

TAIWAN

Our operations in Taiwan were converted to a locally-incorporated subsidiary in January 2012. We are now the fourth-largest foreign bank in the country by capital. DBS Bank (Taiwan) has also been named by S&P and Fitch as the most highly-rated bank in Taiwan. Income grew 22% as loans and deposits rose 17% and 16% respectively.

Two SME banking centres were opened in Taipei to support the expansion of our

INDIA

We are now the fourth-largest foreign bank in India. Income grew 12%. As a result of continued stress in the Indian economy which led to a depreciation of the rupee, reported loans remained flat but showed a slight growth in constant-currency terms. We continued to grow the local currency book and improved our funding. As a result, deposits grew 33%. Underlying franchise growth remained healthy.

18% and net interest margin improved. Returns also improved significantly, compared to a low in 2010. We were named "Best Foreign Bank in Indonesia" by *Bisnis Indonesia*.

The institutional banking franchise focused on customer acquisition and driving cross-sell in trade, cash and foreign exchange. We were named the "Best Arranger of Loans for Indonesian Borrowers" by *Euroweek*, while *Asiamoney* ranked us the best foreign cash management bank in Indonesia for small corporates, fourth for medium-sized corporates and third for large corporates. We were also named the "Best Treasury and Working Capital Bank for MNCs / Large Corporates" by *The Asset* magazine.

“ STRONG ECONOMIC GROWTH IN INDONESIA COMBINED WITH CONSISTENT EXECUTION OF STRATEGY RESULTED IN A FURTHER TURNAROUND OF OUR INDONESIAN FRANCHISE.”

institutional banking franchise. We were the largest SME lender among all foreign banks in Taiwan. For large corporates, we leveraged on our debt capital market capabilities to launch and underwrite European convertible bonds for three technology clients with a total value of USD 768 million, accounting for 71% of the Taiwan market. Our cash capabilities were also recognised by the market. A poll by *Asiamoney* ranked us third best foreign cash management bank in Taiwan for small and medium-sized corporates, and fourth for large corporates.

SOUTH AND SOUTHEAST ASIA

Income for this region grew 6% to SGD 591 million and net profit rose 3% to SGD 293 million. We continued to register good growth in India and Indonesia.

We made headway among large corporates and SMEs in cash and trade. *Asiamoney* ranked us third-best foreign cash management bank in India for small and medium-sized corporates, and fifth for large corporates. We extended our product suite by leveraging on our strong bond product capabilities. We arranged 15 deals in the domestic and international markets, and facilitated the first ever SGD bond issuances by an Indian bank and an Indian corporate.

In the wealth management customer segment, deposits grew 120%, albeit from a small base, as we deepened non-resident Indian customer relationships.

INDONESIA

Strong economic growth in Indonesia combined with consistent execution of strategy resulted in a further turnaround of our Indonesian franchise. Income and net profit rose 18% and 30% to record highs as loans rose 11%, deposits grew

REST OF THE WORLD

Our presence in Korea and Japan serves Asian MNCs as they expand in the region. Our offices in Dubai, London and Los Angeles are used to intermediate capital and investment flows into Asia from corporates as well as high net worth individuals. Income from these countries collectively grew 8% to SGD 312 million while net profit rose 30% to SGD 161 million.

✕ Customers

OUR CUSTOMER PROPOSITION

To differentiate ourselves in an industry as commoditised as banking, we must put our customers at the centre of all that we do. This means anticipating our customers' needs as well as offering better products, a superior experience and greater convenience.

We are using analytics and data to enable us to become more intuitive and interactive in the way we serve our customers. Our call centres in Singapore and Hong Kong, which collectively handle over 7.7 million calls per year, were awarded accolades for being best in class.

For our institutional and consumer banking customers, we tapped on our Asian insights and emerging technology to develop new products and service offerings, some of which are firsts in the industry. We scaled up our presence in the regional markets so that customers would have more touchpoints and greater connectivity across the region.

REACHING MORE CUSTOMERS

In Singapore, our ubiquitous presence enables us to operate a universal banking franchise that includes the mass consumer market. In other markets, we serve affluent individuals, corporates, SMEs and financial institutions.

During the course of the year, we grew our customer base across Asia. Today, DBS serves 5.3 million individuals and more than 180,000 corporates across the region.

Customers are attracted to us because we offer them peace of mind in an uncertain global economic environment. With high credit ratings, as well as a strong capital and liquidity position, DBS has been recognised by Global Finance, a leading trade magazine, as the "Safest Bank in Asia" since 2009.

By spanning key markets, our network also enables us to connect customers with opportunities across the region. Many of our competitors either focus on a particular sub-region, or do not have the Asian roots, insights and connectivity that we do.

Moreover, our distribution and product capabilities enable us to offer "one-bank" solutions to customers as we cross-sell wealth management solutions to institutional banking customers and vice versa, better serving both their personal and business needs. We are also cross-selling more capital market, transaction banking and treasury products to institutional banking customers whose primary product from us used to be loans.

PROVIDING CUSTOMER ACCESS

DBS is the largest retail bank in Singapore. We have 89 branches, 1,100 ATMs, over 250 cash deposit machines as well as 830 AXS multi-purpose kiosks that allow retail customers to do things such as pay bills and buy movie tickets. We serve more than 4.5 million retail customers across five franchises: DBS and POSB in the mass market; and DBS Treasures, DBS Treasures Private Client and DBS Private Bank in the affluent segments. POSB is the well-loved national savings bank that serves more than four million customers. DBS Treasures is our priority banking segment, serving clients with assets of SGD 200,000 and above, while DBS Treasures Private Client and DBS Private Bank cater to high net worth individuals with at least SGD 1.5 million and SGD 5 million in assets respectively.

We have been enhancing our physical network and online touchpoints. A strategic alliance with Singapore Post enables our customers to carry out transactions such as cash withdrawals

Our DBS Remix format enables customers to carry out their branch transactions in a digital, almost paperless way.

Apart from our physical branch footprint, we continued to introduce applications to meet the lifestyle needs of customers who are banking online or on the go, while ensuring security. DBS continues to have the largest Internet banking and mobile banking customer base in Singapore, with about 1.9 million and 600,000 users respectively.

In Hong Kong, we have 55 branches, loan centres and SME centres. As part of the repositioning of our consumer business towards the affluent segment, several branches were renovated and we also opened two new DBS Treasures Centres.

In China, we expanded our network with a new branch in Chongqing, our first in the country's western region. In its first year of opening, the branch has made encouraging headway with state-owned and privately-owned enterprises as well as foreign companies. In 2012, we also

“ DURING THE COURSE OF THE YEAR, WE GREW OUR CUSTOMER BASE ACROSS ASIA. TODAY, DBS SERVES 5.3 MILLION INDIVIDUALS AND MORE THAN 180,000 CORPORATES ACROSS THE REGION.”

and deposits at an additional 59 post office outlets. In the fourth quarter of 2012, our customers conducted 33,000 transactions at these outlets.

To deepen our engagement with students and young adults, we launched our second DBS Remix branch, at the National University of Singapore, during the year.

opened four sub-branches in Shanghai, Beijing and Hangzhou. This takes our network to 29 branches in 10 cities.

In Taiwan we opened two new SME Centres in New Taipei City, giving us 41 branches islandwide. In addition, we relocated six branches to better cater to affluent customers.

In Indonesia, we have 43 branches and sub-branches in 11 cities. In India, DBS is the largest Singapore bank with 12 branches and we have applied for four more under a bilateral economic agreement.

PROVIDING INNOVATIVE SOLUTIONS

In 2010, we set up a Customer Experience Council and an Innovation Council to improve customer experience, deepen customer engagement, as well as drive differentiation.

In 2012, we unveiled our state-of-the-art flagship branch at our headquarters – DBS Asia Central at Marina Bay Financial Centre. The branch offers a ground-breaking retail banking experience. Customers can use touch-pads to shorten

With DBS One.Tap, we were the first Singapore bank to introduce contactless payments using mobile phones. Using near-field communications (NFC) technology, DBS One.Tap is a DBS MasterCard Paypass credit card that allows users to make secure payments through an NFC-enabled mobile phone, doing away with plastic, paper or wallet clutter.

With the launch of the DBS Rewards mobile app, we became the first bank in Asia Pacific to offer credit card holders the flexibility and convenience of instant rewards redemption via their mobile phones. This mobile application allows card holders to redeem electronic vouchers instantly at more than 1,000 outlets across Singapore. This further strengthens our existing suite of mobile

transaction banking platform DBS IDEAL3.0™, with several state-of-the-art capabilities incorporated after extensive customer research and usability studies. These include personalisation tools, alerts, “drag and drop” dashboard functionality and local language support. Besides rich information reporting features, the latest third-generation platform also provides comprehensive transaction initiation capabilities catering to domestic as well as international payment and trade finance needs.

In capital markets, we were involved in several landmark bond deals that brought value to corporate issuers and provided retail customers with attractive investment opportunities:

- Genting Singapore PLC's SGD 1.8 billion 5.125% perpetual capital securities – the largest single tranche corporate perpetual deal issued in Singapore to date.
- Cheung Kong (Holdings)'s HKD 1 billion guaranteed senior perpetual securities – the first corporate to issue HKD senior perpetuals.
- Indian Oil Corporation Limited's SGD 400 million 4.10% 10-year fixed rate notes – the largest amount and longest tenor issued by an Indian corporate in the SGD market.
- Lend Lease Finance Limited's SGD 275 million 4.625% 5-year fixed rate notes – the first Australian corporate to tap the SGD market.
- ABN AMRO Bank N.V.'s SGD 1 billion 4.70% 10-year subordinated Tier 2 notes – the largest order book for a single tranche SGD bond issuance with SGD 17 billion garnered.
- China Resources Gas Group Limited's USD 750 million 10-year senior fixed rate notes – DBS was a global coordinator for its inaugural bond issuance.

Similarly, we pioneered a number of equity market innovations that benefited both issuers and investors. We played a key role in Mapletree Logistics Trust's (MLT) landmark SGD 350 million issuance

“ WE ARE COMMITTED TO OUR ASIAN SERVICE STANDARDS OF BEING RESPECTFUL, EASY TO DEAL WITH AND DEPENDABLE. TODAY, OVER 10,000 DBS EMPLOYEES HAVE BEEN TRAINED IN THESE SERVICE STANDARDS. ”

the time needed to complete forms and are provided with iPads while they wait their turn. Other touches include Singapore's largest Microtile screen. The branch's ergonomic facilities and futuristic design are part of our efforts to define the future of banking and set the direction for the development of our branch network.

We also continued to pioneer new firsts to make it more convenient for our customers to bank electronically or on the go.

offerings, which already include mobile banking, share trading, entertainment and shopping promotions, and travel insurance.

We revolutionised the card application process by being the first in Singapore to offer instant card approval online in less than 30 seconds. Since launching this service in March 2012, we have received close to 30,000 card applications via the online channel.

For institutional banking customers, we launched our award-winning Internet

of perpetual securities, the first issuance of perpetual securities by a real estate investment trust (REIT) in Singapore. The terms of the perpetual securities were structured to qualify as equity under the REIT code. The issue enabled MLT to raise equity capital at a lower cost while providing unitholders with higher distributions.

We were the sole adviser to Hutchison Port Holdings Trust (HPHT) for its launch of dual currency trading on the Singapore Exchange. HPHT was the first listed issuer in the Asia-Pacific to trade in two currencies, USD and SGD, on the same exchange. DBS worked closely with the Singapore Exchange and the broking community to deliver this milestone, which broadens the range of options for investors. This will pave the way for more foreign listings on the Singapore Exchange.

IMPROVING OUR SERVICE DELIVERY

We are committed to our Asian service standards of being respectful, easy to deal with and dependable. Today, over 10,000 DBS employees have been trained in these service standards.

We completed more than 74 service improvement projects in 2012, bringing the total to 184 projects over the past three years. As a result of these initiatives, 237 million hours of customer waiting time have been eliminated.

The initiatives include:

- Reducing branch queue times in Singapore, resulting in 84% of our customers being served within 15 minutes.
- Improving the end-to-end processing time for credit card applications in Hong Kong by 28%.
- Reducing the time for completing outward and inward remittances in Taiwan by 50%.
- Reducing account statement delivery time in China by 30%.



DBS offers a wide range of mobile banking apps catering to different lifestyle needs. With DBS One Tap, we were the first Singapore bank to introduce contactless payments using mobile phones.

- Improving the turnaround time for handling complaints in Indonesia, resulting in 95% of complaints being handled within three days from 76% previously.
- Reducing the time to open a savings account in India by 40%.

The number of compliments received by the customer call centre in Singapore more than doubled in 2012. This was the result of various initiatives, including using a speech analytics tool to analyse customers' needs, as well as a relentless focus throughout the management and employee ranks on delivering top-notch customer service.

The customer call centre won a number of gold awards, including being the best contact centre, from the Contact Centre Association of Singapore. In Hong Kong, our customer centre also won multiple gold awards from the Hong Kong Call Centre Association.

For a list of key awards and accolades won by DBS in 2012, please refer to Page 178.

FAIR DEALING

Fair dealing is integral to our culture and is a key performance indicator in the Group's balanced scorecard. All employees complete training modules on fair dealing every year. Front line sales staff also undergo comprehensive training on the bank's product suite and compliance guidelines.

In addition, our relationship managers are compensated based on a balanced scorecard approach, which takes into account sales and non-sales performance indicators such as the quality of the advisory and sales process, the suitability of product recommendations and customer satisfaction.