

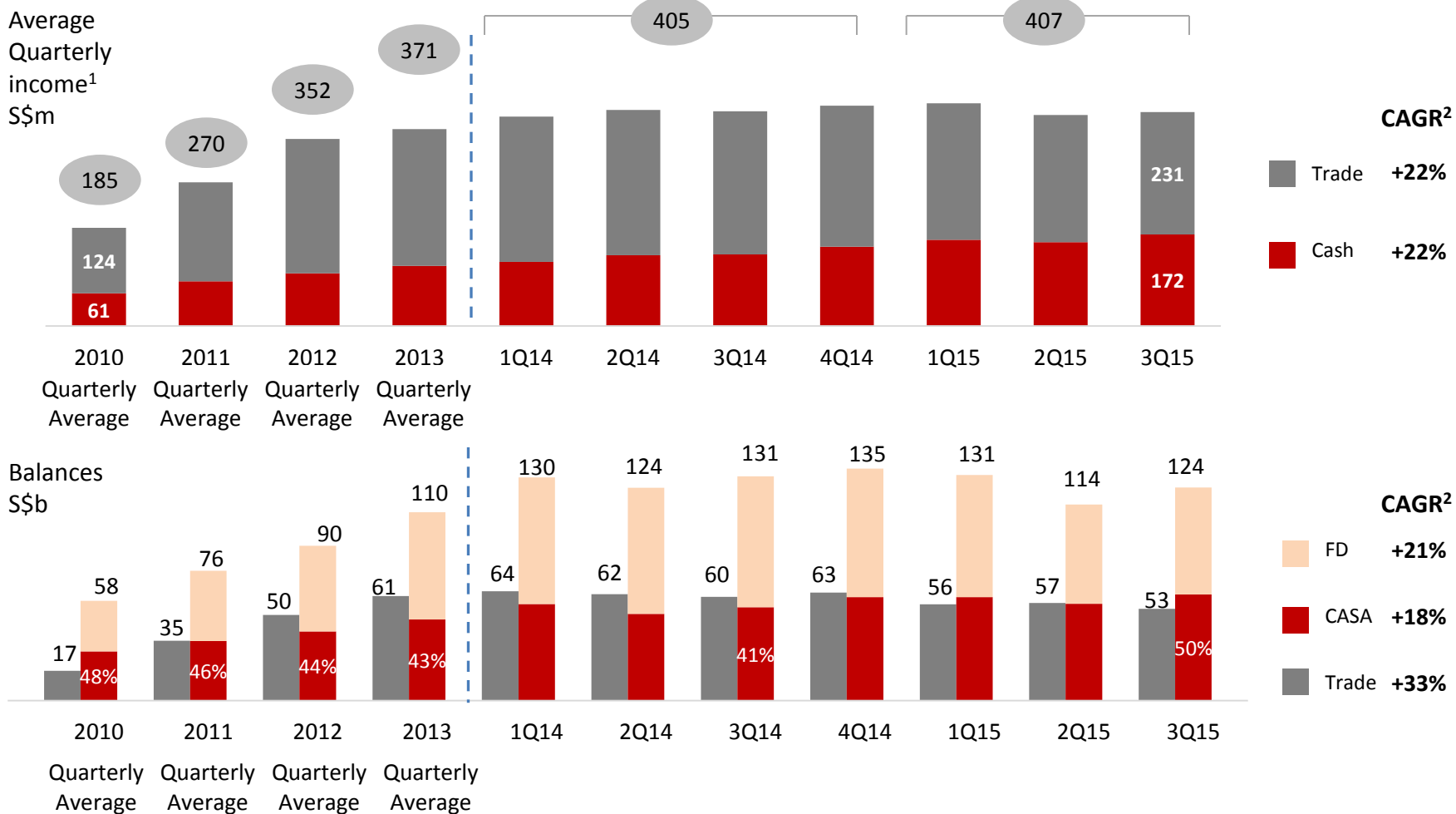
Shaping Asian Transaction Banking

John Laurens

Group Head, Global Transaction Services

January 2016

GTS Growth Engine continues to drive group earnings



¹ Profit before allowances
² 4 year CAGR between 2010 to 2014

The cylinders of the GTS Growth Engine

DOCUMENTARY TRADE

Customer Solutions:

- Letters of Credit
- Documentary Collections
- Accounts Receivable Financing
- Guarantees

A lift in Documentary Trade following GFC, now shifting to open-account trade solutions. China EBLC business falling away as CNH and CNY rates converge

OPEN ACCOUNT TRADE

Customer Solutions:

- Supplier Chain Financing
- Accounts Receivable Purchasing

There has been a material growth in volumes as Corporate Treasurers look to unlock liquidity, improve partner relationships and better manage their balance sheet with such solutions

CASH MANAGEMENT

Customer Solutions:

- Integrated Payables & Receivables Management
- Liquidity Management
- Connectivity Solutions

A key driver of advocacy across core banking relationships as Treasurers look to drive operational efficiencies, optimal funding and liquidity management through systems integration and data management

SECURITIES AND FIDUCIARY SERVICES

Customer Solutions:

- Custody Services
- Fund Services
- Corporate Trust and Loan Agency

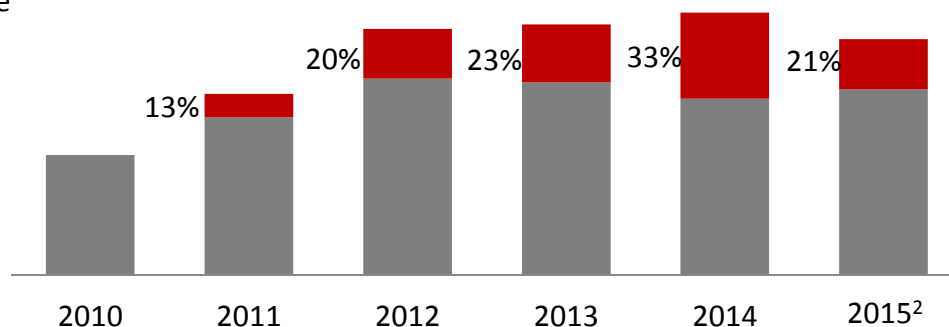
Cross border distribution of Asian funds gaining momentum, eg. China Stock Connect, ASEAN and ASIA Fund Passports. Increasing demand for back and middle-office outsourcing for fund managers

WORKING CAPITAL ADVISORY

Leveraging success in EBLC to diversify Trade business

- Through 2010 - 2014, we have built a sizable EBLC business, amounting to 21% of total Trade income
- With recent convergence of CNY and CNH rates and declining commodities pricing, demand for Offshore RMB EBLC funding has fallen

% RMB Arbitrage
Trade¹ Income



Diversification within Documentary Trade already well underway

- We have built strong relationships with Chinese Corporates through the EBLC business
- Our relationships are enabling us to broaden Trade business and cross sell Cash Management
- Our prudent Risk Management will ensure diversification to higher yields is well-managed
- Our regional network will allow us to capture new opportunities from 'One Belt One Road' and the Trans-Pacific Partnership

¹ RMB EBLC > 6 months tenure

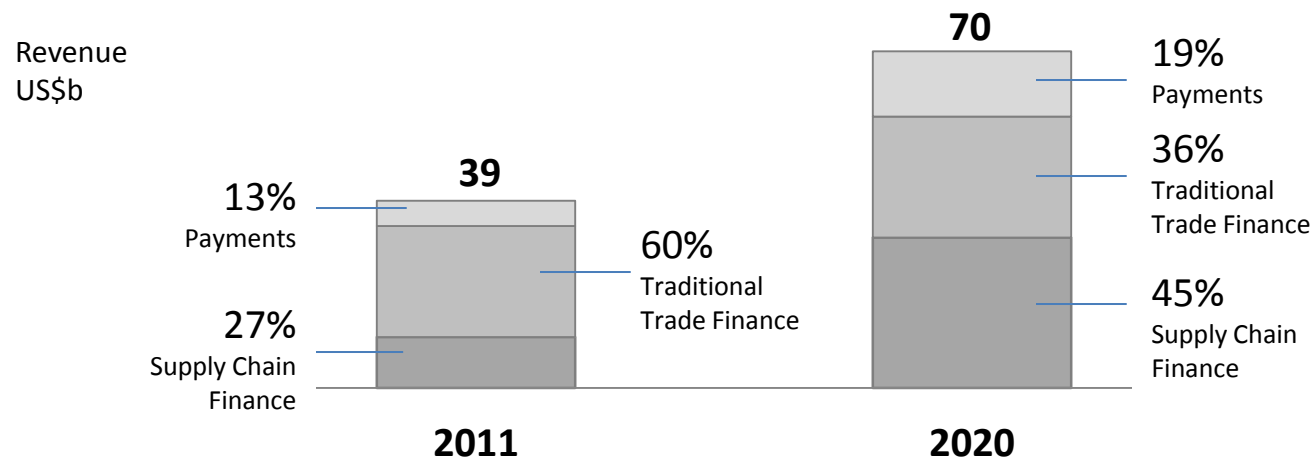
² 9M annualised

Significant acceleration in Open Account Trade

Superior growth in Open Account Trade (OAT)

- The result of a market shift to focus on liquidity and balance sheet management
- A higher value-added activity, with risk mitigation through financing the physical supply chain

Supply chain finance will account for the bulk of trade services revenue by 2020¹



Our investment in People and Product is delivering results

- We have a full suite of OAT solutions from accounts receivable purchase to supply chain financing
- Our OAT business grew 33%² in the last 12 months with higher returns

¹ BCG, "The Transaction Banking Advantage: The Path to Profitable Growth, 2012

² Based on year-on-year asset balance growth as of 30 September 2015

Our Open Account Trade capabilities are considered 'market leading' by clients and market commentators

Market leading client solutions implemented over 2015 by DBS



- Open Account Oil Payment Financing
- Oil Export Account Receivables Purchase Facility

INDITEX

- Cross-border Supplier Finance



- Account Receivables Purchase Solution

Major awards and accolades in open account trade won by DBS

2015 Asia Best Supply Chain Solution Specialist



2014 Best Transaction Bank Globally for Supply Chain Financing



2014-2015 Global Best Invoice Discount Management



And we are active in the experimentation with emerging technologies in the Trade Finance space

Our institutional focus on the Digital experience is driving the right behaviours



Fraud Prevention

- Leveraging data analytics to develop a solution to detect fraud and prevent duplicate financing

Dematerialisation of Trade documentation

- Leveraging blockchain technology to transmit electronic documents in place of the current physical documents used for trade settlements

We have no intention of being a 'fast follower'. We are out to lead in this space

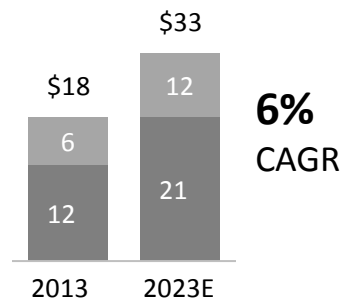
Cash management remains a significant opportunity

“Transaction Banking remains a priority area ... with attractive and stable post-risk returns and traditionally a high level of loyalty ... Asia remains the fastest growing region...”¹

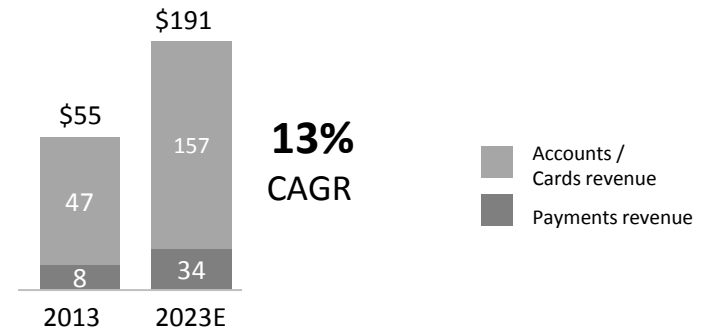
The Asia Payments and Cash Management market remains very fragmented

Consensus is that winners will be those ‘with strong Intra-Asia network connectivity’ ...and a focus on emerging markets

Asia Pacific
(DEVELOPED)
Wholesale
Payments²
(USDbn)



Asia Pacific
(EMERGING)
Wholesale
Payments
(USDbn)



¹ McKinsey “Winning in Transaction Banking in Asia”, 2014

² BCG, “Global Payments Report”, 2014

Our Cash Management franchise continues from strength to strength

2015 has been one of our best years yet...

28

New Host to Host
Clients

36

New multi-country cash
management mandates

15%

Growth in payments and
collections volumes (yoy)

70%

of our borrowing clients
are now operating clients

Clients are attracted to DBS's network presence and specialists in key markets

- Singapore, Hong Kong, India, Indonesia, Taiwan and China

We continue to enrich our cash management solutions and invest in key infrastructure

- Released IDEAL Mobile with 16,000 new sign-ups over the year
- Launched FAST, real-time SGD payments
- Chosen as one of the first banks to have direct participation in the new China International Payments System (CIPS), acting as settlement bank to the new International Energy Exchange (INE)

And we have had a record year for market awards and accolades

- 57 awards, including Best Cash Management solutions in Singapore and China¹

¹ The Asset Awards, 2015

We have secured a leadership position in Asia through a focus on innovation and client service

Our relentless focus on continuous improvement is delivering the right results...

BEST TRANSACTION SERVICES HOUSE IN ASIA

“Competition in Asia is strong, but having a focused commitment to the region that spans both the emerging markets and established economies are reasons to give DBS the award for best transaction services house in Asia.”



...across the areas that matter most to our valued clients

First Asian-parented bank to win this award

Commitment to the region evidenced by:

- Being at the “fore-front of mobile technology, with IDEAL Mobile”
- Using “‘Big-data’ for Working Capital Advisory”
- Being recognised as “the top-rated partner for RMB trade”
- Developing and launching “the leading supply chain finance platform”

We will extend this leadership through a further strategic investment in people and product

To prepare for further growth and sustainable returns, we have:

1 Used 'Human Centred Design' to organise ourselves around the client

- Over 2015, we have undertaken a full review of our organisational design
- We have implemented a globally consistent Target Operating Model



- And we continue to build bench strength and develop talent

2 Continued investment for our global suite of cash management solutions

- S\$60m over next 2 years to deliver solutions for new and existing clients
 - Online Account Opening capabilities
 - Centralised Accounts Payable and Receivable Shared Service Centres Solutions
 - Next generation Commercial Cards solutions
 - Domestic and International Liquidity Management solutions

We remain committed to delivering the leading cash management capabilities in the APAC region

We are focused on delivering market leading solutions for our priority segments

	Western Multi-Nationals	Large Chinese Corporates	Local Corporates	Financial Institutions Group	Small Medium Enterprises
Corporate Accounts	✓	✓	✓	✓	✓
Domestic Liquidity Mgmt	✓	✓	✓	✓	✓
International Liquidity Mgmt	✓	✓	✓	✓	
Payables Solutions	✓	✓	✓	✓	✓
Shared Service Centres Solutions	✓	✓	✓		
Commercial Cards	✓	✓	✓	✓	✓
Integrated Receivables	✓	✓	✓	✓	✓
Host to Host Solutions	✓	✓	✓	✓	
Network	✓	✓	✓	✓	

And driving digitisation across our Securities and Fiduciary Services business

- Completion of a major system infrastructure upgrade across our Funds Services business
- Automating key processes and driving new levels of straight-through processing for the industry

Working Capital Advisory delivering results and synergistic value

Our award-winning Working Capital Advisory brings together all elements of our value proposition

- Analytics that deliver insights for Corporate Treasurers across their cash conversion cycle
- Matching DBS's Cash Management, Open Account Trade and Documentary Trade solutions to the opportunity /challenge, to acquire new clients and strengthen current relationships

LinkedIn



Unmatched Client Engagement

- Over 700 advisory-led benchmarks and diagnostics¹
- Over 2,000 followers on LinkedIn²

“ DBS’ working capital programme demonstrates their in-depth understanding and diagnostic of the industry and company’s cash conversion cycle. This puts DBS in a leadership position to be able to advise their clients...from working capital to optimising their cash cycles, an essential life blood in today’s uncertain economy.”

Group Treasurer, Singapore Corporate



Sales Enablement

- Over 1,500 front line staff trained¹
- Mobile Working Capital applications
- Leading to record mandate successes

“I think DBS’s approach is dynamic. What is also enlightening and useful is the comparison between one’s results against the that of the companies in the same industry. We have certainly benefited from the exercise ”.

CFO, Asian MNC

¹ since launch on March 2014

² since launch on April 2015

In summary

1. GTS Growth Engine continues to deliver sustainable and profitable growth
2. Continued diversification in Documentary Trade business: Experimentation with emerging technologies
3. Our Open Account Trade capabilities are 'market leading', and seeing significant acceleration in use
4. Cash Management remains a significant opportunity and our franchise continues from strength to strength
5. We will continue to extend our leadership position through an investment in the best people, innovative product solutions and client-centred design
6. All whilst delivering synergistic value through our Working Capital Advisory practice



Growth
Higher margins
Diversified returns
Client-centred approach
Leadership position

Q&A
