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In 2010, we mapped out a nine-point strategic roadmap to become "The Asian Bank of Choice for the New Asia". We have been single-mindedly executing against this strategy, and will continue to focus on delivering against our priorities going forward.

1. ENTRENCH LEADERSHIP IN SINGAPORE

As a bank headquartered in Singapore, it is imperative that we entrench our leadership position in our home market, even as we grow our franchise in the region.

In 2010, we made good progress on this front, with DBS Singapore recording net profit of SGD 1.69 billion, up 42% from the previous year. Earnings were bolstered by increased customer cross-sell and lower specific allowances. These improvements were partially offset by lower interest margins and higher expenses.

DBS is a leading player in mortgages, auto loans, debit and credit cards. In 2010, we leveraged the strength of our franchise, including our strong deposit base, to widen our lead in a number of businesses. In the mortgage business, for example, DBS continued to innovate and we were the first to introduce a five-year fixed rate home loan.

In Singapore, DBS and POSB also have the largest branch and ATM network. In 2010, we expanded our self-service banking network further to provide even greater reach and convenience to our customers. We added over 150 new ATMs, as well as 60 Cash Acceptance Machines (CAMs) and AXS Stations, to give us a network of more than 1,100 ATMs, 230 CAMs and 730 AXS Stations islandwide. In August, we also piloted Cash-Only ATMs, which enable our customers to have speedier access to cash during peak hours. Ten of our branches now have extended operating hours, being open until 7 pm, six days a week. To serve our customers better, in 2010, we deployed 150 more service staff at our branches.

In addition, we also piloted a new retail branch operating model in November, starting with 12 branches. Over time, the intent is to apply the same model to all our 80 DBS/ POSB branches so that we can optimise efficiency for both sales and service distribution.

In 2010, POSB, which prides itself on being "Neighbours first, bankers second", continued to focus on reaching out to children, youth, the silver-haired as well as the overall working population.

In March, it started a coin deposit initiative in primary schools to inculcate the savings habit in children. In April, POSB collaborated with the Council for Third Age to launch the POSB ACTIVE debit card, which provides a multitude of privileges to baby boomers or those over 45 years old. POSB also started to more proactively market its baby accounts, tying up with nine Singapore hospitals to present a package of goodies to mothers and their newborns.

In the payments space, DBS is a leading player on many fronts. For example, we have a 55% market share in Giro, and the largest Internet banking base with over 1.5 million retail customers. Mobile banking, which was launched last April, had a strong reception, attracting over 200,000 users in just nine months.

On the institutional banking front, DBS had an outstanding year, as we leveraged our strong balance sheet, Asia insights, connectivity and the strength of our relationships with local corporates to grow the business. In a highly-competitive market, our Sing-dollar business loans market share grew by more than two percentage points. In addition, DBS continued to lead in the syndicated loans space, ranking among the Top 10 mandated arrangers of Asia-Pacific syndicated loans (ex-Australia and Japan). DBS' newly set-up dedicated Project Finance unit also moved into high gear quickly, being lead arranger of a

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SGD 1.8 billion financing package for Sports Hub, Singapore's premier land, sea sports and entertainment facility.

In Treasury & Markets (T&M), DBS has one of the largest SGD trading books and is also the most active market maker for USD/SGD, SGD rates, SGD bonds, SGD money markets and SGD derivatives. Importantly, we were able to leverage this leadership position to cross-sell T&M products to our institutional banking, private banking and mass affluent clients.

In 2010, DBS also remained the leader in equity, bond and REIT issuances.

In equity capital markets, we maintained our No.1 position with a 19.3% market share of equity issuances in Singapore. Underscoring our strength in the space, we were appointed as joint bookrunner and joint underwriter for Global Logistic Properties' SGD 3.9 billion IPO, the largest in Singapore since 1993.

DBS also retained our pole position in the Sing-dollar bond market, with more than 43% market share. Key transactions we were involved in include being the bookrunner for Temasek's landmark SGD 1 billion 40-year bond issue and Danga Capital's (Khazanah Nasional) SGD 1.5 billion five- and 10-year issues, collectively the largest-ever Sukuk in Singapore.

DBS is a pioneer in the REITs space, having successfully launched CapitaMall Trust, the first REIT in Singapore, in 2002. We have not looked back since. In 2010, DBS had another good year, topping the Singapore REIT league table with a 23.9% share. We were joint global coordinator, bookrunner and underwriter for Mapletree Industrial Trust's SGD 939 million IPO, the largest S-REIT IPO to date. DBS also played an instrumental role in the SGD 467 million IPO of Cache Logistics Trust, the first S-REIT IPO following the global financial crisis.

In Mergers and Acquisitions, we were ranked No. 5 in the Singapore mid-market space, that is, for deals of up to USD 500 million. One such example is where we acted as joint financial adviser to Ezra Holdings on its USD 400 million acquisition of Aker Marine Contractors.

While we are pleased with the progress made, much more can be done to capture opportunities in our home market. Recognising this, we created a Singapore country manager position and established a Singapore country organisation. With dedicated management oversight for Singapore now in place, going forward, we are well-placed to operate more nimbly and serve our customers better.

2. RE-ENERGISE HONG KONG

One of our strategic priorities is to re-energise DBS Hong Kong, which we believe has significant untapped potential, given that it anchors our Greater China platform. Executing on this, we strengthened Hong Kong's management team, appointing a new country head and making a number of strategic hires in key businesses.

Early initiatives taken to turn around Hong Kong are bearing fruit. In 2010, DBS Hong Kong recorded net profit of SGD 579 million, up 25% from the previous year. In local currency terms, earnings were up by a steeper 33%. The improved performance was driven by higher customer flows in the Treasury & Markets space and lower specific allowances. This was partly offset by lower interest income as interest margins were affected by stiffer competition for deposits and housing loans.

Hong Kong is the anchor for our Greater China operations, and a large part of our strategy for the market is driven around intermediating China flows. In 2010, we had a very successful year, both in terms of China red chips coming to Hong Kong and in the renminbi (RMB) offshore market.

In the red chips space, we doubled our customer base, and grew assets and revenues by 80% and 190%, respectively.

By moving quickly to capture opportunities arising from Hong Kong's position as an offshore RMB centre, we now have a leading position in the RMB space. As at end-2010, we had the equivalent of over HKD 10 billion of RMB deposits.

2010 was also a good year for Consumer Banking, and we saw strong growth momentum in unsecured loans, investments and insurance sales. In addition, DBS Hong Kong rolled out more innovative firsts. As an example, we launched the DBS Octopus ATM Card, which combines the functions of an ATM card with the Octopus public transport farecard in one piece of plastic. This first-of-its-kind initiative combining banking and payments received several industry accolades.

3. REBALANCE GEOGRAPHIC MIX OF OUR BUSINESS

a. Rest of Greater China

One of DBS' strengths is that we have a growing presence in the three key axes of growth – Greater China, Southeast Asia and South Asia.

We are also the only Singapore bank with a significant footprint in China, Hong Kong and Taiwan, with over 110 branches and 150 ATMs across these three markets. This allows us to offer seamless regional connectivity to our customers, and to intermediate the increasing trade and investment flows within the Greater China region.

In 2010, DBS China and DBS Taiwan reported a combined net profit of SGD 47 million on the back of SGD 426 million in revenues.

In China, we have 17 main and sub-branches in nine major cities, and our customer base has expanded by over 40% to 30,000. The plan is to accelerate the pace of growth and increase our footprint in China to 50 outlets by 2013.

In 2010, we doubled our deposit base, significantly improving our loan-to-deposit ratio. Loan growth remained strong, being in the double digits. DBS China also enjoyed strong cross-sell momentum in Treasury & Markets and Global Transaction Services.

A landmark agreement with the Royal Bank of Scotland, offering around 25,000 of its retail and commercial banking customers in Shanghai, Beijing and Shenzhen the option of moving over to DBS China, will further bolster our client base when the transfer process is completed this year.

To serve our corporate and enterprise banking clients more seamlessly across the region, we set up various country desks in 2010. These include Singapore and Taiwan desks in China, as well as a China desk in Singapore.

In Taiwan, where DBS has 40 branches after acquiring the "good bank assets" of Bowa Bank in 2008, we turned profitable in 2009, a year ahead of expectations. In 2010, we continued to make progress in growing the franchise. DBS Taiwan's revenues rose 23%, while loans and deposits saw double-digit percentage increases. We also made good progress in growing DBS Treasures, our priority banking offering. Underscoring our commitment to Taiwan, we will set up a locally incorporated subsidiary there by September 2011.

3. REBALANCE GEOGRAPHIC MIX OF OUR BUSINESS

b. South and Southeast Asia

South and Southeast Asia, which includes our India and Indonesia franchise, recorded net profit of SGD 203 million on the back of SGD 457 million in revenues.

DBS India grew Institutional Banking revenues by 22%, with over 50% of this from non-interest income. The more diversified income stream was made possible due to increased cross-sell efforts, with the Global Transaction Services business registering a 30% increase in cash mandates and a 78% growth in trade volume.

During the year, DBS established a special client coverage group to deliver customised solutions and improve customer traction with our top-tier relationships in India. The initiative yielded immediate results with foreign exchange sales volumes from our top clients doubling within less than three months of forming the group. Loan growth across customer segments remained steady. DBS also lead arranged several large syndicated loan deals including financing Bharti Airtel's USD 9 billion acquisition of Zain's African telecom assets.

On the Consumer Banking front, we strengthened our savings account proposition and launched a debit card product. During the year, two branches were also opened, taking our total India network to 12 branches. As at end-2010, we had 25 ATMs in India.

In Indonesia, where we have 40 branches, the business is starting to gain traction. In 2010, we saw good growth in wealth management and launched a programme to fast-track the growth of our SME business. Our Global Transaction Services capabilities in Indonesia are also being recognised and we clinched a number of awards from The Asset. These include "Rising Star Cash Management Bank" for the second year running, "Best Foreign Trade Finance Bank" for the fourth year running and "Best Structured Trade Solution".

On the capital markets front, we were a bookrunner for PT Indosat Tbk's USD 650 million 10-year bond, which won FinanceAsia's "Best High Yield Bond in Asia" accolade. We were also a bookrunner in PT Chandra Asri's USD 230 million five-year bond issue.

4. BUILDING A LEADING SME BUSINESS

Small and medium-sized enterprises (SMEs) are the lifeblood of most economies and in Asia, their significance is growing. In 2010, 147 Asian companies were on the Fortune 500 global list, and with the rise of Asia, the proportion of Asian SMEs which will become the multi-national corporations of tomorrow can only grow.

At DBS, banking the SME segment in Asia is a key priority, and we believe we have the wherewithal to serve these clients well. This confidence is borne by our strong balance sheet, well-honed credit skills and a deep understanding of the region that comes with being born and bred in Asia.

At the height of the global financial crisis, DBS made a conscious decision to stand by our customers. This helped to strengthen our client relationships, and as Asian economies recovered strongly, in 2010, we grew SME assets by 11% and 12% in Singapore and Hong Kong, respectively.

To further up the ante in this space, we strengthened the regional management team for the business, and hired senior managers in Hong Kong, Indonesia and Taiwan. The development of a regional SME strategic blueprint is well underway, and will be finalised and rolled out in 2011.

5. STRENGTHEN WEALTH PROPOSITION

Wealth creation in Asia is taking place at an unprecedented pace, and Singapore, with its strong governance and sterling reputation, is well-positioned to be the "Switzerland of the East". DBS, with

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our ownership and pedigree, is seen as a safe and trusted bank, making us a key beneficiary during the global financial crisis, when there was a flight to quality. In fact, Global Finance named us the "Safest Bank in Asia" for two consecutive years, in 2009 and 2010.

However, as DBS works towards becoming the leading wealth manager in the region, we also want to be recognised as a bank that offers quality advice and cutting-edge Asian-centric solutions to our clients.

In 2010, we laid the groundwork to realising our ambitions in the Asian wealth management space, strengthening the management team with a number of strategic hires. In addition to appointing a new Group Head of Wealth Management, we also hired a Chief Operating Officer and a Chief Investment Officer to strengthen our advisory service and up our game on the customer experience front. We also beefed up the senior team servicing the Singapore, Indonesia, Middle East and Non-Resident Indian segments.

Over the course of the year, a big theme to emerge was the increasing internationalisation of the RMB. We saw significant interest from clients wanting to gain access to what could potentially be a new reserve currency and moved quickly to meet this demand.

DBS was the first bank to launch an RMB-denominated Equity Link Note in Hong Kong. We were also one of the first banks in Hong Kong to offer a full spectrum of yield enhancement RMB-denominated products, such as Currency Linked Notes, secondary market RMB bonds and A-Share QFII funds to our Private Bank clients in 2010.

The two RMB funds launched were the DBSAM China Rail Network Opportunities Fund and the DBSAM Dynamic Wage Fund. The DBSAM China Rail Network Opportunities Fund enables our clients to participate in the growth of the Chinese railway industry as China develops its high-speed train network to boost connectivity within the country. The launch of this fund made us the first private bank to introduce an RMB fund exclusively for our clients. The DBSAM Dynamic Wage Fund focuses on themes such as rising wages and the growing domestic consumption in China, and also attracted keen interest.

During the year, DBS' wealth management business continued to be recognised by the industry. DBS Private Bank has been named the "Best Local Private Bank in Singapore" for five consecutive years (2007-2011) by the Euromoney Private Banking Poll. We were voted as the "Best Domestic Private Bank in Singapore" and ranked number two "Best Private Bank in China" (as voted by clients with over USD 25 million assets under management) in the Asiamoney Private Banking Poll. We were also named "Best Private Bank in Singapore" by The Banker and Professional Wealth Management, which are part of the Financial Times Group.

6a. BUILD OUT GLOBAL TRANSACTION SERVICES CROSS-SELL BUSINESS

In 2010, Global Transaction Services (GTS) trade assets and client liabilities grew 54% and 23% respectively, reflecting the value we provide to customers through our extensive product set. With intra-Asia trade on the rise and commodities demand growing, massive opportunities abound in the transaction banking space. One estimate pegs the transaction revenue pool in Asia at being in excess of USD 90 billion, providing our business with ample room for growth.

At DBS, we will leverage the strength of our franchise to capture a significant portion of these revenues through our cash management, trade finance, commodity finance and securities and fiduciary services offerings. From a shareholder's perspective, the GTS business generates high returns on equity, contains a significant amount of annuity earnings and provides liquidity that contributes to DBS' strong balance sheet.

DBS launched an aggressive investment programme for the GTS franchise, in order that we may enhance our product offering, distribution capabilities and capacity to grow.

Our newly implemented strategy is already demonstrating success, with DBS capturing a significant amount of intra-Asia trade flows. In addition to the strong growth in our trade and cash management business, assets under custody increased by 19%. DBS Trustee was mandated as the bond trustee and/or paying agent for many of 2010's bond listings, including that by Singapore Airlines, Public Utilities Board, PSA Corporation, SingTel Group Treasury, Singapore Post, Singapore Airport Terminal Services and Temasek Financial (I) Ltd. DBS Trustee was also appointed the REIT trustee for Mapletree Industrial Trust and a private REIT.

Across Asia, DBS opened over 12,000 new corporate client accounts, and won more than 2,200 mandates for transaction banking services.

During the year, IDEAL, our corporate Internet banking platform, was accessed by over 80,000 corporate customers, logging in from 105 countries. We also onboarded an additional 13,500 new corporate clients on IDEAL, with nearly 45% of these clients from outside Singapore.

In 2010, we further reinforced our leadership position, being one of the first banks to market the RMB trade settlement programme in Singapore and Hong Kong, booking USD 1.3 billion of RMB-related trade assets.

GTS won numerous industry awards in 2010. These include awards for Singapore including Best Transaction Bank, Best Cash Management Bank, Best Trade Finance Bank and Best Sub-Custodian. We also picked up accolades which recognised the strength of the business in India and Indonesia.

6b. BUILD OUT TREASURY & MARKETS CROSS-SELL BUSINESS

DBS Treasury & Markets (T&M) is involved in the trading of foreign exchange, interest rates, equity, credit, fixed income instruments and the provision of investment and risk advisory services. In 2010, T&M recorded revenues of SGD 1.9 billion, up 12% from the previous year, as cross-sell of T&M products to the bank's institutional, private banking and mass affluent clients gained momentum.

Over the year, we moved to de-risk the T&M business. As cross-selling efforts gained traction, income from customer flows rose 48% to SGD 687 million, even as other income, principally from balance sheet management, market-making and warehousing, stayed nearly flat, being down just 1% at SGD 1.23 billion. As at end-2010, customer flows constituted 36% of total treasury income, up from 27% in 2009.

As we improve our customer cross-sell, it is imperative that our clients are properly served and sold the right products. In 2009, T&M started work to enhance our customer suitability assessment framework, so that we would better understand our clients' risk appetite, sophistication level, investment aspirations and market risk exposure. When used hand in hand with our product risk rating framework, which assigns transactional risk and complexity ratings to our broad suite of products, we are better able to recommend solutions that are best suited to clients. This initiative was fully implemented in May 2010.

We will be investing SGD 250 million over the next five years to fuel T&M's next phase of expansion overseas, especially in China and India. With the increasing internationalisation of the RMB, we are focused on leveraging our Greater China franchise to build a strong RMB business spanning foreign exchange, bonds, structured products and hedging solutions.

In particular, Hong Kong is a centre of excellence for developing RMB products. Today, DBS has a full suite of RMB products covering FX, interest rates, credit and equity. In 2010, DBS was among the first banks to complete an offshore USD/RMB FX swap and a cross currency swap in Hong Kong. Over the year, we also garnered about 20% of the offshore RMB interbank FX market, making us one of the leading players among the foreign banks.

In 2010, T&M set up a commodities derivatives business to cater to increased demand for such solutions arising from Singapore's growing status as a commodities hub, higher demand for commodities in Asia and the increased volatility of commodities prices in recent years. We also set up an asset securitisation capability to help companies optimise their balance sheets so as to lower their funding costs.

To help promote Singapore as a regional hub for corporate treasury centres, we are doing our part to develop talent in the field. During the year, we made a SGD 220,000 contribution to enable the Singapore Management University to develop a specialised corporate treasury elective for undergraduate and postgraduate students, a first in Singapore.

DBS is consistently recognised for the strength of our T&M franchise. Accolades won in 2010 include "Regional House of the Year" and "Singapore House of the Year" by Asia Risk, "Best Derivatives House in Singapore" by The Asset, "Award for Treasury and ALM Products and Services" by The Asian Banker and "Best Foreign Exchange Bank in Singapore" by FinanceAsia, Asiamoney and Global Finance.

7. PLACE CUSTOMERS AT THE HEART OF THE BANKING EXPERIENCE

2010 marks the beginning of what has been heralded as Asia's decade. As Asia rises, banks like ourselves which are born and bred in Asia have a unique opportunity to differentiate ourselves, and to make our mark as a leading Asian bank.

However, in an industry as competitive as ours, where many products are highly commoditised, we can be a bank apart only if the customer is front and centre of all that we do.

Our aim is to become a bank known for consistently delivering a distinct form of Asian service; that is, one with "the humility to serve, the confidence to lead".

This is a painstaking journey that requires leadership and commitment from everyone in the organisation. It also requires a mindset change, one that demands that every process and detail be seen through the customer's lens.

While we have much more work to do on this front, some of the key building blocks which place customers at the heart of the banking experience have been established.

We set up a Customer Experience Council, chaired by the CEO, to drive our strategic service agenda, as well as to anticipate and address customer service needs. We also developed an Asian Service programme, and defined service values that would guide our actions going forward.

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In addition, we established a central improvement programme aimed at improving our customers' banking experience. In 2010, one thousand staff were directly involved in delivering elements of the 50 service improvement projects undertaken by the bank. As a result of these initiatives, in all, 96 million hours of customer wait time were removed.

Some service improvement initiatives in Singapore include:

- Increasing headcount to ensure that all branch counters are fully manned during peak hours
- Fulfilling 80% of credit card applications within five calendar days
- Reducing queue times in POSB branches; in the second half of 2010, over 80% of POSB customers were served within 15 minutes or less
- Reducing the number of monthly ATM "cash-outs" by over 35%
- Shortening our GIRO application processing time from nine to four days, on volumes of some 80,000 applications per month
- Streamlining the account opening process to make it easier and faster for customers
- Improving the turnaround time for new IDEAL registrations by more than 50%, as well as shortening the turnaround time for electronic remittances within key locations in DBS Group to three hours.

To better support the growth of our clients' business as they expand across Asia, it is important that our corporate bankers have clarity on their roles and responsibilities, locally and regionally. Our people must also be confident that their efforts in selling our network and advisory service across borders will be recognised. In 2010, we rolled out our global cross-border framework to encourage greater collaboration within the team, so as to enable us to bring the best of DBS' Asia connectivity to our customers going forward.

8. FOCUS ON MANAGEMENT PROCESSES, PEOPLE AND CULTURE

With DBS now operating in many markets across Asia, we need to be governed by a consistent set of rules, policies and processes across our different geographies.

In 2010, we put in place a regional management framework to manage our businesses across the Group. As part of this initiative, we streamlined our matrix organisation structure and put in place a standardised country governance framework.

We also set up a regional policy framework and established the Accounting and Operations Standardisation Team and Risk Policy Unit to ensure consistency in our processes and policies across the region.

In addition, we created a corporate treasury function so as to better manage our capital, returns and liquidity. This initiative will support our efforts to grow assets and garner liabilities across the group.

We also established a balanced scorecard that will track the bank's performance across a series of metrics. We are measured against current year performance as well as progress made in executing against our strategic priorities. Both of these aspects carry roughly equal weight.

We took steps to groom and grow our talent through the provision of internal mobility opportunities, training and focus on a consistent set of values. In addition, we have put in place a talent management framework, identified high potential staff across all levels of the organisation and designed bespoke training and development programmes for each level.

9. STRENGTHEN TECHNOLOGY AND INFRASTRUCTURE PLATFORM

In 2010, Technology & Operations (T&O) focused on developing a technology blueprint for our major businesses, rolled out standardised software applications in the region and enhanced the availability of our services to customers.

The regional technology blueprint maps out our technology requirements across the region in the medium-term, in order to support our business growth plans.

Over the course of the year, we started to execute against the blueprint, rolling out a number of standardised software applications across the Group. This is to enable us to have consistency in our regional applications platform, especially as we expand our footprint in Asia. We rolled out a core banking system (Finacle), an IMEX trade system as well as an Avaloq platform for our wealth business.

In mid-2009, DBS commenced a two-year programme to improve our system reliability and resiliency, so as to enhance the availability of our services. This programme was accelerated in 2010, and we are now more than halfway through the process. We have completed initiatives to improve the availability of our services and disaster recovery capabilities for major applications. Efforts to enhance the resiliency of our mainframes are progressing well.

We also set up an Innovation Council to leverage technology so as to promote innovation and enhance the customer experience. As a start, the Council has identified five big initiatives in the areas of analytics, mobile banking, customer touchpoints, payments, trade and SMEs. We expect to gain traction on these innovation efforts this year.