CEO observations

DBS Group Holdings

1Q 2024 financial results

May 2, 2024

Strong start to the year

- **Record 1Q performance**
  - Total income and net profit reach new highs, ROE at record 19.4%
- **Loan growth better than recent quarters**
  - Loans increase 1% qoq, driven by a broad-based 3% rise in non-trade corporate loans
- **Group NIM stable, underlying trends in line with guidance**
  - Commercial book NIM up 2bp qoq despite lower Hibor due to fixed-rate asset repricing; Casa outflows slow from the previous year
  - Markets Trading’s deployment in high-quality assets accretive to net interest income but dilutive to NIM

DBS

Strong start to the year

- **Net fee income crosses $1bn for the first time**
  - Wealth management fees rise from stronger market sentiment and an expanded AUM base, card fees from higher spending
  - Both increases additionally boosted by base effects, including Citi Taiwan consolidation
- **Treasury customer sales reach new high**
- **Cost-income ratio at 37%**
  - Expense growth well managed, up 5% yoy ex-Citi Taiwan
- **Asset quality resilient**
  - NPL ratio unchanged at 1.1%, SP remains low at 10bp of loans
- **1Q dividend of 54 cents on enlarged share base**

Notwithstanding MAS decision not to extend 6-month pause on non-essential activities, will continue to focus on technology resiliency

- **Progress made in executing on technology resiliency roadmap, enabling:**
  - Greater service availability
  - Alternate channels for payments and account enquiries should issues occur
  - Faster full recovery of services
  - Greater payments/ transaction certainty for payer and recipient

- **Several areas remain a work-in-progress**
  - Continued simplification and strengthening of systems architecture
  - Building deeper expertise in centres of excellence for critical third-party technologies
  - Broadening use of artificial intelligence to further strengthen change management
  - Creating more monitoring tools so as to be able to detect potential issues more quickly

Outlook

- **Geopolitical risks persist, but macroeconomic conditions remain resilient**
- **Group net interest income to be modestly better than 2023 levels**
- **Commercial book non-interest income growth to be in mid-to-high teens percent**
    - Better-than-expected momentum in wealth management and treasury customer sales
- **Total income growth to be 1-2% points above previous guidance of mid-single-digit**
- **Cost-income ratio to be in low-40% range**
- **SP assumed to normalise to 17-20bp although not seeing stress so far**
- **Net profit to be above 2023 levels**

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