CEO observations

DBS Group Holdings

4Q 2023 Financial Results

February 7, 2024

Operating trends sustained in 4Q

- **Strong fourth quarter caps record year**
  - 4Q total income up 9%, led by fee income
- **Loans little changed**
  - Continuation of higher repayments for non-trade corporate loans, other loans stable
- **Group NIM declines to 2.13%**
  - Decline due to full-period impact of higher deposit costs from 3Q, accumulation of fixed-rate asset positions, and continued pressure from Treasury Markets
  - 4Q commercial book NIM stable from September
  - Casa outflows eased in 4Q, reducing repricing pressure in 1Q24
- **Fee income momentum accelerates**
  - 4Q YoY gross fee income increase of 28% (and ex-Citi Taiwan growth of 17%) significantly faster than first three quarters
  - Broad-based growth including wealth management and cards

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Operating trends sustained in 4Q

- **Underlying cost-income ratio improves YoY**
  - Underlying YoY expense growth of 3% for 4Q, 10% for full year
  - Underlying cost-income ratio at 42% for 4Q, 39% for full-year
- **Asset quality remains resilient**
  - New NPA formation and SP remain low

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2024 outlook

- **More settled macroeconomic outlook; geopolitical risks remain**
- **Maintaining guidance for net interest income to be around 2023 levels**
  - Net interest income to be supported by full-year impact of Citi Taiwan consolidation
  - Trade-off between NIM and loan growth
  - Full-year NIM to be slightly below 2023 exit NIM of 2.13%
- **Fee income growth to be double-digit**
  - Wealth management to benefit from Citi Taiwan, strong net new money inflows, and more settled market views
  - Cards to benefit from Citi Taiwan, and organic growth in spending
- **Cost-income ratio to be in low 40% range,** due partly to Citi Taiwan
- **SP assumed to normalise to 17-20bp,** GP to be released if SP higher than expected
- **ROE expected to be in guided range of 15-17%**

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Distributing our earnings to our stakeholders

- **Shareholders**
  - Another quarterly dividend per share increase of 6¢ to 54¢ from 4Q, bringing annualised dividend per share going forward to $2.16
  - One-for-10 bonus issue, with dividend per share maintained at $2.16 per share over enlarged share base
  - Ordinary dividend increase of 28% in 2023 and another 24% in 2024
- **Community**
  - Inaugural contribution of $100 million as part of ten-year $1 billion commitment to support vulnerable segments
- **Junior employees**
  - One-time bonus to help junior employees across the group, which make up half of total headcount, cope with higher costs of living

Good progress on executing tech resiliency roadmap to achieve high degree of service availability

Despite record earnings, variable pay for Group Management Committee to be collectively reduced by 21% yoy, including a deeper 30% for the CEO, to take accountability

	Progress made
Tech risk governance and oversight	• In final stages of appointing CIO • Strengthened independent tech risk function with senior hires • Reinforcing tech risk control mindset and behaviour
Change management	• Tightened software development process • Enhanced vendor engagement for critical systems • Near-live production assurance test environment by Q1 2024
System resilience / recovery	• Eliminating single points of failure for key services by Q1 2024 • Supplemented active-active configuration with hot standby for key systems
Incident management	• Streamlined process by centralising multiple first level command centres and tightening escalation protocol • Improved real-time monitoring at infrastructure, application and customer journey levels

Customers can expect

- **Greater service reliability**
- **Alternate channels for payments and account enquiries should issues occur**
- **Faster full recovery of services**

We will continue with our investments to sustain efforts to provide reliable services

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