

CEO Observations

February 22, 2016

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Challenging environment...

- China slowdown creating headwinds
- Policy actions creating uncertainty
- Commodity cycle creating stresses
- Singapore seeing slowdown

...but market panic overdone

- Not a 'Lehman' moment
- Singapore financial system is robust
- Our portfolios are healthy
- Growth slower but not a recession
 - Global GDP ~3%+
 - Asia GDP ~6%
 - Impact of oil price has benefits too!

Portfolio quality

- Portfolio healthy, NPL unchanged at 0.9%
- 2015 SP ~\$600m, similar to 2014 (excluding write-backs)
- 2016 budget assumes 25% deterioration in SP

What's in our SP budget

- Improvements in India and Indonesia books
- Deterioration in Greater China
- Impact of Commodities, Oil and Gas, based on name by name review

Oil & gas

Dec 2015	Producers	Traders	Processors	Others <i>(include Support Services)</i>	Total
(S\$b)					
Exposure	6	3	4	9	22
<i>Of which:</i>					
Loans	5	1	4	7	17

- **Portfolio unchanged from last quarter**
 - Producers, Traders, and Processors portfolio not under stress
 - 71% short-term loans, 46% trade loans; no NPL
 - Support services portfolio unchanged at \$9b
 - NPL at 1.3%, expect minimal SP in 2016
- **Stress-tested overall portfolio at US\$20 per barrel**
 - Handful of additional names
 - Don't foresee additional SP in 2016

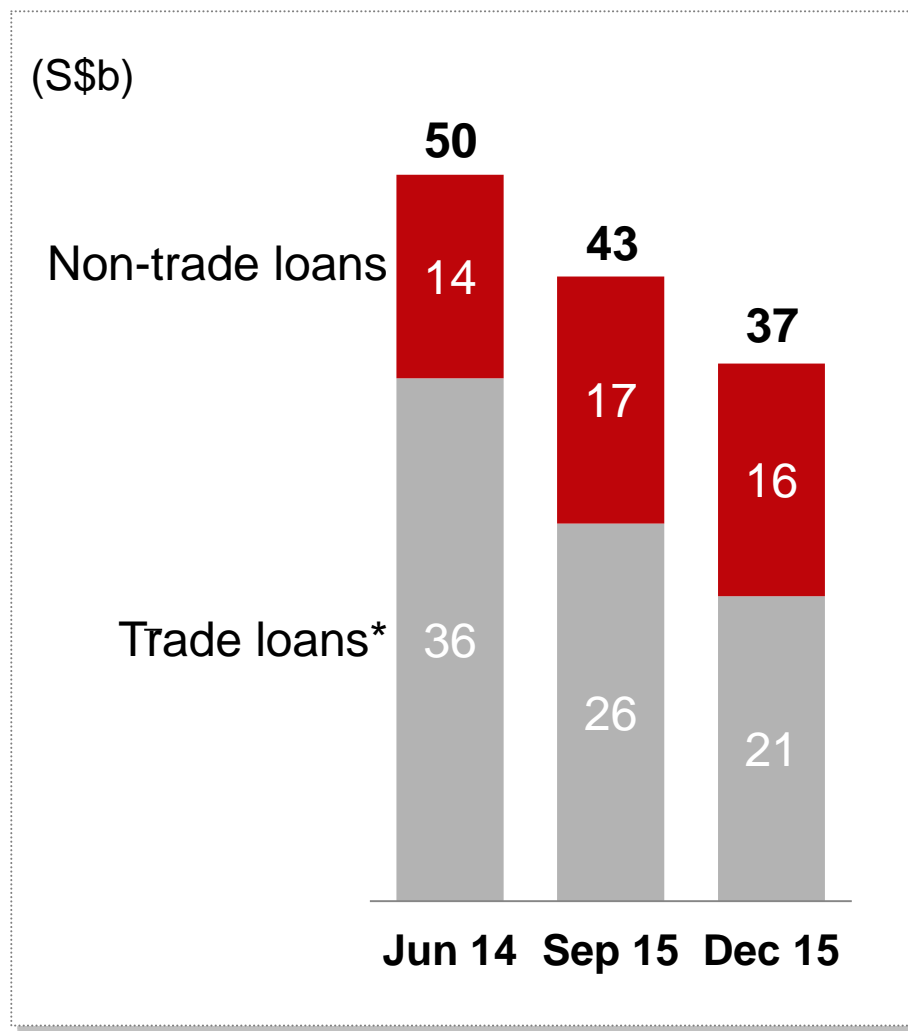
Other commodities

Dec 2015	Producers	Traders	Combined
(S\$b)			
Exposure	3	9	12
<i>Of which:</i>			
Loans	3	7	10

- **Portfolio unchanged from last quarter**
 - 79% short-term loans, 41% trade loans
 - NPL at 1.7%
 - 2016 expected losses in budget

Greater China-related

- **China portfolio reduced from last quarter, mainly from trade**
 - Current NPL at 0.6%
- **Impact of RMB depreciation on clients' hedged positions (mostly in HK)**
 - Current RMB levels in budget



*China trade loans comprise amounts shown under customer loans and interbank assets. Based on country of incorporation

What's not in our budget?

- **Tail-events**

- Large one-offs e.g., a large corporate collapse
- Sharp RMB devaluation in the next three months

Business momentum healthy

Income (S\$m)	4Q14	1Q15	2Q15	3Q15	4Q15	4Q15 YoY
IBG Loans	579	656	645	648	656	13%
IBG Trade	265	258	239	231	203	-23%
IBG Cash/SFS	144	151	150	168	201	40%
Treasury customer income	229	335	335	308	251	10%
Retail segment	475	496	525	542	569	20%
Wealth Management segment	270	365	378	338	334	24%

We are being prudent and are prepared

- Managing expenses
- Building reserves
- Holding strong capital
- Working with our clients proactively

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