Our digital strategy

Piyush Gupta
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
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

Achieved good outcomes by 2014

% of income¹

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade, Cash, Treasury</td>
<td>29%</td>
<td>44%</td>
</tr>
<tr>
<td>Loan</td>
<td>66%</td>
<td>52%</td>
</tr>
</tbody>
</table>

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)
Wealth Management

Achieved good outcomes by 2014

<table>
<thead>
<tr>
<th>2009</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ranking</td>
<td>Not in top 30</td>
</tr>
<tr>
<td>Developed</td>
<td>#9</td>
</tr>
<tr>
<td>AUM</td>
<td>S$75bn</td>
</tr>
<tr>
<td></td>
<td>S$134bn</td>
</tr>
</tbody>
</table>

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

Today, ranked **6th** in Asia

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1. MIS view
2. Based on AUM (source: Private Banker International)
3. Treasures, Treasures Private Client, Private Bank
Achieved good outcomes by 2014

Retail and SME Bank Singapore

<table>
<thead>
<tr>
<th>Market positions</th>
<th>2009</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mortgage</td>
<td>#2</td>
<td>#2</td>
</tr>
<tr>
<td>Auto loans</td>
<td>#2</td>
<td>#1</td>
</tr>
<tr>
<td>Cards</td>
<td>#2</td>
<td>#2</td>
</tr>
<tr>
<td>Bancassurance</td>
<td>Not in top 5</td>
<td>#2</td>
</tr>
</tbody>
</table>

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)
Grew income in Growth Markets, but hard to scale

Retail and SME Bank Growth Markets

Income
13% CAGR 2009-2014

Net profit
S$18m 2014

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)

<table>
<thead>
<tr>
<th>Year</th>
<th>Income (S$m)</th>
</tr>
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<tbody>
<tr>
<td>2009</td>
<td>6,603</td>
</tr>
<tr>
<td>2010</td>
<td>6,603</td>
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<tr>
<td>2011</td>
<td>6,603</td>
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<td>2012</td>
<td>6,603</td>
</tr>
<tr>
<td>2013</td>
<td>6,603</td>
</tr>
<tr>
<td>2014</td>
<td>9,618</td>
</tr>
</tbody>
</table>

- **Income**: 8% CAGR\(^1\)
- **Net Profit**: 13% CAGR\(^1\)
- **ROE**: 8.4% in 2009 to 10.9% in 2014

\(^1\) 2009-2014
...but the world was changing around us.
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

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

*Make DBS ‘Invisible’*
BECOME DIGITAL TO THE CORE

FROM
- Legacy
- Waterfall
- Manual
- Projects
- Operations
- Analogue

TO
- Microservices,
  Cloud, APIs
- Agile
- Automated,
  DevOps
- Platforms
- Design-for-No-Ops
- Paperless
Make banking ‘invisible’

(1) My Everyday Life & Goals

(2) My Finance
- My Utilities
- CASA Cards
- TD
- Loans
- Mortgages
- TD Investments
- My Pension
- My Child’s Education
- My Car
- My House
- My Wedding
- My Education
- My House
- My Wedding
- My Education

(3) My Way
- My Shopping
- Payments
- My Entertainment
- My Travel
- My Health
- My Transport
- My Utilities
- CASA
- TD
- Loans
- Mortgages
- TD Investments
- My Pension
- My Child’s Education
- My Car
- My House
- My Wedding
- My Education
What makes a 22,000 start-up?

- Customer Obsessed
- Data-Driven
- Take Risk & Experiment
- Agile
- Be a Learning Organisation
Spaces

- Collaborative Workspaces
- Innovation Labs
- Design Centres

Partners

- Start-ups
- Incubators/ Accelerators
- Universities
- Research Agencies

Tools

- Employee Immersion Programmes
  e.g., Hackathons
- Human-Centred Design
- Customer Journey Thinking
YOU MANAGE WHAT YOU MEASURE: Balanced Scorecard and Management Processes

<table>
<thead>
<tr>
<th>Then:</th>
<th>Today:</th>
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<tbody>
<tr>
<td><strong>50%</strong> Trad. KPIs</td>
<td><strong>40%</strong> Trad. KPIs</td>
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<tr>
<td><strong>Shareholders</strong></td>
<td><strong>Shareholders</strong></td>
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<tr>
<td>Achieve sustainable growth</td>
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<tr>
<td><strong>Customers</strong></td>
<td><strong>Customers</strong></td>
</tr>
<tr>
<td>Position DBS as bank of choice</td>
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<tr>
<td><strong>Employees</strong></td>
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<table>
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<tr>
<th><strong>50%</strong> Strategic priorities</th>
<th><strong>40%</strong> Strategic priorities</th>
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<td><strong>Geographies</strong></td>
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<td>Regional businesses</td>
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<tr>
<td><strong>Regulators</strong></td>
<td><strong>Regulators</strong></td>
</tr>
<tr>
<td>Society</td>
<td>Society</td>
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**20%** Making Banking Joyful

Drive digitally:
- Acquire
- Transact
- Engage

Joyful customers & employees by focusing on journeys, experiences

Capture value created from digitalisation

<table>
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<th><strong>40%</strong> Strategic priorities</th>
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## Making Banking Joyful KPIs

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<th>20% Making Banking Joyful</th>
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<tr>
<td>Drive digitally:</td>
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<tr>
<td>• Acquire</td>
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<td>• Engage</td>
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<td>Joyful customers &amp; employees by focusing on journeys, experiences</td>
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<table>
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<th>ACQUIRE</th>
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<tr>
<td>▲ Channel share of digital acquisition</td>
</tr>
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<table>
<thead>
<tr>
<th>TRANSACT</th>
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<tbody>
<tr>
<td>▲ Channel share of digital transactions</td>
</tr>
<tr>
<td>▼ Manual transacting efforts</td>
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<table>
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<th>ENGAGE</th>
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<tbody>
<tr>
<td>▲ Digital, contextual engagements with customers</td>
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<table>
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<th>JOYFUL CUSTOMERS &amp; EMPLOYEES</th>
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<tbody>
<tr>
<td>Top 250 senior managers to sponsor 1 Journey each</td>
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<table>
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<th>VALUE CREATED FROM DIGITALISATION</th>
</tr>
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<tbody>
<tr>
<td>▲ Number of Digital customers</td>
</tr>
<tr>
<td>▲ Income per Digital customer</td>
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**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
Creating Shareholder Value from Digitalisation
Unbundling the bank

Measuring the digital value created in:

- Consumer and SME (Singapore, Hong Kong)
- Consumer and SME (Growth Markets)
- Other Businesses\(^1\)

Our agenda:

- Pre-empt disruptors
- Disrupt incumbents
- Digitalise for profitability

\(^1\) Corporate Bank, Private Bank, Markets, and Others
Consumer and SME (Singapore, Hong Kong)
Pre-empt disruptors

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

2015 income: S$10.8bn

38% S$4.1bn

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

- 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 income: S$11.6bn

+6 pp from 2015

44% S$5.1bn

Income

\[ 11\% \text{ CAGR}^1 \]

vs Group: 4%

2017 figures annualised based on 1H17, where applicable

Cost-income ratio

\[ \begin{array}{c|c|c}
    & 2015 & 2017 \\
\hline
\text{Income} & 49\% & 43\% \\
\text{Cost} & 22\% & 22\% \\
\end{array} \]

ROE

\[ \begin{array}{c|c|c}
    & 2015 & 2017 \\
\hline
\text{ROE} & 22\% & 24\% \\
\end{array} \]
Consumer and SME (Growth Markets)

Disrupt incumbents

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

2017 income:
S$11.6bn

4%, S$503m

2017 figures annualised based on 1H17, where applicable
Consumer and SME (Growth Markets)

Disrupt incumbents

- 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%

2017 income:
S$11.6bn

4%, S$503m

2017 figures annualised based on 1H17, where applicable
Other Businesses¹
Digitalise for profitability

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

2015 income:
S$10.8bn

58%
S$6.2bn

¹ Corporate Bank, Private Bank, Markets, and Others
Other Businesses¹
Digitalise for profitability

-6pp from 2015

52%
S$6.0bn

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
Today’s Agenda
Agenda for the day

**Digital Transformation**
Technology & Culture

- Dave Gledhill, CIO

**Consumer and SME**
(Singapore, Hong Kong)

- Chng Sok Hui, CFO

**Consumer and SME**
(Growth Markets)

- Surojit Shome, India

**Other Businesses**

- Jimmy Ng, Audit
- John Laurens, Cash Management
- Tan Su Shan, Wealth Management
- Karen Ngui, Strategic Marketing

**Showcases**

- Tech and Ops | APIs
  Use of data insights

- Bancassurance | POSB Smart Buddy

- digibank | Tally

- Reimagining Audit
  Treasury Prism
  iWealth

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1 Corporate Bank, Private Bank, Markets, and Others
Our digital strategy

Piyush Gupta
Chief Executive Officer

17 November 2017