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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 2023**

Details of the financial results are enclosed.

**Dividends**

The Board has declared an interim one-tier tax-exempt dividend of 42 cents for each DBSH ordinary share for the first quarter of 2023 (the "1Q23 Interim Dividend"). The estimated dividend payable is $1,083 million.

The DBSH Scrip Dividend Scheme will not be applied to the 1Q23 Interim Dividend.

The DBSH ordinary shares will be quoted ex-dividend on 9 May 2023 (Tuesday). The payment date for the 1Q23 Interim Dividend will be on or about 22 May 2023 (Monday).

The Transfer Books and Register of Members of DBSH will be closed from 5.00 p.m. on 10 May 2023 (Wednesday) up to (and including) 11 May 2023 (Thursday) for the purpose of determining shareholders' entitlement to the 1Q23 Interim Dividend.

By order of the Board

Marc Tan
Group Secretary

2 May 2023
Singapore

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

**First-quarter net profit rises 43% to SGD 2.57 billion while return on equity increases to 18.6%, both at new highs, from higher net interest margin, sustained business momentum and resilient asset quality**

DBS Group's net profit for first-quarter 2023 rose 43% from a year ago to a record SGD 2.57 billion. Return on equity increased to 18.6%, also a new high. Total income grew 34% to SGD 4.94 billion as net interest margin rose 66 basis points and business momentum was sustained. The cost-income ratio improved seven percentage points to 38%. Asset quality continued to be resilient with the NPL ratio at 1.1% and specific allowances at six basis points of loans. General allowances of SGD 99 million were taken as a prudent measure to strengthen GP reserves.

Compared to the previous quarter, net profit was 10% higher. Total income rose 8% as net interest margin increased seven basis points, loans grew 1% and non-interest income was seasonally higher. Expenses declined 4% due to non-recurring items in the previous quarter. Profit before allowances grew 16% to SGD 3.05 billion. Total allowances were higher as there had been a general allowance write-back in the previous quarter.

Commercial book net interest income rose 2% on a day-adjusted basis from the previous quarter to SGD 3.38 billion. Net interest margin increased eight basis points to 2.69% as continued asset repricing from higher interest rates was partially offset by higher deposit costs. Loans grew 1% or SGD 4 billion in constant-currency terms to SGD 417 billion. Non-trade corporate loans rose 2% or SGD 4 billion led by Singapore real estate acquisition financing. Trade loans increased 3% or SGD 1 billion. Consumer loans fell 1% or SGD 1 billion as wealth management loans declined. Compared to a year ago, commercial book net interest income increased 69% as net interest margin rose 104 basis points and loans grew 3% or SGD 11 billion.

Deposits rose 1% or SGD 5 billion in constant-currency terms from the previous quarter to SGD 529 billion. Deposits and wealth management net new money benefited from flight-to-safety inflows in March. Compared to a year ago, deposits were 4% or SGD 20 billion higher. The liquidity coverage ratio of 147% and the net stable funding ratio of 118% were both well above regulatory requirements.

Commercial book net fee income rose 29% from the previous quarter to SGD 851 million from broad-based growth. Wealth management fees increased 39% to SGD 365 million due partly to seasonal effects. Investment banking fees doubled to SGD 44 million from higher equity and debt capital market activity. Loan-related fees grew 80% to SGD 142 million, while transaction service fees rose 2% to SGD 230 million. These increases were moderated by a 7% decline in card fees to SGD 227 million due to seasonally-higher spending in the fourth quarter.

Compared to a year ago, commercial book net fee income was 4% lower. Wealth management fees fell 11% with all of the decline occurring in January due to base effects. Wealth management fees were stable in February and March compared to a year ago. Card fees grew 21% from higher spending including for travel, while investment banking fees rose 2%. Loan-related fees were stable while transaction service fees were 4% lower.

Commercial book other non-interest income grew 35% from the previous quarter and 22% from a year ago to SGD 432 million due to higher treasury customer income.

Expenses of SGD 1.88 billion were 4% below the previous quarter, which had included non-recurring items. Expenses were stable on an underlying basis. Compared to a year ago, expenses were 14% higher led by higher staff costs. Profit before allowances rose 16% from the previous quarter and 50% from a year ago to SGD 3.05 billion.

Asset quality was resilient. Non-performing assets fell 3% from the previous quarter to SGD 4.95 billion and the NPL ratio was unchanged at 1.1%. New non-performing asset formation remained low and was more than offset by repayments and write-offs. Specific allowances amounted to SGD 62 million or six basis points of loans. General allowances of SGD 99 million were taken to strengthen GP reserves to SGD 3.83 billion. Allowance coverage stood at 127% and at 229% after considering collateral.

The Common Equity Tier-1 ratio declined 0.2 percentage points from the previous quarter to 14.4%. Net profit accretion during the quarter was offset by the impact of the fourth-quarter 2022 ordinary and special dividends of 92 cents per share as well as by risk-weighted asset growth. The leverage ratio of 6.4% was more than twice the regulatory minimum of 3%.

The Board declared a dividend of SGD 42 cents per share for the first quarter.

DBS CEO Piyush Gupta said, “We delivered a record performance and benefited from safe-haven deposit inflows during a quarter marked by increased market volatility. Our ability to sustain business momentum as well as customers’ trust in a time of market stress are the result of our solid capital position, prudent risk management, diversified business lines and nimble execution, underpinned by an ongoing digital transformation. Our multi-faceted franchise strengths will enable us to continue supporting customers and delivering shareholder returns.”

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| | 1st Qtr 2023 | 1st Qtr 2022 | % chg | 4th Qtr 2022 | % chg |
|---|---|---|---|---|---|
| **Selected income statement items ($m)** | | | | | |
| **Commercial Book total income**[1] | **4,667** | 3,250 | 44 | 4,386 | 6 |
| Net interest income | **3,384** | 2,005 | 69 | 3,405 | (1) |
| Net fee and commission income | **851** | 891 | (4) | 661 | 29 |
| Other non-interest income | **432** | 354 | 22 | 320 | 35 |
| **Treasury Markets total income**[2] | **269** | 431 | (38) | 204 | 32 |
| Net interest income | **(113)** | 182 | NM | (125) | 10 |
| Non-interest income | **382** | 249 | 53 | 329 | 16 |
| **Total income** | **4,936** | 3,681 | 34 | 4,590 | 8 |
| Expenses | **1,882** | 1,644 | 14 | 1,963 | (4) |
| Profit before allowances | **3,054** | 2,037 | 50 | 2,627 | 16 |
| Allowances for credit and other losses | **161** | 55 | >100 | (42) | NM |
| ECL[3] Stage 3 (SP) | **62** | 167 | (63) | 74 | (16) |
| ECL[3] Stage 1 and 2 (GP) | **99** | (112) | NM | (116) | NM |
| Share of profits/losses of associates and JVs | **63** | 66 | (5) | 36 | 75 |
| **Profit before tax** | **2,956** | 2,048 | 44 | 2,705 | 9 |
| **Net profit** | **2,571** | 1,801 | 43 | 2,341 | 10 |
| **Selected balance sheet items ($m)** | | | | | |
| Customer loans | **416,976** | 416,181 | 0 | 414,519 | 1 |
| *Constant-currency change* | | | *3* | | *1* |
| Total assets | **744,968** | 723,681 | 3 | 743,368 | 0 |
| *of which:* Non-performing assets | **4,951** | 5,981 | (17) | 5,125 | (3) |
| Customer deposits | **529,223** | 519,723 | 2 | 527,000 | 0 |
| *Constant-currency change* | | | *4* | | *1* |
| Total liabilities | **687,184** | 666,993 | 3 | 686,296 | 0 |
| Shareholders' funds | **57,595** | 56,495 | 2 | 56,887 | 1 |
| **Key financial ratios (%)**[4] | | | | | |
| Net interest margin – Group | **2.12** | 1.46 | | 2.05 | |
| Net interest margin - Commercial Book[1] | **2.69** | 1.65 | | 2.61 | |
| Cost/income ratio | **38.1** | 44.7 | | 42.8 | |
| Return on assets | **1.41** | 1.04 | | 1.23 | |
| Return on equity[5] | **18.6** | 13.1 | | 17.2 | |
| NPL ratio | **1.1** | 1.3 | | 1.1 | |
| Total allowances/ NPA | **127** | 114 | | 122 | |
| Total allowances/ unsecured NPA | **229** | 193 | | 215 | |
| SP for loans/ average loans (bp) | **6** | 15 | | 6 | |
| Common Equity Tier 1 capital adequacy ratio | **14.4** | 14.0 | | 14.6 | |
| **Per share data ($)** | | | | | |
| Per basic and diluted share | | | | | |
| – earnings | **4.02** | 2.81 | | 3.58 | |
| – net book value[6] | **21.41** | 21.02 | | 21.17 | |

Notes:
1 Excludes Treasury Markets
2 Excludes 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 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 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