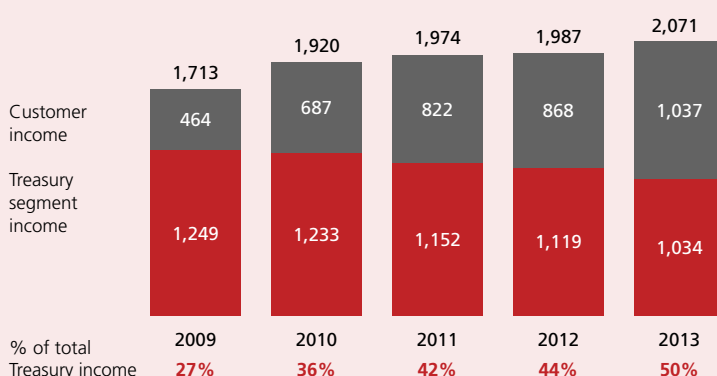


TREASURY

HIGHLIGHTS

Total Treasury income (SGD million)



The Treasury segment reflects only income related to market-making, risk warehousing and investment activities. Income from treasury customer activities is reflected in IBG and CBG since such income derives from our relationship with the customers in those business segments. Total Treasury income encompasses Treasury segment income and customer income

Focus areas

- Grow treasury customer income
- Strengthen product and electronic distribution capabilities across all asset classes

Priorities in 2014

- Grow customer income further
- Deliver offshore RMB and cross-border solutions for customers
- Continue efforts to build a leading Asian fixed income house
- Build a customer-centric commodity business
- Build up institutional investor business with a focus on treasury products
- Keep pace with evolving regulatory over-the-counter derivatives reforms globally

We are an Asian leader in treasury and offer a broad range of products and services to individuals, companies and financial institutions. We offer cash and derivative products in foreign exchange, interest rates, equities, commodities and fixed income securities. We carry out activities related to market-making, risk warehousing and investment activities. We also help customers raise funds through debt issuances. Our nimbleness in structuring products for customers in response to changing market conditions sets us apart

from competitors. Our sales and structuring teams work with relationship managers and other product specialists across the Group to offer total risk management solutions to customers.

We are the acknowledged leader in Singapore, with dominance in SGD across various asset classes. We are the leading market-maker for SGD foreign exchange and cross-currency options. With one of the biggest foreign exchange and derivatives teams in Singapore, we have been able to

offer superior pricing capabilities to customers. In Hong Kong, we are a major market-maker with an estimated market share of about 10% for the RMB spot and forward markets. We offer a full suite of RMB and HKD derivative products to customers. We are committed to extending our leadership in market-making, structuring and distribution capabilities, and strengthening our fixed income origination capabilities in Asian currencies.

We are the leader in SGD rates. As a dominant participant in the interbank swap market, we are a significant provider of liquidity in the interbank SGD swap market. We are a primary dealer of Singapore Government Securities and are one of the largest and most active participants in the market.

Our expertise enables us to offer structured products to individual customers seeking yield or manage sizeable transactions for corporates and institutions. We provide innovative solutions on long-dated or large-sized interest rate swaps and cross currency derivative transactions, benefiting both foreign and domestic customers seeking to match liabilities. We can also develop alternative funding solutions for corporate customers to optimise their capital structure and balance sheet.

FINANCIAL PERFORMANCE

Treasury segment income fell 8% to SGD 1.03 billion. The decline was due mainly to lower gains from interest rate and credit activities. Income from customer activities rose 19% to SGD 1.04 billion from higher sales to institutional and individual customers. This brought total Treasury income to SGD 2.07 billion, a 4% increase over 2012.

Over the past four years, income from customer activities has grown while treasury segment income has generally remained flat. As a result, the proportion of total Treasury income from customer activities has doubled from 27% in 2009 to 50% in 2013. The shift reflects our ability to respond to market opportunities arising from our extensive product expertise and understanding

of customer needs. We also invested in regional expansion, particularly in Greater China where we built an extensive RMB business spanning foreign exchange, bonds, structured products and hedging solutions. Taiwan, China and Hong Kong posted the highest compounded annual income growth during the period.

STRATEGIC INITIATIVES

Commodities

During the year, we expanded our product range with option pricing capabilities for over-the-counter energy products. Since 2011, when we started with copper, we have expanded our product range to aluminium, copper, lead, nickel, iron ore, crude oil and refined oil products, cotton, soybean and bean oil. Customer income from commodity products has grown five-fold since 2011.

Fixed income

Our fixed income capability has been expanded beyond SGD, our traditional stronghold, to regional and G3 currencies.

While SGD debt issuances slowed during the year, we maintained our long-standing leadership with 55 transactions worth SGD 6.1 billion.

We also powered ahead with foreign-currency bond transactions. We completed 23 USD bond transactions as a book-runner, a new benchmark for us, compared to 16 in 2012. Some of the biggest USD deals we were involved in were inaugural issues. They included San Miguel Corp's landmark USD 800 million issue, which was the largest corporate bond out of the Philippines; Dutch-based Trafigua Beheer BV's debut USD 500 million perpetual bond, for which we were the only Asian book-runner; and a debut USD 450 million seven-year transaction for Mersin International Port, a joint venture between PSA, Singapore's port operator, and Akfen, a Turkish infrastructure company. The deal was the first Turkish bond arranged by a Singapore bank. We were also book-runner for the first corporate USD high-yield bond from India, a USD 200 million five-year bond for Rolta LLC. We will continue to grow our USD franchise to serve the global funding needs of our clients.

During the year, we were ranked fifth in underwriting league tables for CNH bonds (excluding financial institutions issues), a marked improvement from 2012. We executed our first CNH bond transaction for a Taiwanese issuer and successfully priced our inaugural CNH bond of RMB 500 million settled in Singapore.

Digital initiatives

We enhanced our online infrastructure as part of efforts to make continuous improvements to customer experience and reach.

DealOnline, our full-fledged online treasury platform, offers auto price streaming and auto-dealing in spot foreign exchange, swap, forward and non-deliverable forward contracts. The platform offers corporate and financial institution customers flexibility to conduct a range of banking activities and services with a secure login. In Singapore, 2,000 SMEs have also signed up.

Corporate customers are able to enquire, book their foreign exchange and manage their cash and trade transactions over a highly customisable dashboard, receive real-time updates via email and SMS on all banking activities and always stay informed. With the same platform, corporate customers can utilise their foreign currencies for either remittance or trade financing purposes. DealOnline also offers individual customers in Hong Kong a 24-hour foreign exchange pricing engine.

OUTLOOK

Regulatory developments could have an impact on our business. They include reforms for the over-the-counter derivatives market, which would involve regulations on central counterparty clearing, trade repository reporting, the US Dodd-Frank Wall Street Reform and Consumer Protection Act, and the European Market Infrastructure Market Regulation.

We will stay the course with our strategy. Our initiatives for 2014 include maintaining the momentum for customer activity with institutional, corporate and individual clients, and strengthening our electronic platform.



We enhanced our online offerings to improve the customer experience