net fee income rose 9% from the previous year to SGD 843 million. Wealth management fees increased 22% to SGD 393 million from higher bancassurance and investment product sales. Card fees grew 21% to SGD 269 million from higher spending as well as the integration of Citi Taiwan. Loan-related fees rose 12% to SGD 137 million. Transaction fees were little changed at SGD 228 million while investment banking fees fell 16% to SGD 21 million on slower capital market activities. Compared to the previous quarter, net fee income rose 2%.

Commercial book other non-interest income rose 8% from a year ago and the previous quarter to SGD 499 million from higher treasury customer sales.

Expenses rose 12% from a year ago to SGD 2.04 billion from higher staff costs and the consolidation of Citi Taiwan. Underlying expenses rose 10%. Compared to the previous quarter, expenses rose 6% while underlying expenses were 4% higher. The cost-income ratio of 39% was little changed from a year ago and the previous quarter.

Profit before allowances of SGD 3.15 billion was 18% higher compared to a year ago and 1% above the previous quarter.

Citi Taiwan

Citigroup Inc.'s consumer banking business in Taiwan was consolidated on 12 August 2023, making DBS the largest foreign bank in Taiwan by assets with leading positions in deposits, cards and investments. The consolidation added SGD 10 billion to loans and SGD 12 billion to deposits. It also boosted DBS Taiwan's credit card accounts by five-fold to over 3 million and tripled investment assets under management to over SGD 12 billion. Provisional goodwill of SGD 936 million was recorded while one-time integration costs of SGD 40 million were accrued in the third quarter.

Nine-month net profit up 35%

For the nine months, commercial book total income rose 33% to SGD 14.6 billion. Net interest income grew 46% to SGD 10.6 billion from a 83 basis point expansion in net interest margin as asset repricing outpaced a rise in funding costs. Net fee income increased 4% to SGD 2.52 billion as growth in the second and third quarters more than offset a decline in the first quarter. Other non-interest income grew 16% to SGD 1.40 billion. The stronger commercial book performance was moderated by a 37% decline in Treasury Markets income to SGD 612 million due to higher funding costs. Expenses grew 14% to SGD 5.85 billion and profit before allowances rose 37% to SGD 9.32 billion.

Balance sheet remains strong

Asset quality was healthy. Non-performing assets rose 6% from the previous quarter to SGD 5.30 billion due to the integration of Citi Taiwan. The NPL ratio was little changed at 1.2%. Specific allowances of SGD 197 million or 18 basis points of loans were higher than the low levels in recent quarters as allowances were prudently taken for exposures linked to a recent money laundering case in Singapore. General allowances of SGD 18 million were taken. Allowance coverage stood at 125% and at 216% after considering collateral.

Liquidity remained ample with liquidity coverage ratio of 138% and the net stable funding ratio of 117%, both above regulatory requirements of 100%.

The Common Equity Tier-1 ratio of 14.1% was unchanged from the previous quarter as profit accretion and a decline in risk-weighted assets were offset by the impact of Citi Taiwan integration. The leverage ratio of 6.4% was twice the regulatory minimum of 3%.

The Board declared a quarterly dividend of SGD 48 cents per share for the third quarter, bringing the dividend for the nine months to SGD 1.38 a share.

DBS CEO Piyush Gupta said, “We achieved record income in the third quarter as net interest margin continued to expand and growth in commercial book non-interest income was sustained. The successful integration of Citi Taiwan has progressed our strategy of building meaningful scale in growth markets. As we enter the coming year, higher-for-longer interest rates will be a net benefit to earnings, while our solid balance sheet with ample liquidity, prudent general allowance reserves and healthy capital ratios will provide us with strong buffers against macro uncertainties.

“We will also dedicate ourselves to executing the comprehensive set of measures we recently announced to address the series of digital disruptions, for which we are truly sorry. We are committed to strengthening our technology resilience and ensuring customer service reliability.”

DBS

Live more, Bank less

	3rd Qtr 2023	3rd Qtr 2022	% chg	2nd Qtr 2023	% chg	9 Mths 2023	9 Mths 2022	% chg
Selected income statement items ($m)								
Commercial Book Total Income[1]	**5,026**	4,222	19	4,868	3	**14,561**	10,942	33
Net interest income	**3,684**	2,989	23	3,581	3	**10,649**	7,314	46
Net fee and commission income	**843**	771	9	823	2	**2,517**	2,430	4
Treasury customer sales and other income	**499**	462	8	464	8	**1,395**	1,198	16
Treasury Markets Total Income[2]	**166**	269	(38)	177	(6)	**612**	970	(37)
Net interest income	**(180)**	31	NM	(148)	(22)	**(441)**	347	NM
Non-interest income	**346**	238	45	325	6	**1,053**	623	69
Total income	**5,192**	4,491	16	5,045	3	**15,173**	11,912	27
Expenses	**2,038**	1,825	12	1,931	6	**5,851**	5,127	14
Profit before allowances	**3,154**	2,666	18	3,114	1	**9,322**	6,785	37
Allowances for credit and other losses	**215**	178	21	72	>100	**448**	279	61
ECL[3] Stage 3 (SP)	**197**	25	>100	114	73	**373**	261	43
ECL[3] Stage 1 and 2 (GP)	**18**	153	(88)	(42)	NM	**75**	18	>100
Share of profits/losses of associates and JVs	**62**	53	17	42	48	**167**	171	(2)
Profit before tax	**3,001**	2,541	18	3,084	(3)	**9,041**	6,677	35
Net profit	**2,633**	2,236	18	2,689	(2)	**7,893**	5,852	35
One-time item[4]	**(40)**	-	NM	(60)	33	**(100)**	-	NM
Net profit including one-time item	**2,593**	2,236	16	2,629	(1)	**7,793**	5,852	33
Selected balance sheet items ($m)								
Customer loans	**419,927**	429,163	(2)	415,713	1	**419,927**	429,163	(2)
Constant-currency change			*1*		*1*			*1*
Total assets	**745,173**	766,637	(3)	757,907	(2)	**745,173**	766,637	(3)
of which: Non-performing assets	**5,303**	5,600	(5)	4,990	6	**5,303**	5,600	(5)
Customer deposits	**531,269**	532,758	(0)	520,071	2	**531,269**	532,758	(0)
Constant-currency change			*3*		*2*			*3*
Total liabilities	**685,053**	710,891	(4)	698,972	(2)	**685,053**	710,891	(4)
Shareholders' funds	**59,940**	55,556	8	58,748	2	**59,940**	55,556	8
Key financial ratios (%) (excluding one-time item)[5]								
Net interest margin – Group	**2.19**	1.90		2.16		**2.16**	1.65	
Net interest margin – Commercial Book[1]	**2.82**	2.30		2.81		**2.77**	1.94	
Cost/ income ratio	**39.3**	40.6		38.3		**38.6**	43.0	
Return on assets	**1.39**	1.18		1.44		**1.41**	1.08	
Return on equity[6]	**18.2**	16.3		19.2		**18.6**	14.3	
NPL ratio	**1.2**	1.2		1.1		**1.2**	1.2	
Total allowances/ NPA	**125**	120		127		**125**	120	
Total allowances/ unsecured NPA	**216**	216		224		**216**	216	
SP for loans/ average loans (bp)	**18**	2		10		**11**	8	
Common Equity Tier 1 capital adequacy ratio	**14.1**	13.8		14.1		**14.1**	13.8	
Per share data ($)								
Per basic and diluted share								
– earnings excluding one-time item	**4.02**	3.41		4.15		**4.06**	3.01	
– earnings	**4.00**	3.41		4.13		**4.02**	3.01	
– net book value[7]	**22.31**	20.66		21.85		**22.31**	20.66	

Notes:
1 Exclude Treasury Markets
2 Exclude customer sales income, which is reflected in the Consumer Banking/Wealth Management and Institutional business segments under Commercial Book
3 Refers to expected credit loss
4 Refers to Citibank Taiwan integration costs and accounting harmonisation, net of tax
5 Return on assets, return on equity, ECL Stage 3 (SP) for loans/average loans and per share data are computed on an annualised basis
6 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
7 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