



Our digital strategy

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Chief Executive Officer

17 November 2017

The presentations contain future-oriented statements, including statements regarding the Group's vision and growth strategy in the light of anticipated trends as well as economic and market conditions. Such statements necessarily involve risks and uncertainties, which may cause actual performance in future periods to differ from projections.



Agenda

01

Our Investment Thesis: 2009

02

2014: Our Digital Transformation Journey

03

Creating Shareholder Value from Digitalisation

04

Today's Agenda

01

Our Investment Thesis: 2009



Our Investment Thesis: 2009

- **Create an Asia-centric commercial bank that delivers double-digit ROE and growth rates in a diversified manner**
- **Capitalising on megatrends in Asia**
 -  Intra-regional trade and capital flows
 -  Urbanisation and infrastructure investments
 -  Increasing consumption and growing affluence
- **Distinct from local lenders and global players through an Asian Way of Banking**

KEY STRATEGIES



Build a diversified regional Corporate Bank



Build a regional Wealth business



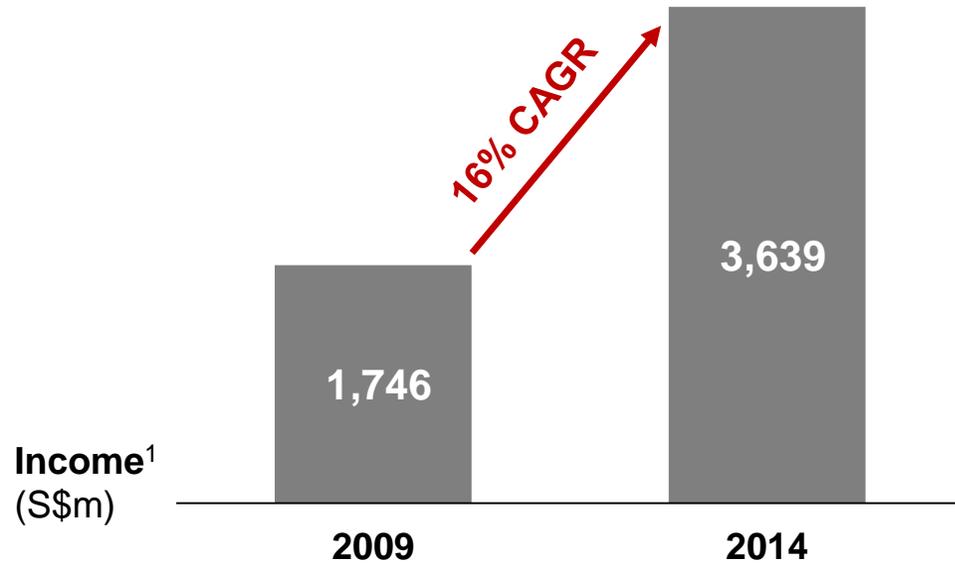
Regain universal banking leadership in Singapore (Retail, SME)



Build out SME in Growth Markets; get into consumer finance opportunistically



Corporate Bank



% of income ¹	2009	2014
Trade, Cash, Treasury	29%	44% ▲
Loan	66%	52% ▼

**Built niche, profitable
business in capital markets**

Today, **ranked 4th** in Asia²

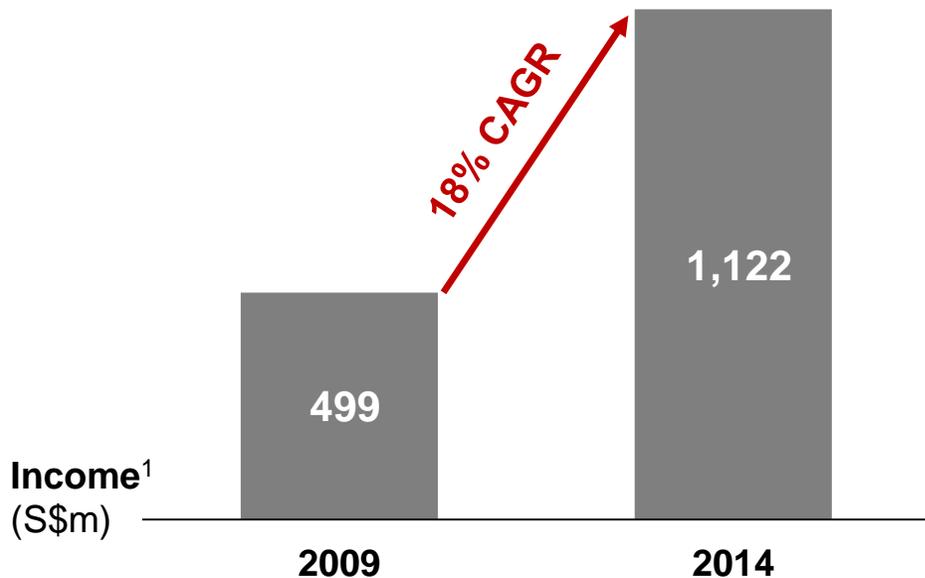
¹ MIS view

² Based on market penetration in our markets (source: Greenwich survey)



Achieved good outcomes by 2014

Wealth Management



	2009	2014
Ranking ²	Not in top 30	#9
AUM	S\$75bn	S\$134bn

Developed **Wealth Continuum**,
created 3 wealth segments³

Today, **ranked 6th** in Asia²

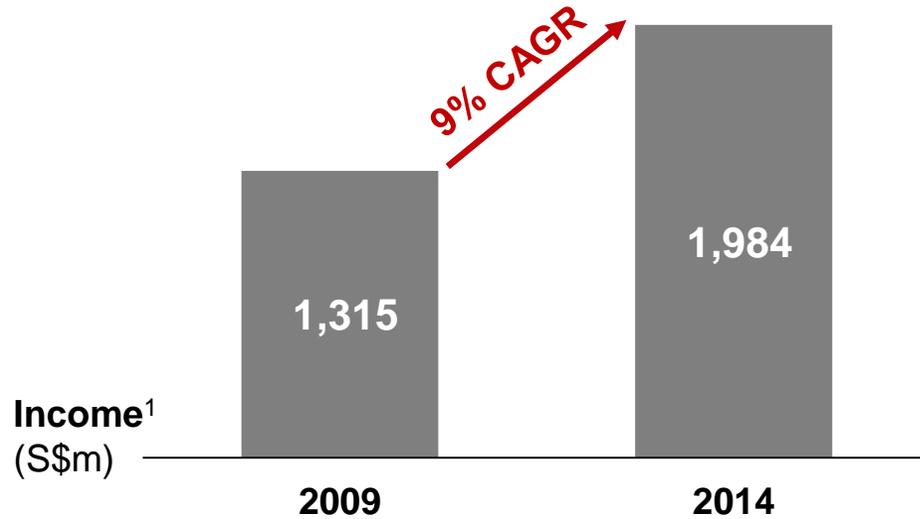
¹ MIS view

² Based on AUM (source: Private Banker International)

³ Treasures, Treasures Private Client, Private Bank



Retail and SME Bank Singapore



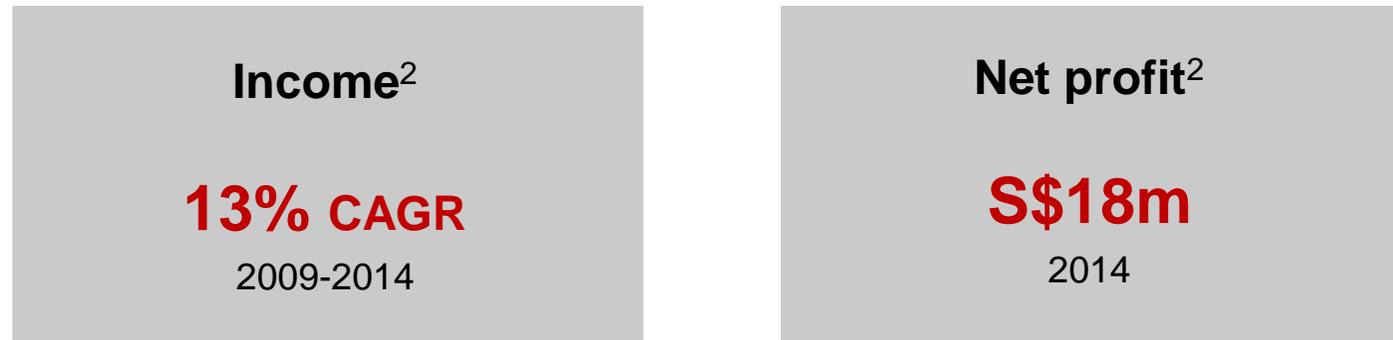
Market positions ²	2009	2014
Mortgage	#2	#2
Auto loans	#2	#1
Cards	#2	#2
Bancassurance	<i>Not in top 5</i>	#2

¹ MIS view

² Ranking for mortgage, auto loans, cards based on balances (source: Credit Bureau Singapore, Sep 17);
 Ranking for bancassurance based on new business weighted premiums (source: Life Insurance Association, 9M17)



Retail and SME Bank Growth Markets¹



**SME and consumer finance businesses limited
by physical distribution and macro challenges**

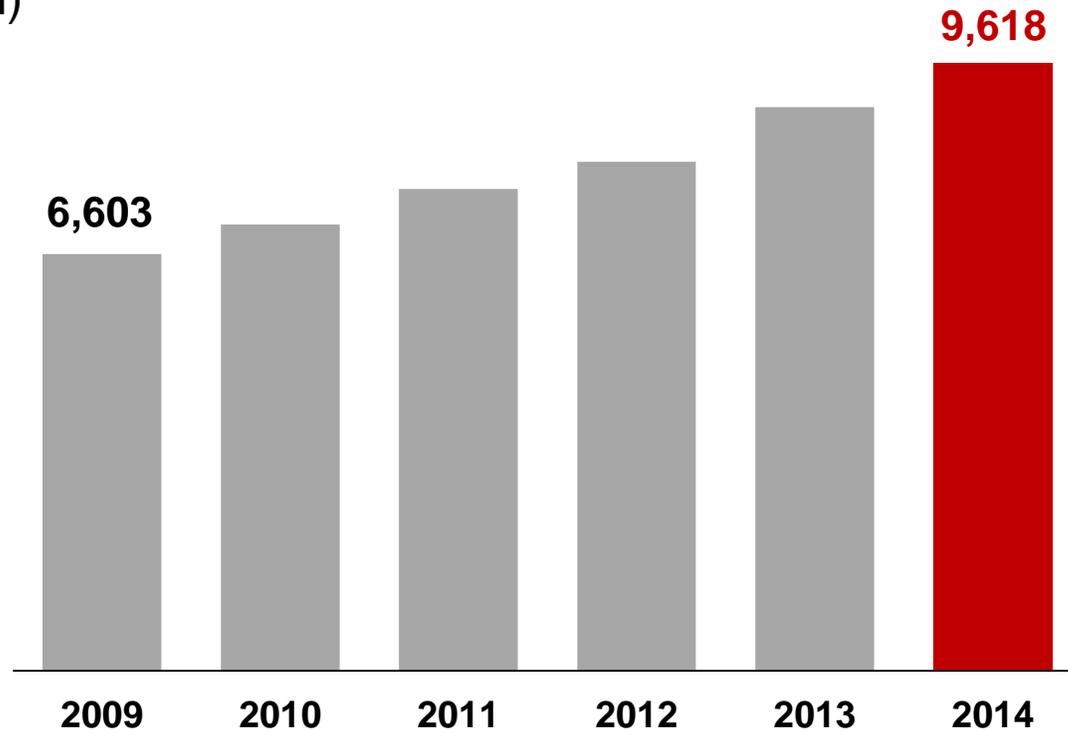
¹ Growth Markets: China, Taiwan, India, Indonesia

² MIS view

Achieved good outcomes by 2014...

Group income

(S\$m)



Income **8% CAGR¹**

Net Profit **13% CAGR¹**

ROE **8.4%** to **10.9%**
2009 2014

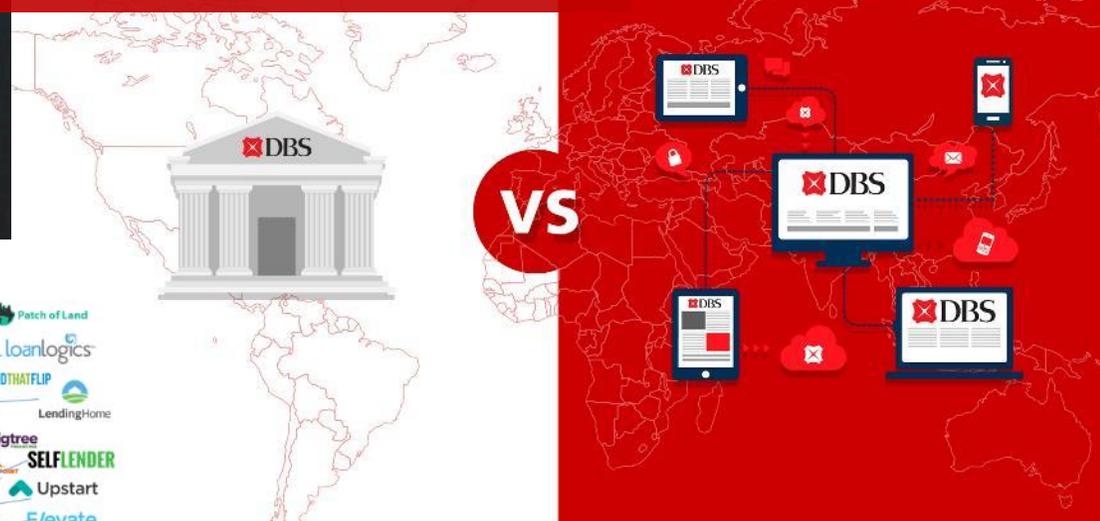
¹ 2009-2014

...but the world was changing around us

Globalisation of Platform Giants



Cost vs Efficiency to Scale Up



Start-ups Unbundling Banking



02

2014: Our Digital Transformation Journey



**What would
Jeff do?**

Our digital business model: 5 key capabilities



ACQUIRE

- Increase customer acquisition through wider distribution
- Lower acquisition cost



TRANSACTION

- Eliminate paper, create instant fulfilment
- Decrease cost



ENGAGE

- Drive 'sticky' customer behaviours, cross-sell through contextual marketing
- Increase income per customer

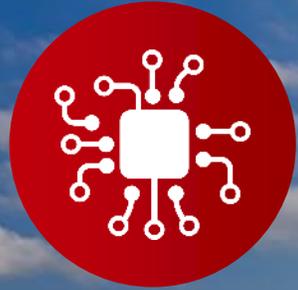


ECOSYSTEMS: Pipes to Platforms



DATA: Be insights driven

Driving the transformation: Making Banking Joyful



**Become Digital
to the Core**



**Embed Ourselves in the
Customer Journey**
Make DBS 'Invisible'



**Create a 22,000
Start-up**

FROM

LEGACY

WATERFALL

MANUAL

PROJECTS

OPERATIONS

ANALOGUE

**BECOME DIGITAL
TO THE CORE**



TO

MICROSERVICES,
CLOUD, APIs

AGILE

AUTOMATED,
DEVOPS

PLATFORMS

DESIGN-FOR-NO-OPS

PAPERLESS

Make banking 'invisible'





What makes a 22,000 start-up?



Customer Obsessed



Data-Driven



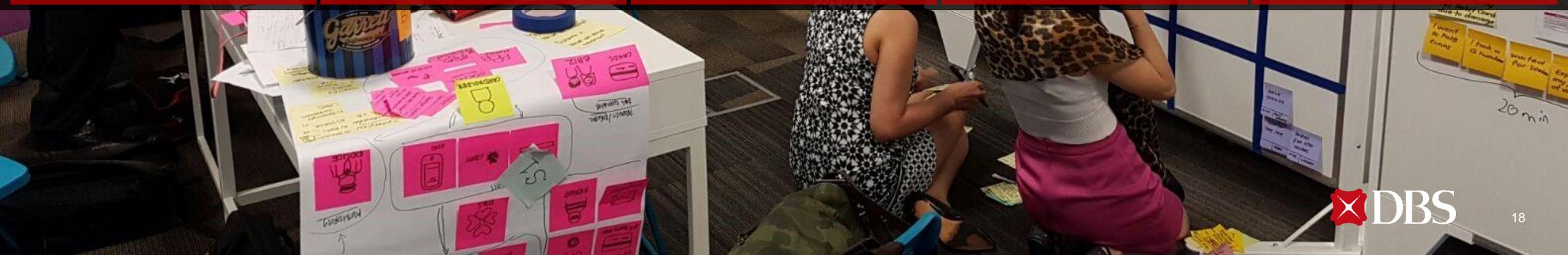
Take Risk & Experiment



Agile



Be a Learning Organisation





Tools

Employee Immersion Programmes
e.g., Hackathons
Human-Centred Design
Customer Journey Thinking



Spaces

Collaborative Workspaces
Innovation Labs
Design Centres



Partners

Start-ups
Incubators/ Accelerators
Universities
Research Agencies

YOU MANAGE WHAT YOU MEASURE: Balanced Scorecard and Management Processes

Then:

50% Traditional KPIs		
Shareholders Achieve sustainable growth	Customers Position DBS as bank of choice	Employees Position DBS as employer of choice
50% Strategic priorities		
Geographies	Regional businesses	Enablers
Regulators	Society	



Today:

40% Traditional KPIs		
Shareholders Achieve sustainable growth	Customers Position DBS as bank of choice	Employees Position DBS as employer of choice
20% Making Banking Joyful		
Drive digitally: <ul style="list-style-type: none"> • Acquire • Transact • Engage 	Joyful customers & employees by focusing on journeys, experiences	Capture value created from digitalisation
40% Strategic priorities		
Geographies	Regional businesses	Enablers
Regulators	Society	

Making Banking Joyful KPIs

20% Making Banking Joyful

Drive digitally:

- Acquire
- Transact
- Engage

Joyful customers & employees by focusing on journeys, experiences

Capture value created from digitalisation

ACQUIRE

- ▲ Channel share of digital acquisition

TRANSACTION

- ▲ Channel share of digital transactions
- ▼ Manual transacting efforts

ENGAGE

- ▲ Digital, contextual engagements with customers

JOYFUL CUSTOMERS & EMPLOYEES

Top 250 senior managers to sponsor 1 Journey each

VALUE CREATED FROM DIGITALISATION

- ▲ Number of Digital customers
- ▲ Income per Digital customer

***Higher income, lower costs:
better operating leverage, cost-income ratio, ROE as we shift from traditional to digital***

VISIBLE OUTCOMES: Digital transformation pervasive



TRANSFORMING THE FRONT END...



“It is demonstrably the case that **digital innovation pervades every part of DBS** from consumer to corporate, SMEs to transaction banking and even the DBS Foundation.”

Clive Horwood
Editor of Euromoney



... RE-ARCHITECTING THE BACK END

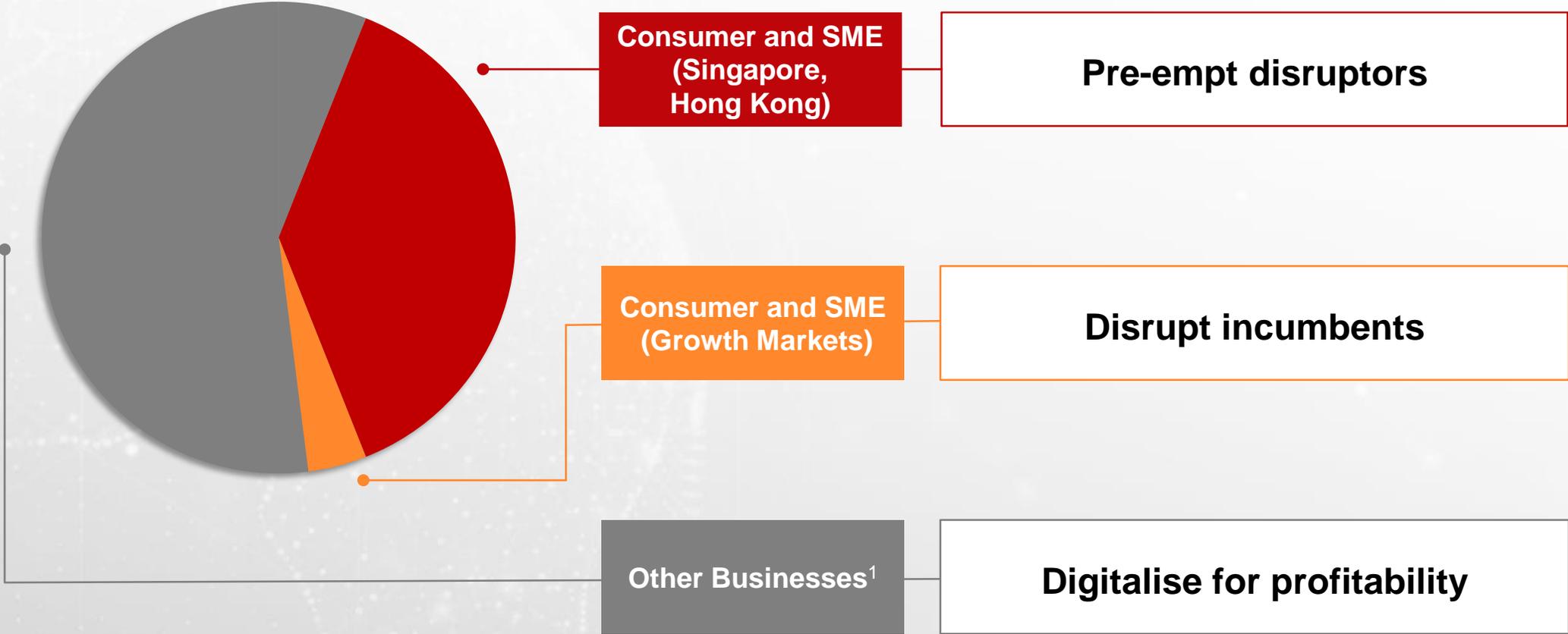
03

Creating Shareholder Value from Digitalisation

Unbundling the bank

Measuring the digital value created in:

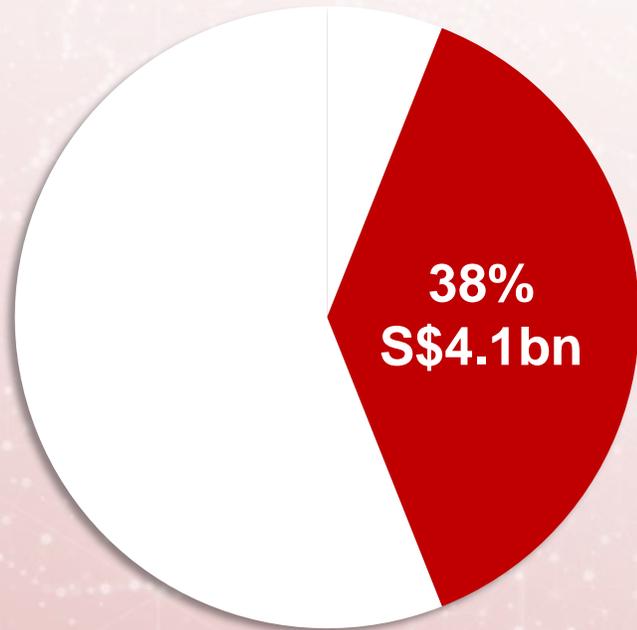
Our agenda



¹ Corporate Bank, Private Bank, Markets, and Others

Consumer and SME (Singapore, Hong Kong)

Pre-empt disruptors



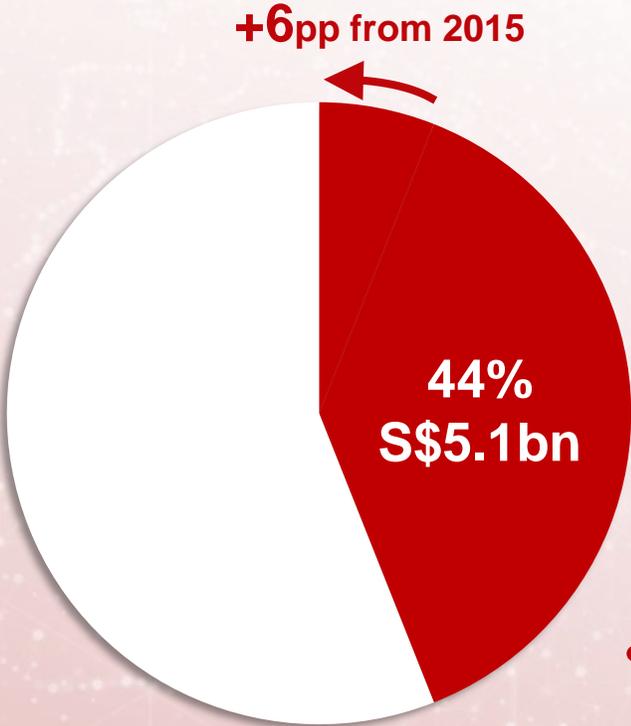
**2015 income:
S\$10.8bn**

- **Rapidly transforming to digital**
- **Gaining market share, creating new income streams**
- **#1 in Singapore in mortgage, auto loans, cards, bancassurance today¹**

¹ Ranking for mortgage, auto loans, cards based on balances (source: Credit Bureau Singapore, Sep 17);
Ranking for bancassurance based on new business weighted premiums (source: Life Insurance Association, 9M17)

Consumer and SME (Singapore, Hong Kong)

Pre-empt disruptors



**2017 income:
S\$11.6bn**

Income
11%
CAGR¹
vs Group: 4%

Cost-income ratio
49% → **43%**
2015 → 2017

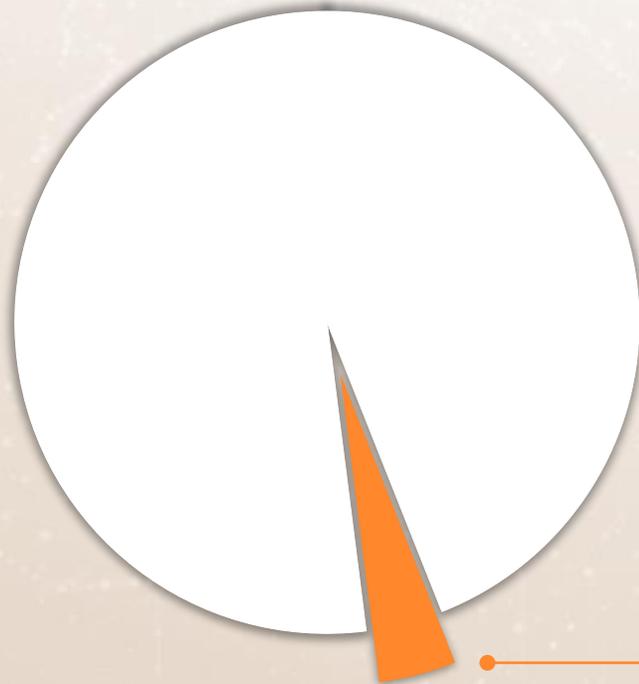
ROE
22% → **24%**
2015 → 2017

- Jewel in the crown
- Likely to grow income at double-digit
- Has potential to contribute ~50% of the bank's income in 5 years

2017 figures annualised based on 1H17, where applicable
¹ 2015-2017

Consumer and SME (Growth Markets)

Disrupt incumbents



4%, S\$503m

**2017 income:
S\$11.6bn**

2017 figures annualised based on 1H17, where applicable

- Successfully launched new distribution models in India & Indonesia
- Still nascent, loss-making

Consumer and SME (Growth Markets)

Disrupt incumbents



4%, S\$503m

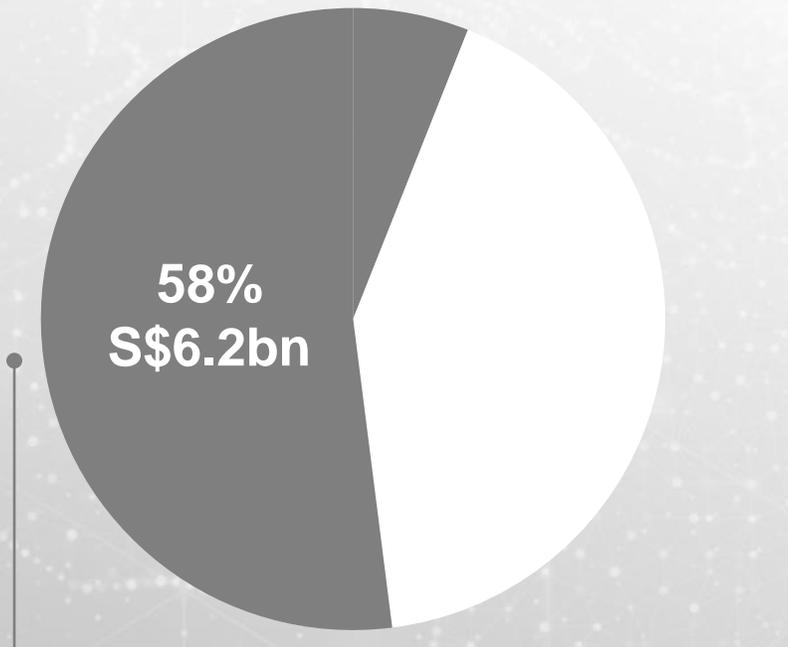
**2017 income:
S\$11.6bn**

2017 figures annualised based on 1H17, where applicable

- A bet on the future
- Income growth likely to be >20% CAGR
- Has potential to contribute ~10% of the bank's income in 5 years; aspirational ROE >10%

Other Businesses¹

Digitalise for profitability



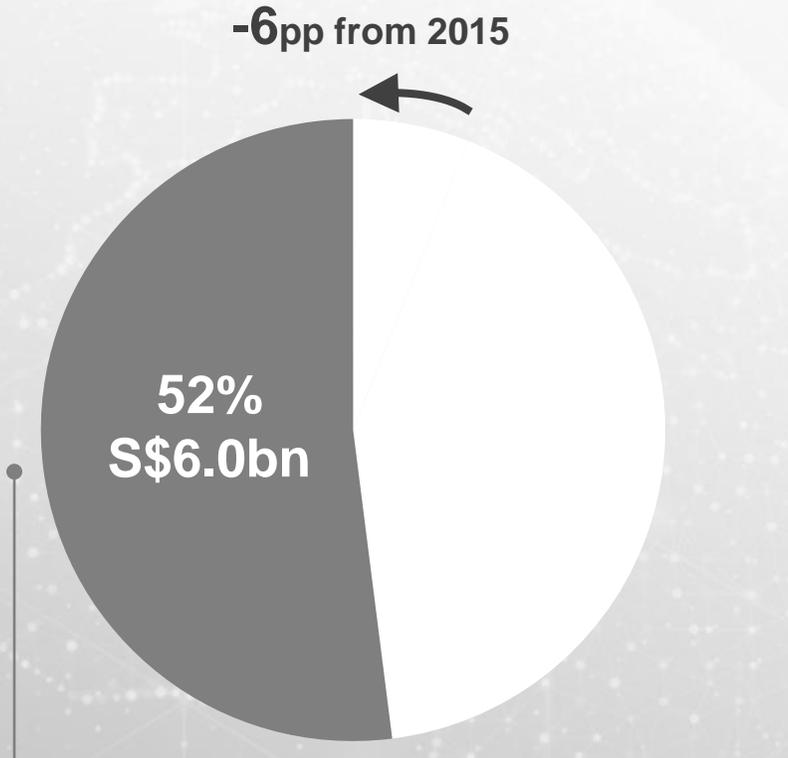
**2015 income:
S\$10.8bn**

- **Changing the operating model and the way we work**
- **Getting efficiency gains**
- **Some digital standouts**

¹ Corporate Bank, Private Bank, Markets, and Others

Other Businesses¹

Digitalise for profitability



**2017 income:
S\$11.6bn**

- **Income flat; while Cash Management (16% CAGR²) and Private Bank (26% CAGR²) have been standouts, trading has been a drag**
- **Reduced cost³ by ~\$100m**
- **Income likely to grow mid-single-digit; aspirational ROE ~10%**

2017 figures annualised based on 1H17, where applicable

¹ Corporate Bank, Private Bank, Markets, and Others

² 2015-2017

³ 2017 vs. 2015

Summary

- Strategy leveraging Asia's megatrends has paid off with diversified growth and higher returns
- Digitalisation creates opportunity to pre-empt disruptors, disrupt incumbents and improve business profitability
- Our digital transformation is pervasive, encompassing technology, customer journey and a start-up culture. This is difficult to replicate and creates competitive advantage
- We have established a management and measurement system to drive this transformation, and a robust methodology to track financials
- Early results of our efforts are encouraging. Digitalisation has accelerated income growth and lowered structural costs, boosting operating leverage. The opportunity space is significant

04

Today's Agenda



Agenda for the day

	Presentations	Showcases
Digital Transformation Technology & Culture	Dave Gledhill, CIO	Tech and Ops APIs Use of data insights
Consumer and SME (Singapore, Hong Kong)	Chng Sok Hui, CFO	Bancassurance POSB Smart Buddy
Consumer and SME (Growth Markets)	Surojit Shome, India	digibank Tally
Other Businesses¹	Jimmy Ng, Audit John Laurens, Cash Management Tan Su Shan, Wealth Management Karen Ngui, Strategic Marketing	Reimagining Audit Treasury Prism iWealth

¹ Corporate Bank, Private Bank, Markets, and Others



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