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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 Third Quarter Ended 30 September 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 third quarter of 2022 (the "3Q22 Interim Dividend"). The estimated dividend payable is $926 million.

The DBSH Scrip dividend Scheme will not be applied to the 3Q22 Interim Dividend.

The DBSH ordinary shares will be quoted ex-dividend on 11 November 2022 (Friday). The payment date for the cash dividends will be on 24 November 2022 (Thursday).

The Transfer Books and Register of Members of DBSH will be closed from 5.00 p.m. on 14 November 2022 (Monday) up to (and including) 15 November 2022 (Tuesday) for the purpose of determining shareholders' entitlement to the 3Q22 Interim Dividend.

By order of the Board

Marc Tan
Group Secretary

3 November 2022
Singapore

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

Third-quarter net profit rises 32% to SGD 2.24 billion while return on equity reaches 16.3%, both at new highs

Nine-month net profit up 8% to SGD 5.85 billion

DBS Group's third-quarter 2022 net profit rose 32% from a year ago to a record SGD 2.24 billion. Return on equity reached a new high of 16.3%. Total income grew 28% to a record SGD 4.54 billion as net interest margin recovered to pre-pandemic highs and business momentum was sustained during the quarter. The cost-income ratio improved seven percentage points to 40%. Asset quality continued to be resilient as the NPL ratio improved to 1.2% and specific allowances were minimal. General allowances of SGD 153 million were set aside. Compared to the previous quarter, net profit rose 23%.

Nine-month net profit increased 8% to a new high of SGD 5.85 billion. Total income rose 10% to SGD 12.1 billion as a higher net interest margin and loan growth more than offset lower fee income. Expenses grew 7%, resulting in profit before allowances rising 12% to SGD 6.96 billion. Specific allowances halved to eight basis points of loans, while general allowances of SGD 18 million were taken compared with a SGD 413 million write-back a year ago.

Third-quarter net profit up 23% from previous quarter and 32% from a year ago

For the third quarter, net interest income rose 23% from the previous quarter to SGD 3.02 billion. Net interest margin climbed 32 basis points to 1.90%, accelerating from increases of three basis points and 12 basis points in the first and second quarters, from further increases in interest rates. Underlying loan momentum was strong. Excluding trade loans, loans increased SGD 7 billion or 2% in constant-currency terms. Non-trade corporate loans grew SGD 8 billion or 3%, faster than in the first two quarters, with the growth broad-based across the region. Housing loan growth also picked up, rising SGD 1 billion or 2%. These gains were moderated by a decline of SGD 5 billion or 10% in trade loans as maturing exposures were not replaced due to unattractive pricing. Including trade loans, overall loans rose to SGD 429 billion. Compared to a year ago, net interest income was 44% higher driven by a 47-basis-point expansion in net interest margin and loan growth of 6%.

Fee income of SGD 771 million was little changed from the previous quarter. Wealth management fees declined 4% to SGD 323 million and investment banking fees fell 17% to SGD 25 million as financial market conditions remained weak. These declines were offset by growth in card and loan-related fees. Card fees rose 10% to SGD 223 million on record overall spending with travel spending continuing to recover towards pre-pandemic levels. Loan-related fees grew 7% to SGD 122 million. Transaction service fees were stable at SGD 230 million. Compared to a year ago, fee income declined 13% as lower wealth management and investment banking fees more than offset increases in card and loan-related fees.

Other non-interest income rose 32% from the previous quarter to SGD 753 million from higher Treasury Markets non-interest income, treasury customer income and investment gains. Compared to a year ago, other non-interest income was 32% higher.

Expenses rose 10% from the previous quarter and 9% from a year ago to SGD 1.83 billion led by higher staff costs.

Nine-month net profit up 8%

For the nine months, net interest income was 22% higher at SGD 7.66 billion on the back of a 20-basis-point expansion in net interest margin and loan growth of 6% from a year ago. Fee income fell 10% to SGD 2.43 billion as a decline in wealth management and investment banking fees more than offset growth in other fee activities. Other non-interest income was little changed at SGD 1.99 billion. Expenses grew 7% to SGD 5.13 billion, and profit before allowances rose 12% to SGD 6.96 billion.

Asset quality resilient, balance sheet strong

Asset quality was resilient. New non-performing asset formation remained low during the quarter and was more than offset by higher upgrades and repayments. Non-performing assets fell 5% to

SGD 5.60 billion and the NPL ratio declined from 1.3% to 1.2%. Specific allowances were at SGD 25 million or two basis points of loans for the third quarter. General allowances of SGD 153 million were taken. Allowance coverage stood at 120% and at 216% after considering collateral.

Liquidity remained healthy. Deposits were stable from the previous quarter and 8% or SGD 39 billion higher than a year ago in constant-currency terms at SGD 533 billion. The liquidity coverage ratio of 133% and the net stable funding ratio of 114% were both above regulatory requirements of 100%.

The Common Equity Tier-1 ratio declined from 14.2% in the previous quarter to 13.8% due to loan growth and the marked-to-market impact on FVOCI securities. The leverage ratio of 6.1% was twice the regulatory minimum of 3%.

The Board declared a quarterly dividend of SGD 36 cents per share for the third quarter, bringing the dividend for the nine months to SGD 1.08 a share.

DBS CEO Piyush Gupta said, “The record earnings we achieved amidst challenging market conditions in the third quarter reflected the strength of our franchise. Business momentum was maintained, asset quality was resilient and the inherent value of our deposit franchise was more fully realised. The record return on equity of 16.3% demonstrates the significant structural improvements we have made, including from our digital transformation. We enter the coming year with leverage to rising interest rates, a strong balance sheet and proven ability to capture growth, which will enable us to continue delivering shareholder returns.”

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	3rd Qtr 2022	3rd Qtr 2021	% chg	2nd Qtr 2022	% chg	9 Mths 2022	9 Mths 2021	% chg
Selected income statement items ($m)								
Net interest income	**3,020**	2,104	44	2,454	23	**7,661**	6,300	22
Net fee and commission income	**771**	888	(13)	768	-	**2,430**	2,709	(10)
Other non-interest income	**753**	569	32	570	32	**1,992**	1,995	-
Total income	**4,544**	3,561	28	3,792	20	**12,083**	11,004	10
Expenses	**1,825**	1,668	9	1,658	10	**5,127**	4,798	7
Profit before allowances	**2,719**	1,893	44	2,134	27	**6,956**	6,206	12
Allowances for credit and other losses	**178**	(70)	NM	46	>100	**279**	19	>100
ECL[1] Stage 3 (SP)	**25**	68	(63)	69	(64)	**261**	432	(40)
ECL[1] Stage 1 and 2 (GP)	**153**	(138)	NM	(23)	NM	**18**	(413)	NM
Profit before tax	**2,541**	1,963	29	2,088	22	**6,677**	6,187	8
Net profit	**2,236**	1,700	32	1,815	23	**5,852**	5,412	8
Selected balance sheet items ($m)								
Customer loans	**429,163**	404,723	6	424,533	1	**429,163**	404,723	6
Constant-currency change			*6*		-			*6*
Total assets	**766,637**	676,272	13	745,637	3	**766,637**	676,272	13
of which: Non-performing assets	**5,600**	6,570	(15)	5,908	(5)	**5,600**	6,570	(15)
Customer deposits	**532,758**	488,899	9	527,828	1	**532,758**	488,899	9
Constant-currency change			*8*		-			*8*
Total liabilities	**710,891**	618,659	15	689,571	3	**710,891**	618,659	15
Shareholders' funds	**55,556**	57,430	(3)	55,875	(1)	**55,556**	57,430	(3)
Key financial ratios (%)[2]								
Net interest margin	**1.90**	1.43		1.58		**1.65**	1.45	
Cost/ income ratio	**40.2**	46.8		43.7		**42.4**	43.6	
Return on assets	**1.18**	1.01		0.99		**1.08**	1.10	
Return on equity[3]	**16.3**	12.1		13.4		**14.3**	13.4	
NPL ratio	**1.2**	1.5		1.3		**1.2**	1.5	
Total allowances/ NPA	**120**	107		113		**120**	107	
Total allowances/ unsecured NPA	**216**	205		199		**216**	205	
SP for loans/ average loans (bp)	**2**	6		8		**8**	14	
Common Equity Tier 1 capital adequacy ratio	**13.8**	14.5		14.2		**13.8**	14.5	
Leverage ratio[4]	**6.1**	6.8		6.2		**6.1**	6.8	
Average all-currency liquidity coverage ratio[5]	**133**	131		142		**138**	135	
Net stable funding ratio[6]	**114**	127		118		**114**	127	
Per share data ($)								
Per basic and diluted share								
– earnings	**3.41**	2.58		2.80		**3.01**	2.78	
– net book value[7]	**20.66**	21.43		20.78		**20.66**	21.43	

Notes:
1 Refers to expected credit loss
2 Return on assets, return on equity, ECL Stage 3 (SP) for loans/average loans and per share data are computed on an annualised basis
3 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
4 Leverage Ratio is computed based on MAS Notice 637
5 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
6 Net stable funding ratio (NSFR) is computed based on MAS Notice 652
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