CEO Observations

February 8, 2018

DBS

Agenda

- **2017: Year in review**
- View on capital and dividends
- 2018 outlook

2017: Year in review

1 Business momentum strong, improved in second half

- Loans[1]: 11% yoy growth, 9% yoy excl. ANZ
- Deposits[1]: 11% yoy growth, 8% yoy excl. ANZ
- Gross fee income: 13% yoy growth

1. *In constant currency terms*

Broad-based growth

Mortgage[1]

Grew market share to

30.8%

vs 28.7% (Dec 16)

Cards[1]

Market share at record

ENR	Billings
25.1%	**20.8%**
vs 20.1% (Dec 16)	vs 18.7% (Dec 16)

Wealth

Income	AUM
+25% YoY	**+24% YoY**
S$2.1 bn	**S$206 bn**

SME

Income

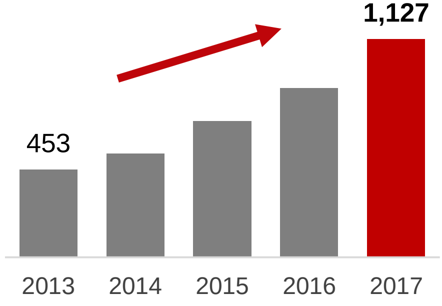
S$1.7 bn

vs S$1.5 bn (2016)

+11% YoY

Cash management

Cash/SFS income (S$bn)



Growth

+29% YoY

+26% CAGR

(2013 – 2017)

Trade

Trade assets[2]

+24% YoY

S$50 bn

1. Singapore
2. In constant currency terms

2017: Year in review

2 Digital impact visible

- Gaining market share and creating new income streams in Consumer and SME bank Singapore and Hong Kong
- Good traction in new digital distribution models in India and Indonesia
- Two-thirds of applications cloud ready – will be 90% by end 2018
- Launched the world’s largest banking API platform to create ecosystem partnerships and offer differentiated customer experiences
- First bank to develop methodology to measure digital value creation, driving traditional to digital conversion

2017: Year in review

3 Portfolio quality

- Cleaned up portfolio
- New NPA formation in 4Q low

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On capital and dividends

- Basel final rules had only limited capital impact (~5% increase in RWA by 2022)
- Fully phased-in CET1 at 13.9% vs target around 13% → can now return surplus capital to shareholders
  - Annualised dividend of $1.20 per share
  - In addition, a special dividend of 50 cents to return the capital buffers built up prior to finalisation of new capital rules
  - Suspend scrip dividend with immediate effect
- Policy of increasing dividends over the longer term in line with earnings growth

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2018 Outlook

- Global macroeconomic environment is robust
- **Loan** guidance maintained at 7% - 8%
- **NIM:** Expect improving interest rate environment to provide NIM uplift
- **Income:** Low double-digit growth, including ANZ
- **Cost-income ratio:** Stable at 43% despite ANZ's higher cost-income ratio
- **Allowances:**
  - SP should be on the lower side of the cycle average
  - ECL (GP) likely to be lower under FRS 109 regime