

Building a Leading SME Bank in Asia

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21 March 2014

Building a leading SME business is a strategic priority

DBS, the Asian Bank of Choice for the New Asia

1

Geographies

1. Entrench leadership in Singapore

2. Reposition Hong Kong

3. Rebalance geographic mix of our business

2

Regional Businesses

4. Build a leading SME business 

5. Strengthen wealth proposition

6. Build-out GTS and T&M cross-sell business

3

Enablers

7. Place customers at the heart of the banking experience

8. Focus on management processes, people and culture

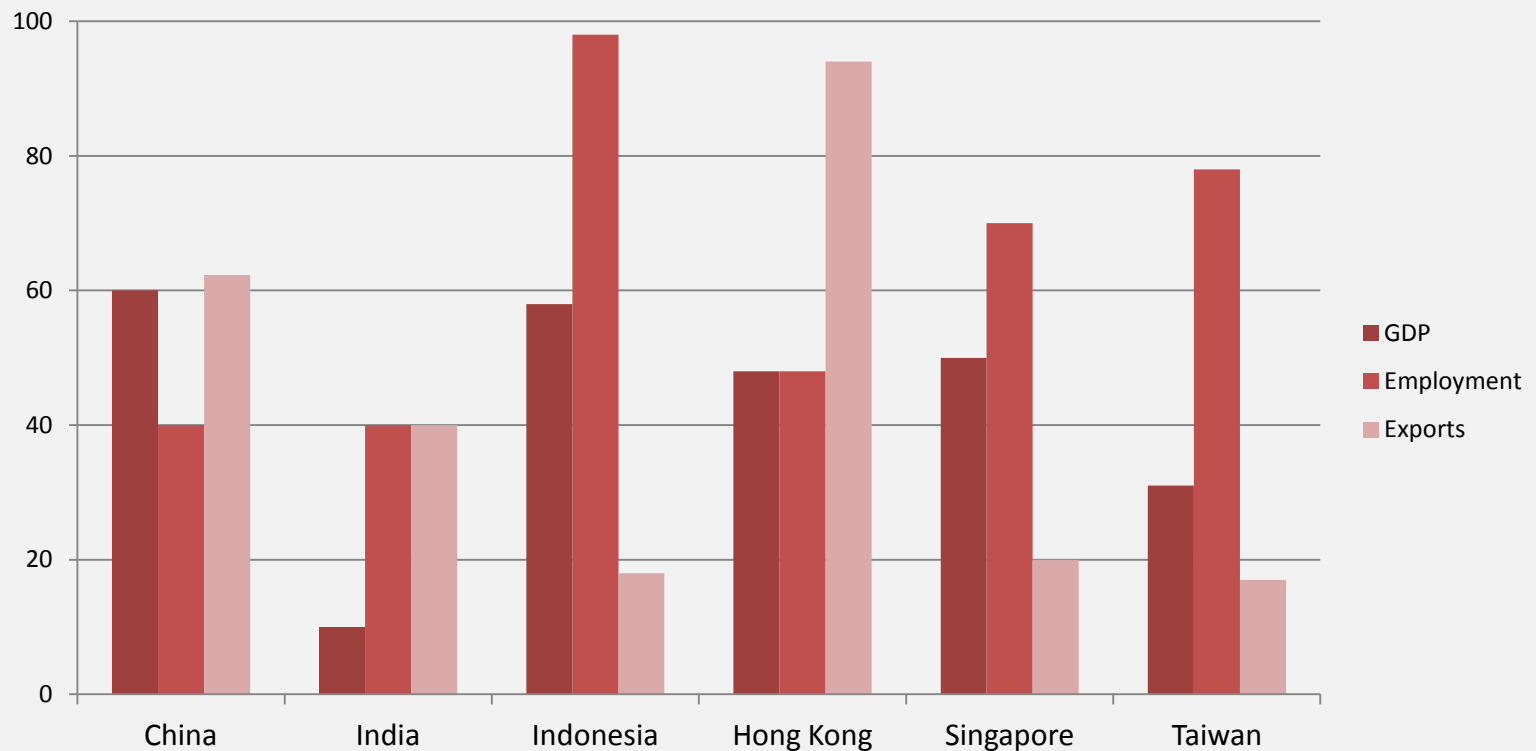
9. Strengthen technology and infrastructure platform

SMEs fuel the growth of Asia

- Significant contribution to GDP, employment and exports
- Serve as sub-contractors to larger exporting firms
- Support and sustain innovative growth and development

(Approximately 20% of research and development work in US & Europe are completed by SMEs)

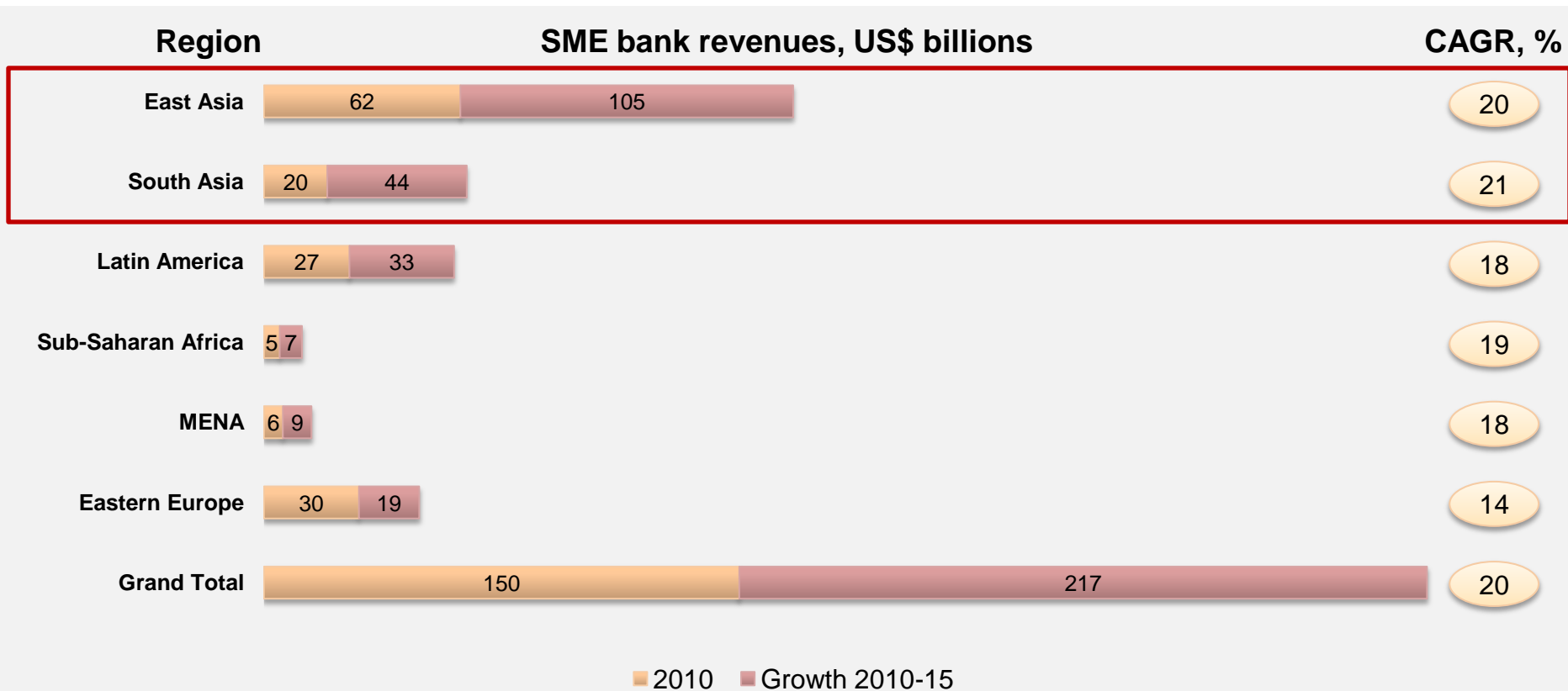
SMEs' contribution to GDP, employment and exports in Asia, 2011 (%)



Source: Ministry of Commerce, PRC; Government of India: Report of the working group on MSMEs; Census and Statistic Department, HK; Ministry of Cooperatives and Small and Medium Businesses of Indonesia; Ministry of Trade & Industry, Singapore; SMEA Taiwan.

SME bank revenues are growing the fastest in Asia

SME banking revenues were US\$150 billion in 2010 and expected to more than double by 2015 (20% p.a. growth)

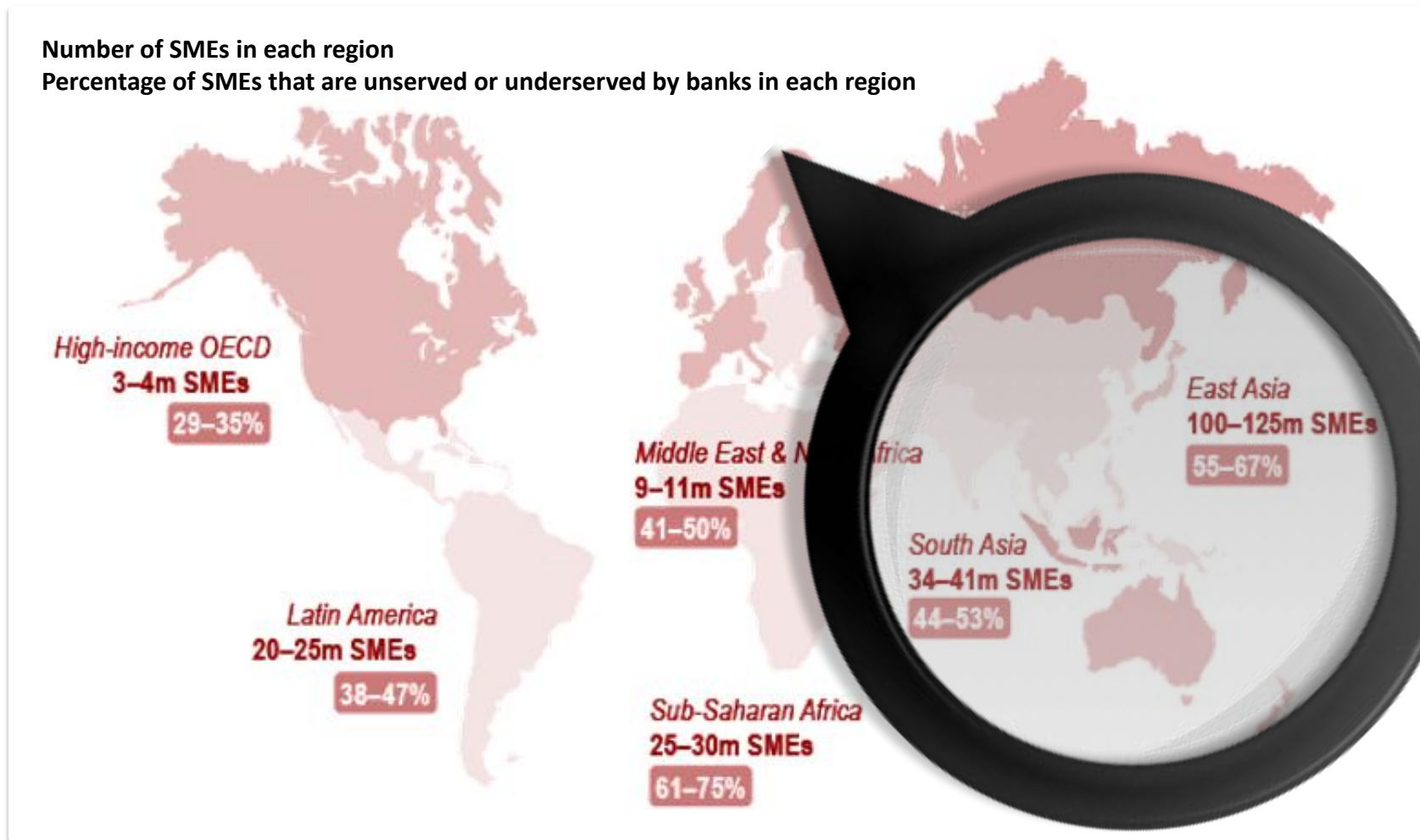


Source: McKinsey Global Banking Pool (GBP); IMF Financial Access Survey; Honchan 2008; McKinsey analysis

44-67% of SMEs in Asia are underserved by banks

Number of SMEs in each region

Percentage of SMEs that are unserved or underserved by banks in each region



We have developed a strong understanding of SMEs and have the capabilities to meet their needs

Characteristics of SMEs	Capabilities needed from a bank
Require different types of loans	Strong balance sheet and ability to lend
Cash flows relatively volatile	Different risk architecture incorporating a blend of financial and behavioral factors
Less transparent on disclosing information	
Relationship-driven	Low staff turnover and a customer-centric culture
Rapid growth, including overseas trade and expansion	Deep regional insights and connectivity
	Ability to bring the expertise and capabilities of serving large corporates to SMEs
Very diverse in revenue size and banking needs	Tailored servicing model to diverse needs of SMEs

A tailored servicing model to meet SMEs' diverse needs

Size of SME customer ¹	Small (S\$20 million and below)	Medium (S\$20m to S\$75m)	Large (S\$75m to S\$200m)
Servicing model	Relationship managers with high case-loading	Relationship managers with lower case-loading	Senior relationship managers with low case-loading
Underwriting method	Program-based lending Almost completely based on statistical and quantitative calculations	Parameterised lending Limited room for qualitative judgment, maximum exposure determined by rating	Credit risk specialist Involves greatest level of qualitative judgment, deep credit analysis

¹ SME size defined by revenue

Our risk principles integrate business strategy and risk management

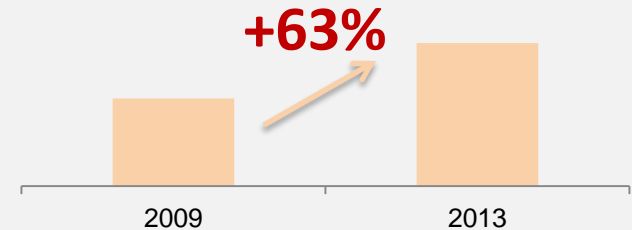
Initiatives	Impact
Local Programs with clear set of rules and parameters	Increased productivity through a guided, structured and simplified credit underwriting method
Target market rules for countries and industries	Reduced end-to-end turnaround time for credit applications
Early warning triggers at portfolio, industry, and economic level	Having a granular and broadly diversified portfolio to contain risk exposure at a comfortable level
	Able to initiate early calling effort to overcome challenges with clients
Standardised risk architecture across the whole region	

Low staff turnover as a strategic advantage

Steady growth in regional headcount

- 63% increase from 2009
- Introduced Graduate Associate (SME Banking) Programme

DBS SME Regional Headcount

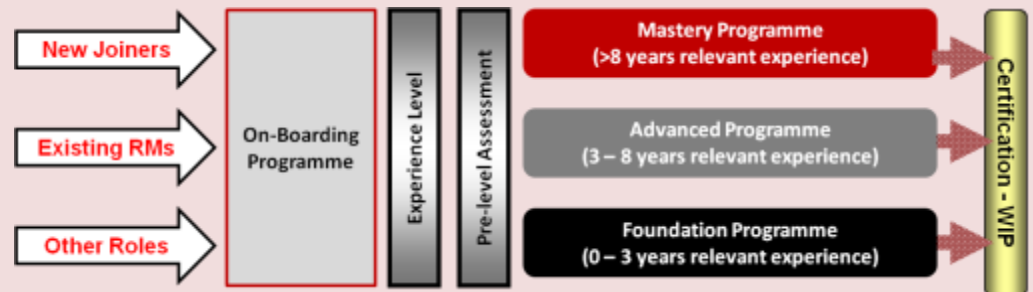


Low staff turnover as a strategic advantage

- DBS SME employee turnover rate below APAC industry turnover rate of **21.5%¹**
- Anchors deeper understanding of our customers with greater familiarity
- Gains productivity from better working knowledge aligned with the bank and its strategic directives

Emphasis on learning and development

- Rapid integration through on-boarding programme
- Personalised learning roadmap developed by DBS Academy



¹ Source: Hay Group research; refers to overall APAC trend

A customer-centric culture

Our Offerings



- Offer corporate account opening online
- Enhance DBS IDEAL™ 3.0, our award-winning corporate internet banking platform
- Set up DBS BusinessCare, an integrated customer service model



- Help SMEs expand outside their home markets with cross-border referral programme
- Bring expertise and capabilities of serving large corporates to SMEs
- Share DBS Asian Insights through revamped public web and conferences



- Host regular lunch or dinner events for SME customers with DBS Chairman, Group CEO, and Country CEOs

Customer Benefits

Bank with us in a fast, simple, and easy manner

SMEs on growth paths can tap on advisory and insights

Exclusive opportunities to network with senior bankers and other SMEs

The 1st in Asia to offer corporate account opening online

The screenshot shows the DBS SME Banking website. The header includes the DBS logo, 'SME BANKING', and navigation links for 'SME Banking', 'Singapore', 'English', 'Login', and a search icon. A secondary navigation bar lists 'Home', 'Day to Day', 'Trade', 'Financing', 'Treasury', 'Services', and 'Research'. The main content area is titled 'Open a DBS Corporate Account Online' and features a two-step process diagram. Step 1, 'Start online application now & enjoy initial deposit waiver!', is shown with a computer icon and a '5 minutes' duration. Step 2, 'Complete account opening at branch', is shown with a person icon and a '15 minutes' duration. A red 'Get in Touch' box with a phone icon and the number '1800 222 2200' is also visible.

Welcome!

Let us assist you in opening a DBS Corporate Account online now so you can enjoy a waiver of initial deposit and shorter waiting time at the branch! This service is available to Sole Proprietorships, Partnerships, Limited Liability Partnerships and Private/Limited Companies. Please note that in accordance with MAS requirements, a face-to-face verification at the branch is necessary after submitting your application online.

For clubs, associations, societies and foreign-incorporated entities, please make an appointment with any of our [branches](#).

For account pricing and fees, please click [here](#).

You will need:

- Company details (business registration number (BRN), mailing address)
- Details of directors/sole proprietor/shareholders/partners (where applicable) (contact numbers, emails, date of births, NRIC/passport numbers, etc.)
- Details of authorised signatories (contact numbers, emails, date of births, NRIC/passport numbers, etc.)
- 2 available timeslots for your branch appointment with all partners (for Partnerships); at least 2 directors OR 1 director and 1 company secretary (for Private/Limited Companies)

Key features

- **5 min** to apply online
- **Auto-populate** company data from ACRA **minimises input** by customers
- Email/SMS appointment **reminders** to customers
- Shorter branch waiting time with **eAppointment**

It is very user-friendly and convenient, and is very helpful for SMEs like ourselves.



Director
Engineering company

It only took me 5 minutes...given that the questions were clear & structured.



Partner
Interior design firm



Open a corporate online with us today! Campaign and promotion will end in Aug 2014

Promotional Details¹

- ✓ 3-months fee waiver for OTT, GIRO, MEPS & Account Transfer via IDEAL
- ✓ 1-year waiver of IDEAL monthly subscription fees



DBS Online Account Opening for SMEs
Now you can apply for a business account anywhere in just 5 minutes.

Apply now on dbs.com.sg/sme

3 months of free banking transactions*

Terms and conditions apply.

Another innovative solution for businesses from Asia's Safest, Asia's Best. Safest Bank Asia 2013-2015, Global Finance Best Managed Bank Asia Pac 2013, The Asian Banker

dbs.com.sg

Living, Breathing Asia

DBS SME BANKING

¹ Terms and conditions apply

Supporting social enterprises

DBS Social Enterprise Package

Available in Singapore, China, Taiwan, Indonesia and India
Featuring virtually free transaction banking services

Social Enterprise Package take-up rate

>140 SEs in Singapore alone

Grants disbursed

\$1.7 million to 52 SEs

Number of individuals benefitted from the supported SEs

>38,000

Number of SEs showcased at DBS events

>200

Number of SEs trained and coached

>30



**“DBS has been a
steadfast partner
in Adrenalin's growth.”**

*Ricardo Chua,
Adrenalin Events and Education,
President's Challenge Social
Enterprise Award 2013*

Our SME banking franchise has strong year-on-year performance

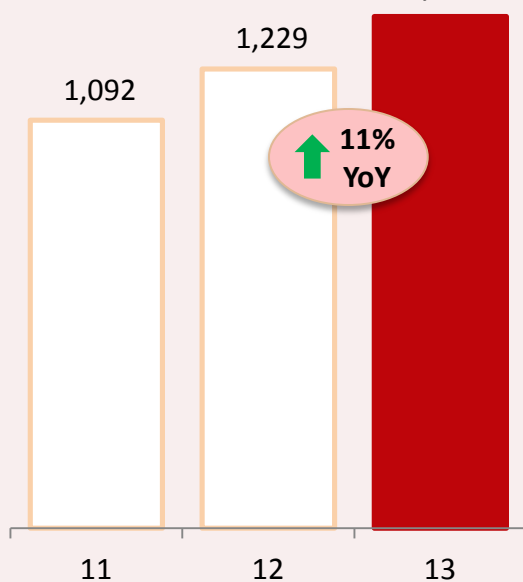


TOTAL INCOME

+12% CAGR

S\$1,370 million

2012: S\$1,229 million

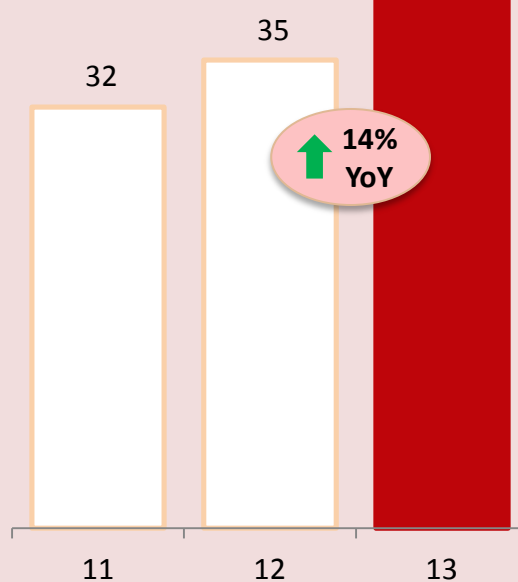


LOANS

+13% CAGR

S\$40 billion

2012: S\$35 billion

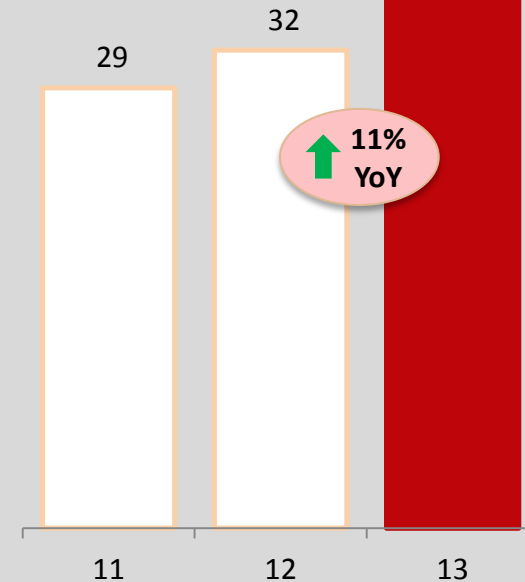


DEPOSITS

+10% CAGR

S\$35 billion

2012: S\$32 billion



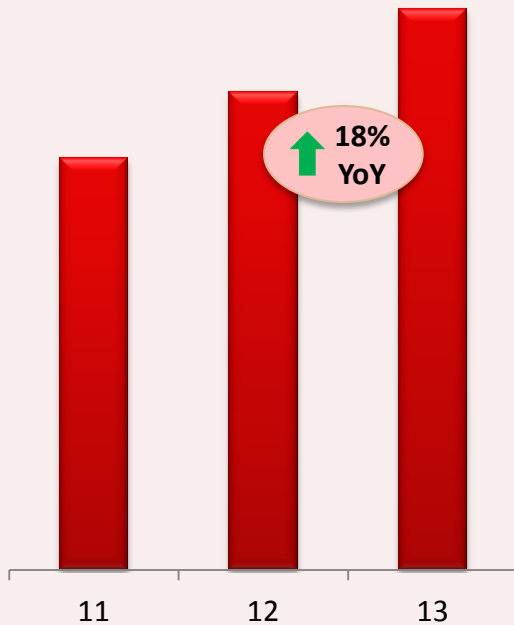
Note: CAGR percentages refer to compounded annual growth rate from 2011 to 2013, YoY percentages refer to year-on-year growth rate from 2012 to 2013

Our SME franchise is expanding across the region, particularly at home and in emerging markets



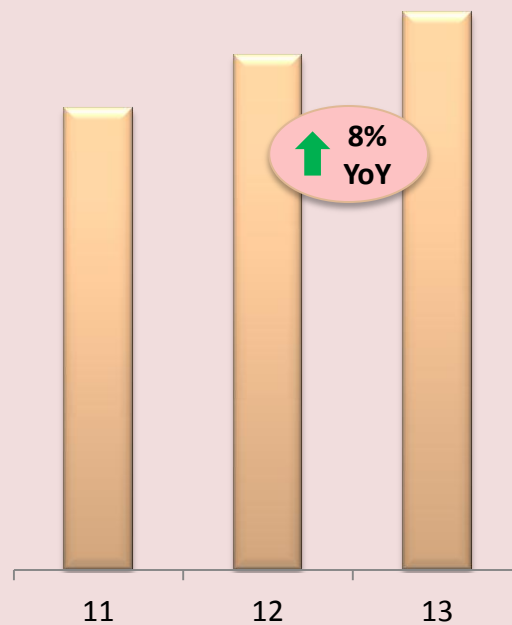
INCOME IN SINGAPORE

+17% CAGR



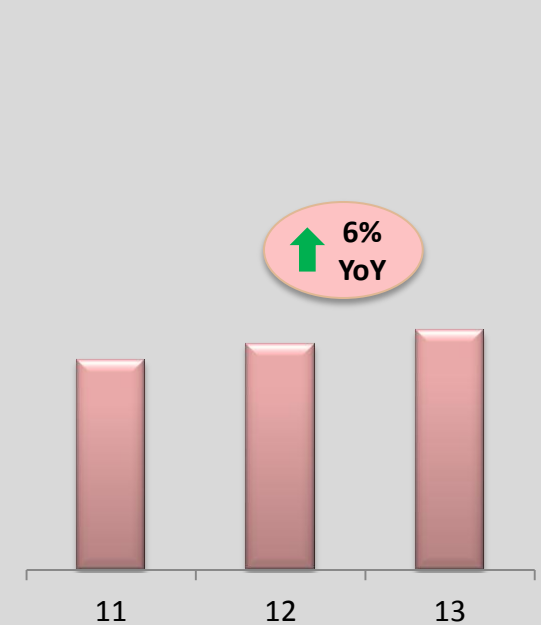
INCOME IN HONG KONG

+10% CAGR



INCOME IN GROWTH MARKETS¹

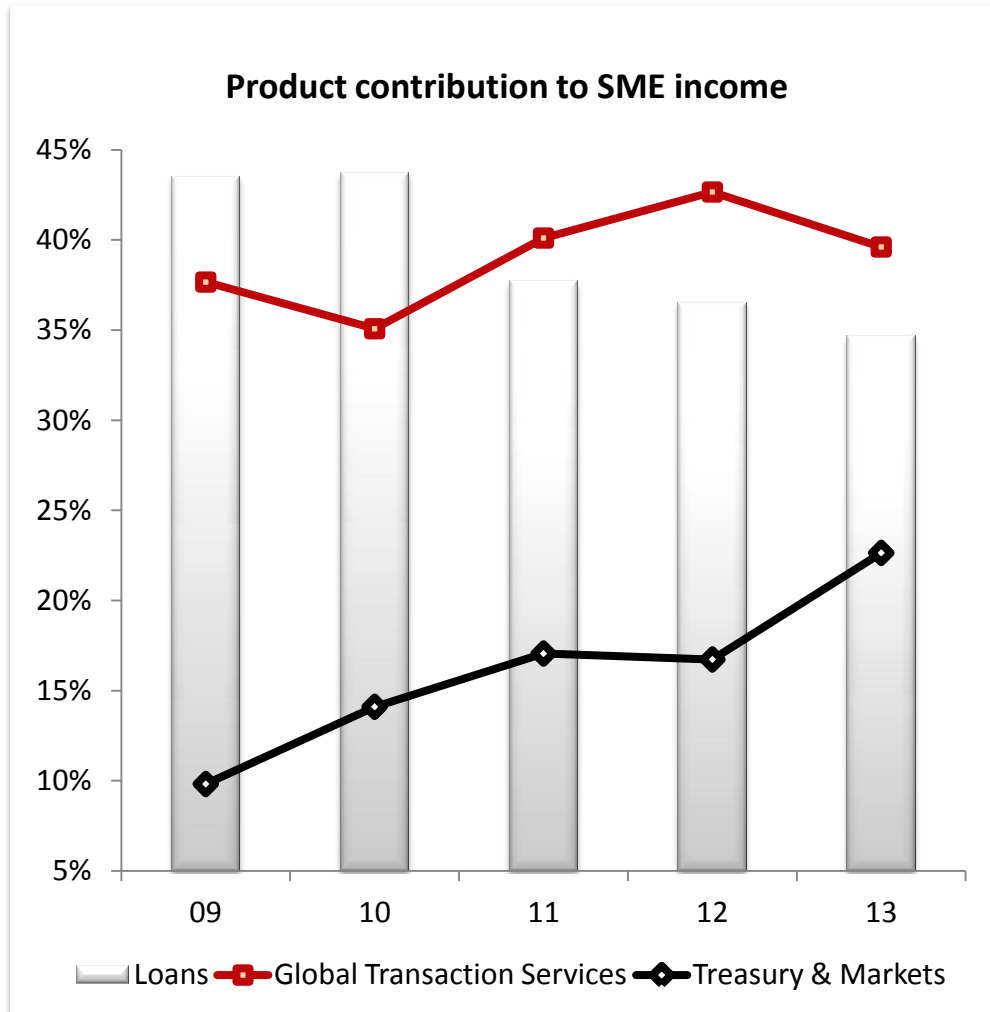
+7% CAGR



Note: CAGR percentages refer to compounded annual growth rate from 2011 to 2013, YoY percentages refer to year-on-year growth rate from 2012 to 2013

¹ Refers to China, India, Indonesia, and Taiwan markets

Income streams are diversified from traditional interest income



Key drivers of fee income

- Currency hedging and interest rate treasury products
- Capital market deals for SMEs
- Increase in trade finance volume

We bring our capabilities in capital markets and strategic advisory to SMEs

League Table for SGD Bond issuance in 2013

Rank	Bank	Contribution Amt (S\$' m)	No. of Issues	% of market share
1	DBS	490	8	45
2	OCBC	220	3	20
3	HSBC	165	4	15
4	UOB	115	4	11
5	SCB	65	2	6
6	RHB	30	1	3

Oct 2013

ASPIAL
Aspial Corporation
Ltd.

SGD 100 million
5.00% Fixed Rate
Notes Due 2016

Sole Lead Manager &
Bookrunner

Oct 2013

Centurion
Centurion
Corporation Limited

SGD 100 million
5.25% Fixed Rate
Notes Due 2016

Sole Lead Manager &
Bookrunner

Sep 2013

Mencast
Mencast Holdings
Limited

SGD 50 million
5.75% Fixed Rate
Notes Due 2016

Joint Lead Manager
& Bookrunner

Other deals completed in 2013

Company	Type of service	Date
Orchis Capital (Winner, IFR Asia Structured Finance Issue of the Year 2013)	Bonds Securitisation	Oct 2013
Soilbuild	Initial public offering	Sep 2013
Oxley Holdings	Bond Issuance	Sep 2013
Frencken Group	Advisory (acquisition)	Feb 2013

Awards and accolades



Best SEA SME Bank (2012)



Best for Emerging Corporates in Asia Pacific (2013) (Trade Finance)



Best Overall Cross-Border Cash Management Bank in China - Small Corporates (2013)

Best Overall Domestic Cash Management Bank in Hong Kong - Small Corporates (2013)

Best Overall Cross Border Cash Management Bank in Hong Kong - Small Corporates (2013)

Best Local Cash Management Bank in Singapore - Medium Corporates (2013)

Best Global Cash Management Bank in Asia Pacific - Small Corporates (2013)



Global Finance - Stars of China Award 2013 - Best Small Business Lending (Foreign Bank)



SME Bank of the Year – Hong Kong (2013)



Hong Kong General Chamber of Small and Medium Business - Best SME's Partner Awards 2009 - 2013



Global Banking & Finance Review - SME Bank of the Year – Hong Kong (2013)



Metro Finance - Outstanding RMB Indexes – Innovative Corporate Index Award (2013)

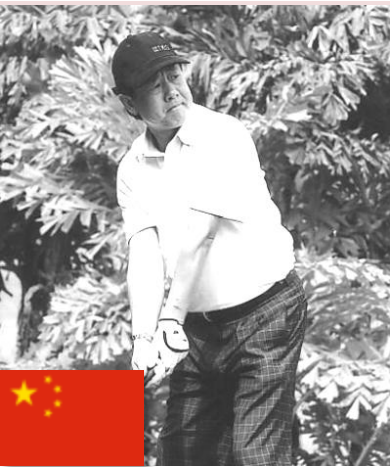


2013 SME Banking Competitive Excellence Award (Foreign Bank)



China Association of Small and Medium Enterprises - Best Foreign Bank (2013)

A snap shot of our SME customers around the region



“DBS always understands our financial needs, **proactively recommends quality products**, and provides best services. We appreciate DBS’s **flexible solutions.**”

Lam Muk Kwan, Shenzhen Dayang Group

“DBS is a **regional player that knows Asia**. I believe this would be a great niche to us in expanding overseas business that **no local banks could compete with.**”

William Chang, Topcolor



“We have a long standing relationship for the last 3 years, and we hope this continues to **grow in years to come.**”

Anoj Viswanathan, KVVVS

“ DBS bank is the **most trusted partner** for business, we hope for a life-long partnership in **helping us create a sustainable business**”.

Budi Permana, PT. Hariff Daya Tunggal Engineering



A snap shot of our SME customers around the region



“Across all levels and departments within the bank, I can feel the dedication and heartfelt support of DBS. ”

*Sun Lai Fong
Sunhuan Construction Pte Ltd*

“Without doubt, DBS SME Banking is and has always been our preferred choice. DBS truly understands my business.”

*Paul Loo, Focus Network Agencies ,
Ernst & Young Entrepreneur Of The
Year 2013*



“DBS has always been standing by us in good times and even in bad times.”

Eddy Lo, Cross Int'l Group Limited (盛記)

“We have been partnering with DBS for many years. DBS provides tailor-made financing solutions and one stop banking services.”

*Lau Pui Ling, Wing Wah Food
Manufactory*



Focus for 2014

- We will continue to grow our franchise in the developed and growth markets
- Continue to improve quality of our franchise
 - Make banking simple and smooth
 - Support growing SMEs via financing and advisory services
 - Develop innovative solutions
- Continue to grow fee income



Questions?