

# **Acquisition of Société Générale's Private Banking Business in Asia**

**Accelerates DBS' ambition of becoming a leading wealth manager in Asia**

17 March 2014

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# Transaction overview

<b>Meets DBS' objectives</b>	<ul style="list-style-type: none"><li>▪ Strategic fit</li><li>▪ Operationally ready for the integration</li><li>▪ Value creation</li></ul>
<b>Assets acquired</b>	<ul style="list-style-type: none"><li>▪ Asian private banking business of Société Générale in Singapore and Hong Kong, as well as selected parts of its trust business ("SGPB Asia")</li><li>▪ Assets under Management ("AuM"): USD12.6 billion (approximately SGD16.0 billion)<sup>(1)</sup></li></ul>
<b>Purchase consideration</b>	<ul style="list-style-type: none"><li>▪ USD220 million (approximately SGD279 million) in cash<sup>(2)</sup></li><li>▪ Represents 1.75% of AuM as of 31 December 2013</li></ul>
<b>Financial impact</b>	<ul style="list-style-type: none"><li>▪ Expected to be EPS-accretive one year after completion</li><li>▪ Will be funded by DBS' internal cash resources</li></ul>
<b>Closing</b>	<ul style="list-style-type: none"><li>▪ Expected completion in last quarter of 2014</li><li>▪ Subject to legal and regulatory approvals and customary closing conditions</li></ul>

(1) Based on USD:SGD exchange rate of 1:1.268

(2) Subject to adjustments based on net asset value and AuM at completion

# Transaction rationale

- 1 Accelerates DBS' ambition of becoming a leading wealth manager in Asia**
- 2 SGPB Asia complements DBS' wealth management franchise**
- 3 Substantial value creation; expected to be EPS-accretive one year after completion**
- 4 A win-win deal: Creates an enhanced value proposition for clients, employees and shareholders of both banks**

In 2010...

THE STRAITS TIMES THURSDAY, NOVEMBER 4 2010 B36

# MONEY.

By GABRIEL CHEN

THE new head of private banking at DBS has unveiled ambitious plans to grow its assets under management from US\$35 billion (S\$45 billion) to US\$50 billion in just three years.

Ms Tan Su Shan said the increase will come from existing high-net-worth clients - people with at least US\$1 million in investible assets - and new ones in booming countries like China, India and Indonesia.

The high-profile banker who left Morgan Stanley to join DBS in June told The Straits Times in an exclusive interview that she has also not ruled out acquisitions to meet the new target.

She has already launched various initiatives, including a fund that will tap investment opportunities arising from China's soaring income, rolling out yuan-denominated investment products and hiring senior bankers to strengthen the team of 110 relationship managers.

Private bankers from other firms say the targets, while bold, are doable given the blistering economic growth in Asia and the pace at which the region is minting new millionaires.

Ms Tan came to DBS carrying high expectations, with many industry players tipping her to raise the bank's ante in wealth management.

She insisted that the US\$50 billion target can be met with hard work and more training for her staff.

"There's a Chinese saying *ling yao bu kou li yu beng*," she said, alluding to the Chinese proverb that good medicine for health tastes bitter to the mouth.

"It's going to be tough along the way, there are going to be people who will work through the whole weekend, but we've got to do it."

Many private banks are growing their assets under management by dangling bumper remuneration packages to lure teams of bankers who can deliver large client books.

But Ms Tan is trying a different strategy - focusing on grooming her own relationship managers while enhancing the products and services on offer.

"We've got to be very much at the fore-

front of Asian products," she said.

"I want to get a lot more bespoke Asian products for our top, top clients. So that includes pre-IPCs (initial public offerings), real estate deals, private equity deals."

Ms Tan also wants to make more yuan-related products available because clients are keen to convert their US dollar holdings as they believe the Chinese cur-

## DBS private banking head's big, bold plans

Growing assets of high net worth clients to US\$50b in three years

Making available more yuan-related products

Training staff, grooming relationship managers

Getting clients to think more about long-term wealth building

Enhancing product suite, solution platforms

Ms Tan Su Shan wants DBS to be "very much at the forefront of Asian products".  
ST PHOTO: JOYCE FANG



rency will keep rising along with the shift of economic power towards China.

DBS already offers offshore yuan deposits for private banking clients and recently introduced yuan-denominated equity-linked notes for customers in Hong Kong.

"As far as my clients are concerned, the dragon has awakened and the (yuan) is the place to be. And they say since you can do (yuan), do it for me," she said.

Another priority is to get her clients to think more about long-term wealth building rather than just buying and selling investment assets for quick gains.

"That's why we hired Say Boon," said Ms Tan, referring to former Standard Chartered executive Lim Say Boon who joined as chief investment officer last month.

"We need to appeal to our clients on an emotional level to say I know you want to make your 4 per cent because you think it's a quick buck here and all that. But your long-term pension plan, your next generation money, should go into this (wealth accumulation bucket).

"And if you go with a Swiss bank or a US bank, it's going to be very European-centric or US-centric, but no one is doing an Asian-centric portfolio right now."

Having the Singapore name linked to DBS gives her advantage when it comes to winning clients, but she is looking at more branding initiatives for the private bank next year.

Ms Tan said she is savouring every moment at DBS.

"I've never worked for someone as smart as Piyush. He's very smart," said Ms Tan about DBS chief executive Piyush Gupta, whom she got to know when they were both at Citibank years ago.

"And he'll nag and nag until we all buy into his five pillars and nine priorities. When you have leadership like this, you know where you want to go.

"This is Asia's time, and being in a top Asian bank with a great branding and being able to lead this is too good an opportunity to let it go.

"I would regret it for the rest of my life, because I am not getting any younger," added the 42-year-old banker, breaking into laughter.

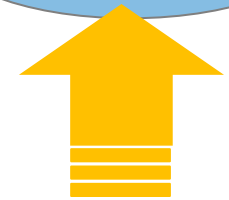
gabriel@spk.com.sg

# Growing stronger each year

	2010	2011	2012	2013
High net worth AuM <sup>(1)</sup>	SGD39bn	SGD47bn	SGD57bn	SGD69bn
Employees <sup>(2)</sup>	334	402	488	533
Cost / income <sup>(2)</sup>	95%	79%	67%	62%

This acquisition will bring:

- ✓ Accelerated growth
- ✓ Capacity and scale
- ✓ High quality talent



2014



- ✓ **Established leadership team** (Chief Operating Officer, Chief Investment Officer, Region Heads)
- ✓ **Built platform** (new core banking system)

- ✓ Created **DBS Wealth Continuum**
- ✓ Launched **DBS Treasures Private Client**
- ✓ Built Asian product expertise (Asian currencies, capital markets)
- ✓ Improved online capabilities (internet and mobile banking), consolidated statements

- ✓ Set up EMEA team
- ✓ Launched major system release upgrade

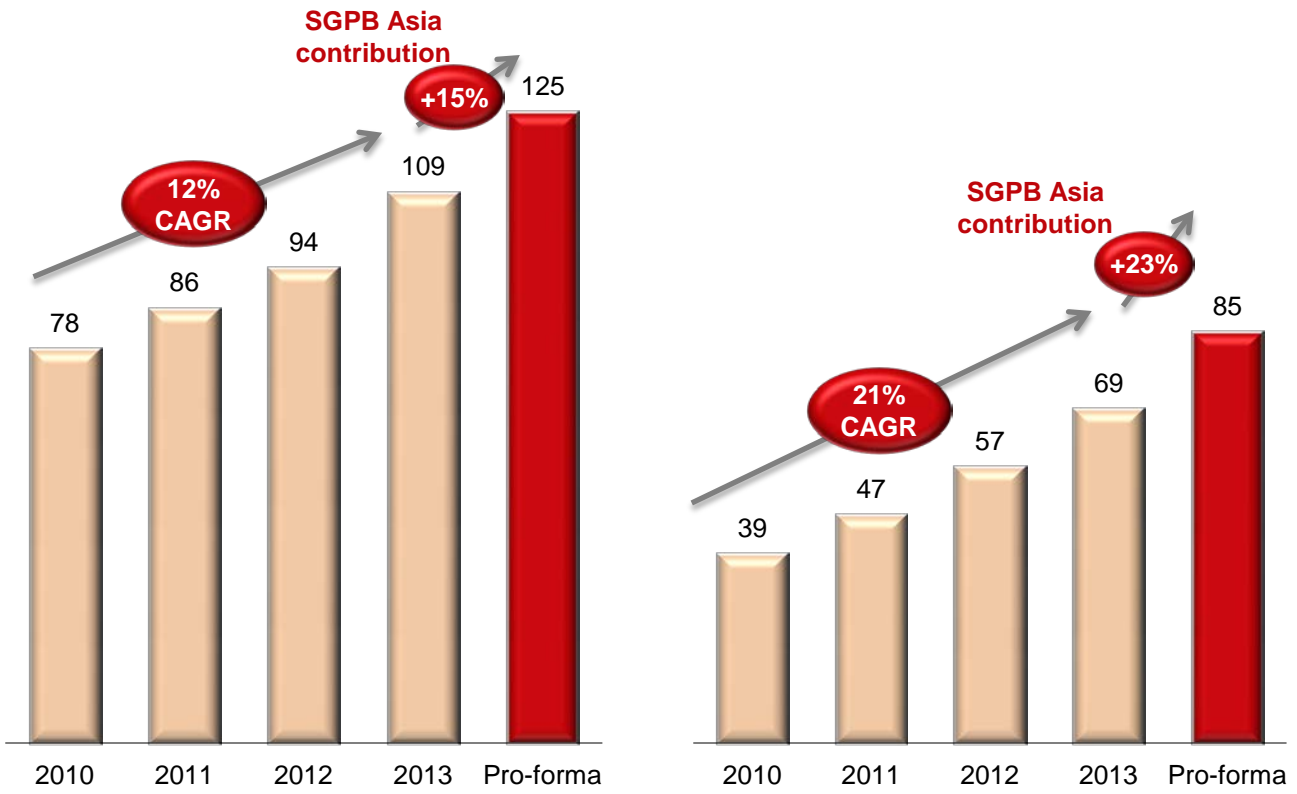
- ✓ Embarked on **digital strategy**
- ✓ Revamped wealth websites, launched online equities trading, customised research

- ✓ Partnership with IBM Watson
- ✓ Joint lab with A\*Star

(1) Based on high net worth customer base with AuM > SGD1.5m  
 (2) Based on DBS Private Bank and DBS Treasures Private Client

# 1 Accelerates DBS' ambition of becoming a leading wealth manager in Asia

**Total Wealth AuM<sup>(1)</sup> (SGD bn)    High Net Worth AuM (SGD bn)**



- **Increases Total Wealth AuM by c.15%**
- **Increases HNW AuM by c.23%**
- **Boosts capacity and scale**
- **Provides access to quality talent pool**
- **Expands and deepens product platform**

Note: SGPB Asia AuM converted into SGD at USD:SGD exchange rate of 1:1.268  
 (1) CAGR denotes Compound Annual Growth Rate  
 (2) Based on DBS Private Bank, DBS Treasures Private Client and DBS Treasures AuM



## 2 SGPB Asia complements DBS' wealth management franchise

### Access to new clients

- Strong focus on Ultra High Net Worth clients
- Sizeable presence in North Asia and International markets



**Best Private Bank Worldwide**  
Structured Products & Equity Derivatives

### Enhanced product offering

- Proven track record in structured products, derivatives and sophisticated wealth planning capabilities



### Strong cultural and operational fit

- Asia-centric client coverage team
- Stable and experienced commercial teams, with vast majority of senior relationship managers having been with SGPB Asia for more than 5 years
- Scalable business model that can be easily integrated into DBS' platform



**Outstanding Wealth Planning & Trust Provider**



### 3 Substantial value creation; expected to be EPS-accretive one year after completion

#### Good value

- Purchase consideration represents 1.75% of AuM as of 31 December 2013
- For DBS: Transaction multiple compares well with other similar transactions involving private banking assets in Asia
- For SGPB Asia:
  - Clients: DBS is a safe, well-capitalised bank with deep expertise and commitment to the region
  - Employees: DBS is committed to the wealth management business, and can provide expanded career development opportunities
- For Société Générale: Leverage DBS' wide distribution network in Asia through continued cooperation

#### Significant synergies

- SGPB Asia clients will have access to DBS' universal banking platform including retail, corporate and investment banking
- Opportunity for DBS clients to benefit from Société Générale Private Banking's offering and other selected services in Europe
- Significant improvement in cost-income ratio from pooling of infrastructure, IT and other support services



## 4 A win-win deal: Creates an enhanced value proposition for clients, employees and shareholders of both banks



**SOCIETE GENERALE**  
Private Banking

### Enhanced client value proposition

- Safest bank in Asia with an extensive Asian banking network
  - Strong Asian heritage and knowledge, combined with the international experience and expertise of a diverse team
  - Expanded product suite, combining Asia-centric capabilities with global expertise in structured products, wealth planning and bespoke private equity and real estate offerings
  - Complementing Asian insights, research, investment ideas with European connectivity and bespoke offering
  - Customised wealth management solutions, as well as a full suite of universal banking capabilities
  - Sophisticated technology platform and online capabilities
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- At the same time, through a memorandum of understanding, DBS' clients will have access to Société Générale Private Banking's offering in Europe as well as Société Générale's Corporate & Investment Banking solutions. In addition, Société Générale's clients will have access to DBS Private Bank's offering in Asia

# Ability to manage integration

## Thorough due diligence

- Extensive due diligence was conducted to identify and quantify potential risks, and to put in place appropriate risk measures
- SGPB Asia has a scalable business model that can be easily integrated into DBS' platform




## Transaction structuring

- Majority of employees including top management and senior managers will transfer to DBS
- Client engagement plan already agreed and ready to be jointly implemented immediately

## Integration experience

- Joint integration committee leveraging resources of both DBS and Société Générale has been formed with clear accountabilities and senior management involvement
- Integration planning already in progress with detailed plans and milestones to be finalised and executed as soon as practicable
- Leverage previous integration experience – Bowa Bank, Taiwan (2008) and RBS China (2010)

# In summary

<b>Strategic fit</b>	<ul style="list-style-type: none"><li>▪ We have been very disciplined in our inorganic pursuits</li><li>▪ This acquisition is in line with DBS' wealth management strategy</li></ul>	
<b>Operationally ready</b>	<ul style="list-style-type: none"><li>▪ We have the right platform, people and experience to integrate SGPB Asia into our franchise</li></ul>	
<b>Creating value</b>	<ul style="list-style-type: none"><li>▪ This transaction creates real economic value and is expected to be EPS-accretive one year after completion</li><li>▪ Customers of DBS and SGPB Asia will benefit from an improved and expanded product and service range</li><li>▪ Employees of SGPB Asia will join a larger and more comprehensive franchise, thereby enhancing their productivity and career development opportunities</li></ul>	

**Thank you!**