

Forging **AHEAD** *in Dynamic Asia*

DBS GROUP HOLDINGS LTD
ANNUAL REPORT 2013

DBS. Living, Breathing Asia



Forging **AHEAD**

in Dynamic Asia

DBS – previously known as the Development Bank of Singapore – has over the years played a key role in Singapore’s meteoric rise from third world to first.

Today, as a leading Asian bank with a network across 17 markets, DBS is committed to helping Asia transform. We help individuals prosper, enable business growth and expansion, and develop Asia’s capital markets.

We will continue to break new ground as we embrace the digital frontier and shape the future of banking. Our understanding of Asia, and our ability to move swiftly to seize opportunities, have enabled us to forge ahead in a dynamic Asia.



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HIGHLIGHTS

SHAREHOLDERS

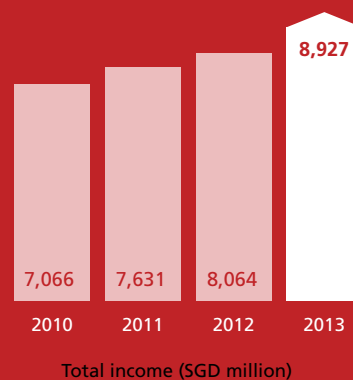


Total income

+11%

SGD 8,927 m
2012: SGD 8,064 m

Total income rose 11% to a record SGD 8.93 billion from higher loan volumes and broad-based non-interest income growth



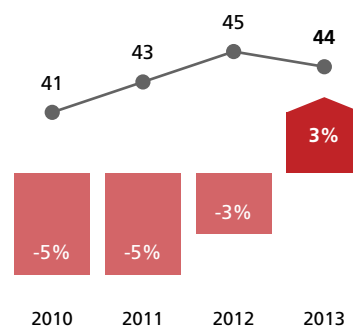
Income-expense jaws

+3% pt

2012: -3% pt

Expense growth was contained at 8%, resulting in a positive income-expense jaws of 3% points. The cost-income ratio improved to 44% from 45% in 2012

■ Cost/income (%)
■ Income-expense jaws (YoY % pt)

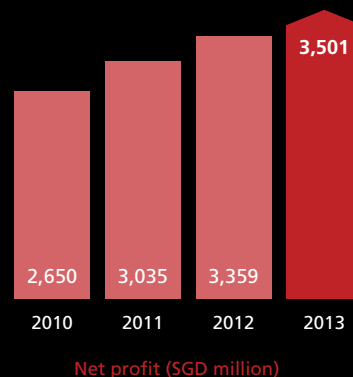


Net profit

+4%

SGD 3,501 m
2012: SGD 3,359 m

Net profit before one-time items rose 4% to a record SGD 3.50 billion



CUSTOMERS

Internet banking users:

2.4m
▲ 200,000



Mobile banking users:

839,000
▲ 240,000



REGULATORS

One of first two foreign banks to be given a licence to set up sub-branch in Shanghai Free Trade Zone

EMPLOYEES

Employee engagement

Ranked among top 10% of all companies surveyed by Gallup globally

Awarded 2013 Gallup Great Workplace Award



SOCIETY

COMMITTED
SGD 50m TO
DBS FOUNDATION
TO STRENGTHEN
CSR EFFORTS



FORGING AHEAD IN DYNAMIC ASIA

The pace of change that is upon us is extremely daunting. The world which we live, work and bank in today is continuously changing. Consumers today are far more demanding, our ability to access information and make choices have changed dramatically, and new technologies are revolutionising our way of life. In a highly-wired Asia, we have made innovation a large part of our agenda, and we have sought to be at the forefront of the digital revolution.



DRIVING GREATER USE OF DIGITISATION TO ENHANCE EFFICIENCY

Developments across Asia-Pacific in recent years have seen the adoption of technology to enhance the customer experience. At DBS, our emphasis has always been on driving innovation to deliver greater productivity and customer efficiencies. This will continue to be a strategic focus as we entrench our position as a leading Asian bank.

In 2013, DBS pioneered the launch of a fully automated online account opening service for companies in Singapore. With this service, the time taken to open a corporate account has been significantly reduced.

With DBS Remit, we are the only bank in Singapore to offer same-day online transfers to banks in India and Indonesia. DBS IDEAL™ 3.0, our enhanced regional corporate Internet banking platform, makes online banking for our corporate customers faster and simpler.



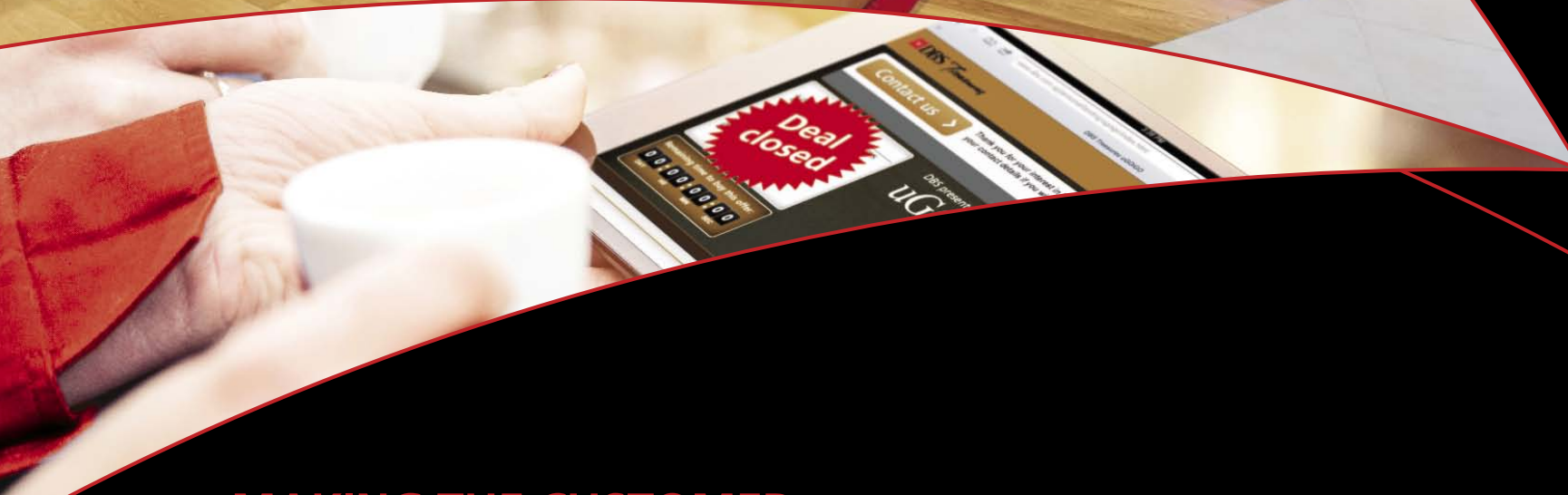


LEVERAGING ANALYTICS AND THE USE OF BIG DATA

Technology has transformed the way we think about banking. As customer interaction shifts from physical branches to the online and mobile space, banks need to develop new ways of engaging customers. The engagement goes beyond products and services to relationships and insights.

Harnessing analytics and big data is key to building this engagement. DBS has been using voice analytics at our customer call centre to improve customer satisfaction. Customer touchpoints such as ATMs, which were merely output channels previously, are now a customer sensor point for us, delivering real-time information that we can use to form a better picture of our customers and their needs. We are tapping on IBM Watson to assist our wealth relationship managers to analyse large volumes of data, so as to provide better quality insights to our customers.

We are also helping customers benefit from useful analysis and insights. For example, the DBS Home Connect mobile app offers them property information and other useful data on the go.



MAKING THE CUSTOMER EXPERIENCE MORE INTERACTIVE

At DBS, we are committed to putting the customer at the heart of the banking experience. That includes making banking interactive and intuitive. DBS' flagship branch at our headquarters in Marina Bay Financial Centre was designed with the customer in mind. In the past year, we also continued to enhance our mobile apps and wealth website so that customers can bank easily with us while they are on the move, or in the comfort of their own homes.

Excerpt from "For the Service Edge, Think Like A Designer" published in TODAY newspaper on 19 February 2014:

"From entering its pod-like lobby at the Marina Bay Financial Centre, which looked like a cross between a five-star-hotel reception and a spaceship, I was mesmerised. Could this really be a bank?"

"How often, particularly in a business-to-business context, and in a bank for that matter, do you walk away thinking and feeling that you have had a beyond-great customer experience? That's service innovation – across every conceivable touchpoint and customer interaction, down to the smallest detail."

— Natalie Turner,
Founder and CEO of The Entheo Network, a leadership innovation consultancy



HOW WE CREATE VALUE

What We Do

Our aim is to become “The Asian Bank of Choice for a new Asia”. We are an Asia-centric commercial bank focused on harnessing the region’s long-term potential as the centre of economic gravity shifts eastwards to Asia. To differentiate ourselves, we have developed a unique brand of banking, **Banking the Asian Way**. We seek to provide a kind of banking that is joyful and trustworthy as we help to transform this region that we live in.

We are distinct from local lenders or global players. As an Asian specialist, we have the reach and sophistication to outcompete local lenders, and deep Asian insights that distinguish us from global competitors.

We seek to intermediate trade and investment flows between Asia’s three key axes of growth – Greater China, South Asia and Southeast Asia – as well as participate in Asia’s growing affluence. Our key franchises are in Singapore, Hong Kong, China, Taiwan, India and Indonesia.

In Singapore, our home market, we are a universal bank serving all customer segments, including the mass market through the DBS and POSB “People’s Bank” franchise. In other markets, we focus on three lines of business:

- Corporate/Investment banking (covering large corporations and institutional investors)
- SME banking
- Wealth management

We see an opportunity to leverage digital technology as a means to reach customers across Asia.

ASIA’S THREE KEY AXES OF GROWTH

Greater China

South Asia

Southeast Asia

DELIVERING VALUE TO MULTIPLE STAKEHOLDERS



Why We Do It

Banking benefits the community when it creates long-term economic value and generates profits in a responsible way. We have the ability to improve lives with our products and services. A housing loan can empower individuals to build homes for their families; a business loan can create job opportunities for thousands. We recognise we have obligations to multiple stakeholders – **shareholders, customers, employees, regulators and society** – and strive to consistently deliver value to all of them.

Given our roots as the Development Bank of Singapore and unique position as the custodian of Singapore’s oldest and much-loved Post Office Savings Bank (now known as POSB), we believe that banking is more than just being a commercially-centred enterprise. We are committed to the philosophy of doing the right thing for our stakeholders and have embedded it in our business. Apart from creating long-term economic value, we also seek to positively benefit the communities we are present in, and deliver social value. To further our corporate social responsibility efforts, we recently established a SGD 50 million foundation to further our commitment to be a force for good.

Where We Do It

LARGEST BANK IN SINGAPORE

- Extensive network of more than 2,300 DBS/POSB branches and self-service banking machines
- Leading market share across corporate and consumer banking, serving over 4.6 million retail customers

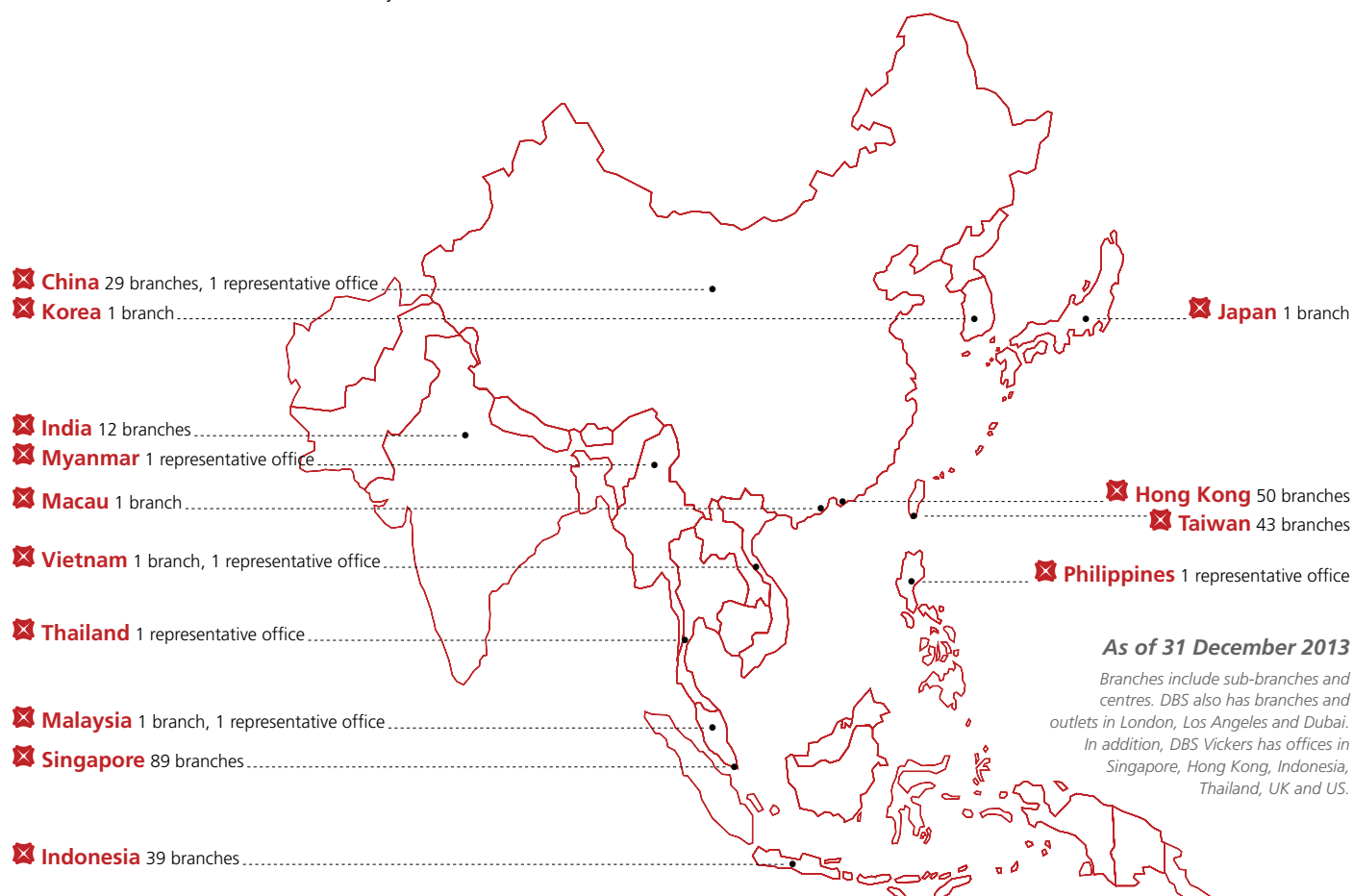
GREATER CHINA

- Hong Kong: Anchor of our Greater China franchise with 50 branches
- China: Locally incorporated in 2007, first Singapore bank to do so; 29 branches in 10 major cities today
- Taiwan: Locally incorporated in 2012, first Singapore bank to do so; 43 branches today

SOUTH AND SOUTHEAST ASIA

- India: 12 branches in 12 major cities, largest network for a Singapore bank
- Indonesia: 39 branches across 11 major cities

OVER 250 BRANCHES ACROSS ASIA



How We Bank

Banking the Asian Way

is how we intend to become the bank of choice for customers. It comprises:



Asian Relationships

For us, customer centricity is not just a buzzword. We strive to embody elements of what relationships are about in Asia: a) being there for the long haul, through good times and bad, and b) recognising that relationships have swings and roundabouts, and that every transaction does not have to be profitable in its own right. At DBS, we also value relationships with staff and the community.



Asian Service

We aim for every customer to walk away from any interaction feeling that we have been Respectful, Easy to deal with and Dependable. Our service ethos is characterised by the "humility to serve and the confidence to lead".



Asian Insights

We know Asia better and use our knowledge of how to do business in this region to provide unique Asian insights to support our customers' growth. We leverage our knowledge of local markets to create Asian-specific products to address our customers' bespoke needs.



Asian Connectivity

We work in a collaborative manner across geographies, supporting our customers as they expand. Our one-bank approach lets us rise above individual country and business line priorities.



Asian Innovation

We understand that some global solutions do not necessarily apply to Asia. We leverage our insights to constantly innovate new ways of banking as we strive to make banking more intuitive and interactive for our customers.