

A woman with dark hair, wearing a black sleeveless dress, is standing on a modern glass-enclosed escalator in a city. She is looking down at a smartphone in her hands. The background is a blurred city street with other pedestrians and buildings.

twimbit

Company Insights

DBS: Championing sustainable growth

2023 outlook

twimbit Purpose Score



Executive summary – DBS at a glance

Company Name	:	DBS Bank Limited
Headquarter	:	Financial Centre Tower 3, Marina Bay, Singapore
Employees	:	>33,000
Countries	:	18
Branches	:	>300
Revenue	:	USD 10.21 Bn (SGD 14.3 Bn)
Common Equity Tier 1 Ratio	:	14.4%
Y-o-Y Revenue Growth (%)	▼	-2.02%
Annual IT Spending	:	USD 771 Mn (SGD 1.08 Bn)

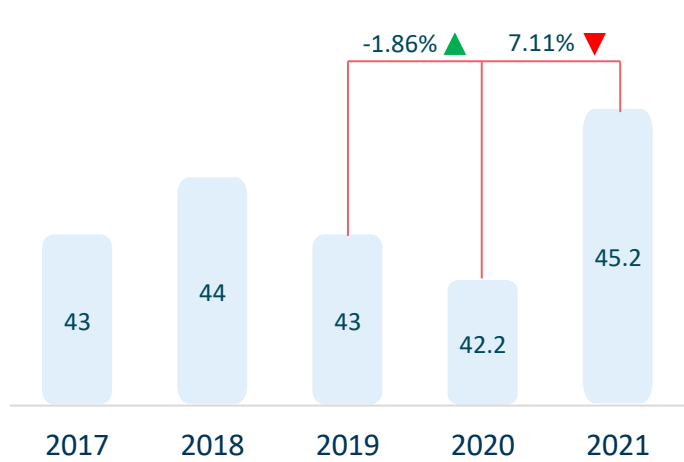
Strategic priorities

- 1 Expanding the geographic presence in Asia
- 2 Acquiring and establishing new businesses
- 3 Leveraging the power of emerging technologies

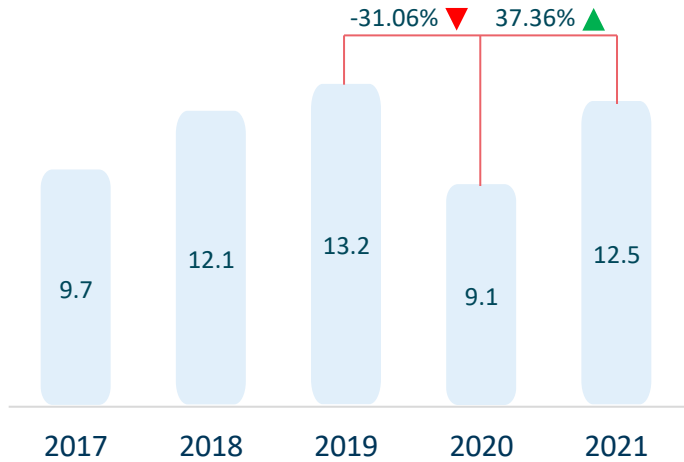
Awards

- ✓ World's best bank by Euromoney
- ✓ Most innovative in digital banking by The Banker
- ✓ World's safest commercial bank by Global Finance
- ✓ Leader in trade for digitalisation by Global Trade Review
- ✓ Global bank of the year by The Banker
- ✓ Gender Equality Index – Index Constituent, 2018 – 2022 by Bloomberg
- ✓ Best Asian private bank, 2020 – 2021 by Asiamoney
- ✓ Best sustainable bank, Singapore by FinanceAsia
- ✓ Investment bank of the year for emerging markets by The Banker

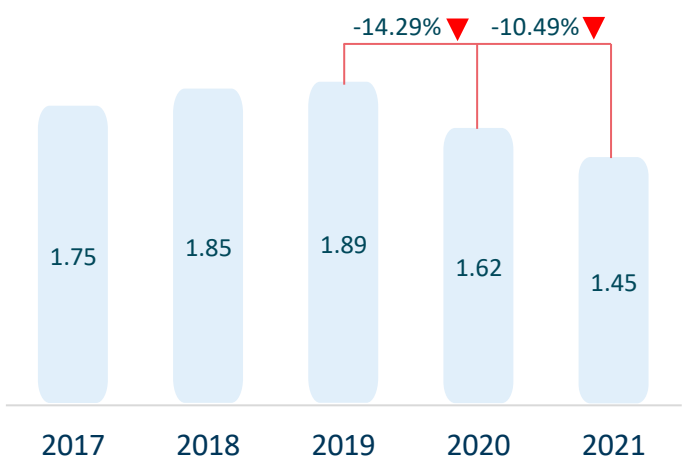
Financial highlights (1/2)



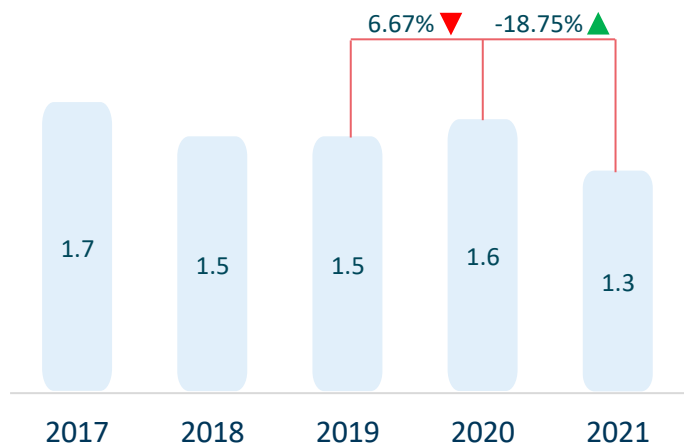
■ Cost Efficiency Ratio (%)



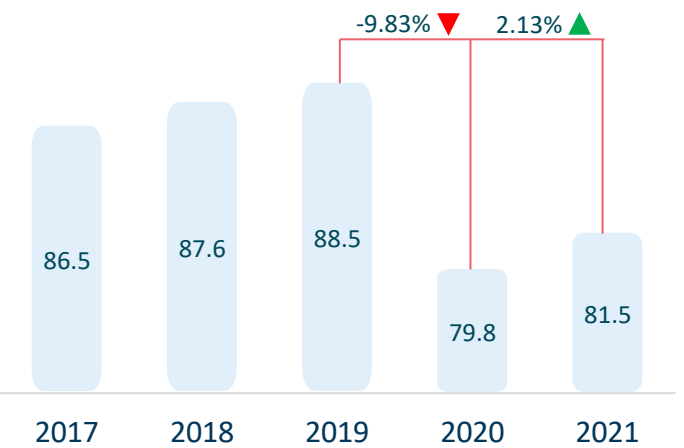
■ Return on Equity (%)



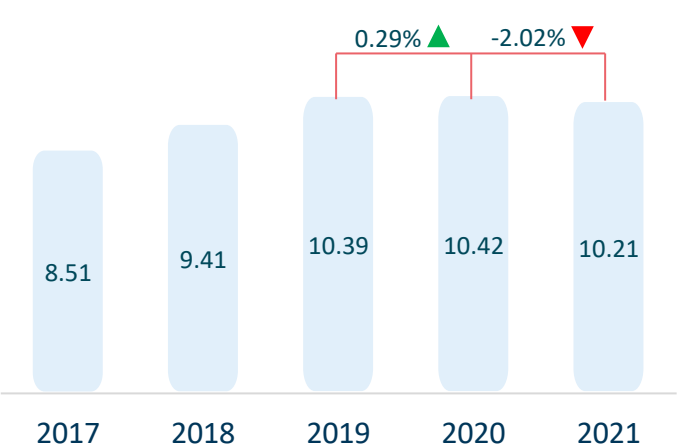
■ Net Interest Margin (%)



■ Non-Performing Loan Rate (%)

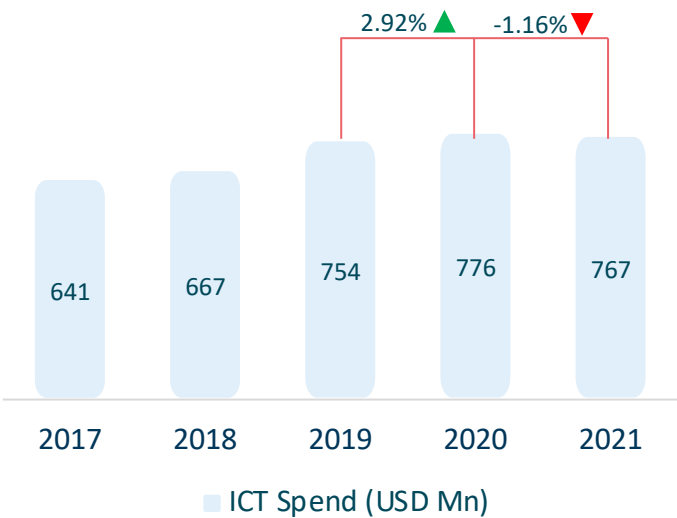
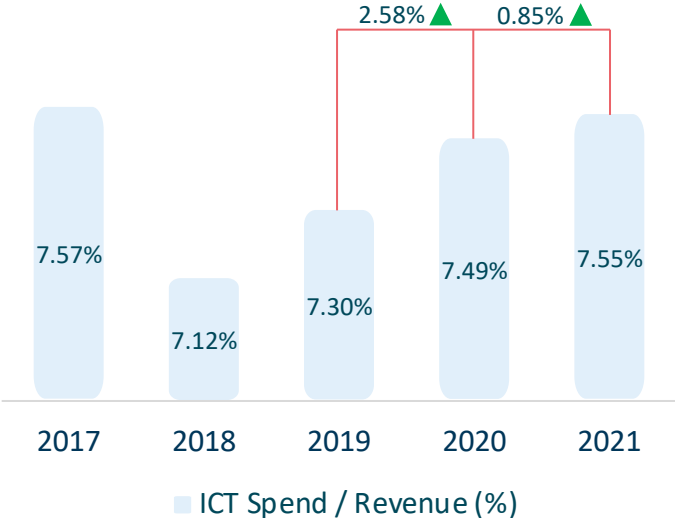
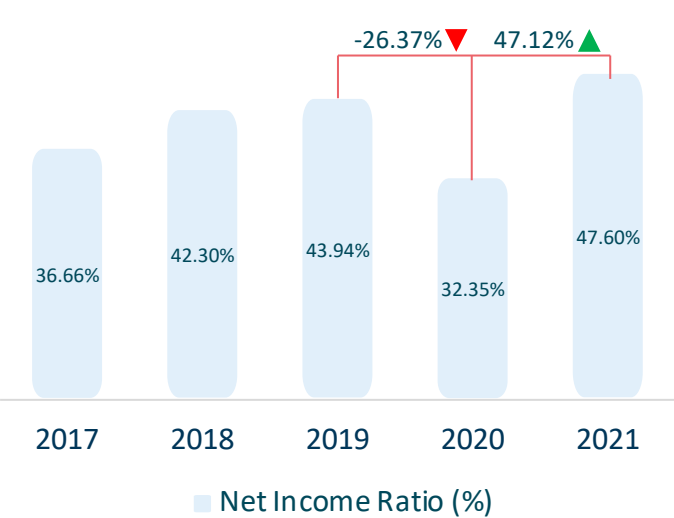


■ Loan-to-Deposit Ratio (%)



■ Group Operating Revenue (USD Bn)

Financial highlights (2/2)



Measures of success

3.8 Mn

Number of active digital users out of +5.8 Mn customers in Singapore (Yearly)

76%

CASA ratio for the Group

<2 minutes

Time taken to open an account

45.2%

Cost-to-income ratio

95%

Transactions done digitally on the digibank mobile app

12.5%

Return on equity

Note: Figures are for FY 2020-2021

Top 7 strategic focus areas

#1



Geographic
expansion

#2



Portfolio
diversification

#3



Becoming a
technology
company

#4



Customer
experience

#5



Banking as a
service

#6



Building a digital
marketplace

#7



Employee
experience

#1 Geographic expansion

Reflecting upon the belief in **Asia's long-term prospects**, DBS capitalized on this opportunity by strategically **strengthening its franchise** in key **growth markets**



Lakshmi Vilas Bank

- Successfully merged Lakshmi Vilas Bank (LVB), allowing DBS to create an enlarged footprint in Southern India
- The merger will allow DBS to overlay its digital strategy in India
- Scales up the consumer and SME businesses for DBS
- Adds 600 branches and 1,000 ATMs to the DBS network



Shenzhen Rural Commercial Bank Corp. Ltd. (China)

- Entered into an agreement in April 2021 and subscribed to a 13% stake
- The agreement made DBS the single largest shareholder of the bank in China
- The agreement will allow DBS to accelerate its expansion in the Greater Bay Area



Citigroup (Taiwan)

- Acquired Citigroup Taiwan's consumer banking business in January 2022
- The acquisition will help DBS accelerate its growth in Taiwan by 10 years
- The move made DBS Taiwan's largest foreign bank by asset size

#2 Portfolio diversification

DBS Securities (China)

- DBS launched the joint venture to capitalize on the two-way deal flow in China as the country opens up
- The initiative is a joint venture between five stakeholders, with
 - DBS holding a majority 51% stake,
 - Donghao Lansheng Investment Management Co. Ltd. (24.67%)
 - Shanghai Huangpu Investment Holding Group Co. Ltd. (13.33%)
 - Shanghai Huiyang Asset Management Co. Ltd. (6.5%)
 - Shanghai Huangpu Guidance Fund Equity Investment Co. Ltd. (4.5%)
- Engages in business' including brokerage, securities investment consulting, security underwriting and sponsorship

Muzinich Asia Pacific Private Debt I

- The fund was set up to provide financial assistance to sound businesses that have been dislocated by the disruptions caused by the pandemic
- DBS is the anchor investor in the fund

DBS Digital Exchange (DDEX)

- The platform offers tokenization, trading and custody services of digital assets including cryptocurrencies

Source: DBS

#3 Becoming a technology company (1/2)



Partior

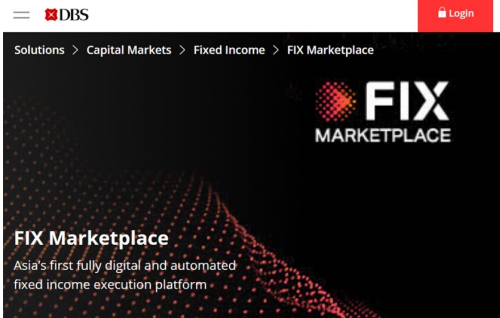
- A blockchain-based cross-border multi-currency clearing and settlement provider in collaboration with J.P.Morgan and Temasek
- Enables more efficient digital clearing and settlement solutions across the banking industry



Climate Impact X (CIX)

- An initiative established in partnership with Singapore Exchange, Standard Chartered and Temasek
- A global exchange and marketplace for high-quality carbon credit-based investments
- The platform uses satellite monitoring, machine learning and blockchain technology to enhance transparency, integrity and quality of carbon credits
- Provides MNCs access to high-quality carbon credits and identifies their areas of investment

#3 Becoming a technology company (2/2)



Fixed Income Execution (FIX) Marketplace

- Asia's first fully digital and automated fixed income execution platform allowing issuers to directly issue their own bonds into the marketplace
- Fully digitalised and automated documentation and primary trade confirmation generation on the platform
- Issuers can originate their own issuances and connect with investors directly



The Sandbox metaverse

- DBS is launching 'DBS BetterWorld' on the decentralized gaming virtual world
- This is a milestone in DBS' journey to explore the potential of Web 3.0 opportunities
- The partnership will allow DBS to acquire a 3x3 plot of land in The Sandbox metaverse

#4 Customer experience

At DBS, the **customer comes first**, followed by the employees and then the other stakeholders

Customer journey mapping

- A method of visualizing the customer's interaction with the bank from their perspective
- The tool became the default for solving customer queries
- Established a customer experience council chaired by the CEO
- Top 300 leaders of the bank – each own a customer experience/employee experience journey as their KPI

DBS PayLah

- A lifestyle app for customers to conduct their everyday transactions (separate from the digibank app)
- The app can be used to book tickets and rides, pay expenses, access rewards, order meals and scan to pay at more than 180,000 points
- Customers can earn and manage their card rewards points seamlessly and collect stamp cards within the app that give them cashback which can be used to order means or book rides
- Currently, the app has more than 2.2 million users and this is expected to increase to 3.5 million users by 2023

#5 Banking as a Service

DBS has developed a **strategy of developing APIs** to seamlessly embed its products and services into its **partner ecosystem and platforms**

DBS launched the developer platform of APIs in 2017. The platform enables software developers to communicate with the bank and link up services such as peer-to-peer service payments and mortgage affordability assessments. Currently, the network has more than 1,000 open APIs.

Examples

1. Mortgage product comparison

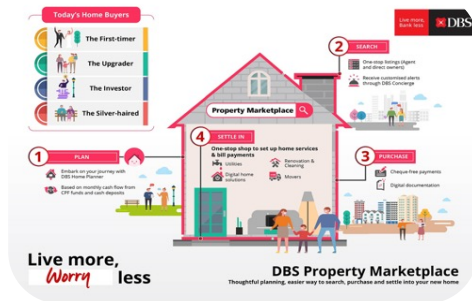
- Customers can choose the mortgage product that best suits their needs and if they select DBS, they can submit the application to DBS without leaving mReferral's website
- Upon receiving the application, the DBS mortgage loan team reaches out to the customer to further discuss the procedure

2. Credit card point redemption

- DBS HongKong credit card customers can benefit from DBS' partnership with HKTaxi and instantly redeem DBS\$ to offset their payments
- Open APIs eliminate the need for a customer to go back and forth between the HKTaxi app and the DBS HK Card+ app
- This allows the customer to complete the entire point redemption journey within a single app

#6 Building a digital marketplace/community for customers to manage their end-to-end journeys

DBS Property Marketplace



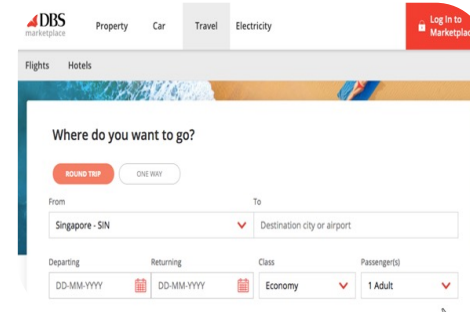
- Customers discover properties on the platform
- Apply for loans required to purchase the property
- Helps to move in and manage the property
- Marketplace runs in partnership with **EdgeProp** and **Averspace**
- Generated SGD 1 Bn in loans in FY2020

DBS Car Marketplace



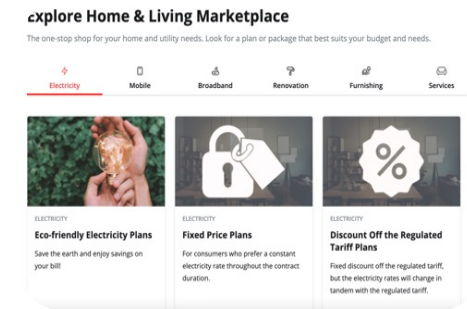
- Largest seller-to-buyer car marketplace in Singapore
- Customers can buy/sell their cars from/to dealers or direct owners
- Access to tools such as budget calculator and car valuation for loan application
- In partnership with **sgCarMart** and **Carro**

DBS Travel Marketplace



- Helps customers with comparing and booking flights and hotels
- One stop solution for end-to-end travel experience
- Extends its offering to renting yachts and organizing fun-filled activities for a day-out
- In partnership **Singapore Airlines**, **Expedia** and **Chubb Insurance Singapore**

DBS Home & Living Marketplace



- Satisfy all the home and utility needs of a customer
- Ranges from an electricity connection to home furnishing
- Partnered with **Geneco**, **Keppel Electric**, **PacificLight** and **Tuas Power**

#7 Employee experience

MOJO – Meeting Owner Joyful Observer

- A campaign to do away with meetings that were not meaningful
- Under the campaign, meetings are supposed to start and finish in time and should have a fixed agenda
- The campaign resulted in saving 500,000 employee hours for the bank

Established five characteristics throughout the organization

- Agility, continuous learning, customer obsession, data-driven experimentation and risk-taking

Flexible working environment

- Employees have the flexibility to work from home 40% of the time
- Employees have flexibility with their minimum working hours
- A job-sharing scheme allows a full-time job to be divided among two employees

Opportunity marketplace

- A hyper-personalized platform helping employees better identify their career aspirations and skills using artificial intelligence and machine learning

DBS' digital strategies



Partnership Ecosystem

- Partnered with fintech Doxa to launch an automated payment solution for the Singapore construction industry to help contractors better manage cash flows and cut costs by digitalizing paperwork
- DBS India partnered with Anthill Ventures (a startup venture capital fund) and Headstart Network Foundation (an evangelist network) to launch DBS Business Class founded
 - The convention will be held across India to foster innovation and collaboration among startup ecosystems
- Marketplace partnerships with various providers in their respective domains to offer services based on property, cars, travel, home, education and healthcare



Adopted the GANDALF framework

- G – use open-source software like Google
- A – run software on Amazon's cloud platform
- N – use data and automation like Netflix
- D – DBS
- A – design like Apple
- L – continuous learning like LinkedIn
- F – building communities like Facebook

DBS' technology innovation

#1



DBS Finnovation

#2



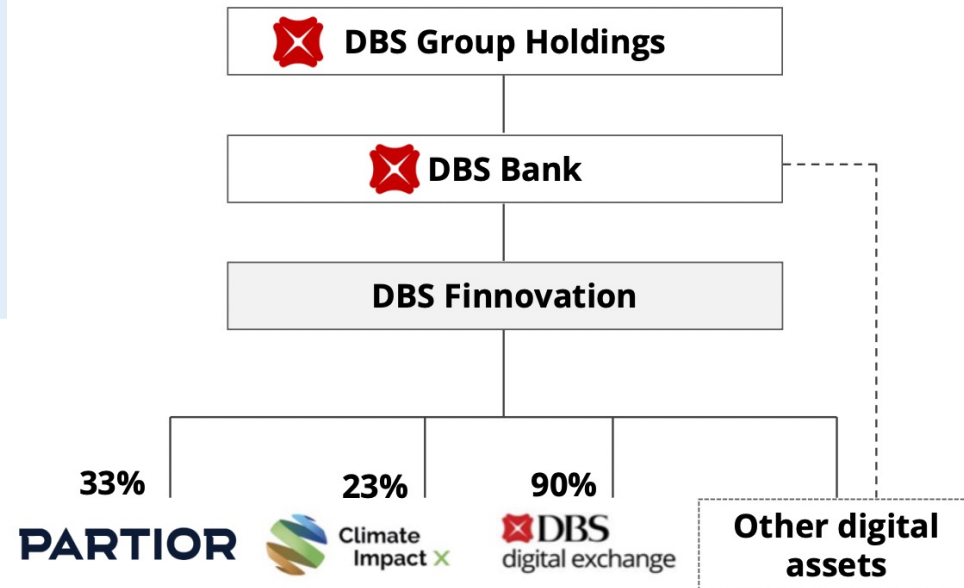
DBS NAV Planner

#3



EvolutionX Debt
Capital

#1 DBS Finnovation



- DBS Finnovation is a holding company established in 2020 to enhance transparency and better enable future monetization of the latest acquisitions of the bank
- The company houses DBS' emerging technology businesses including DBS Digital Exchange (DDEX), Partior and Climate Impact X (CIX)
- The company expects to see the movement of certain digital assets under it which are owned by DBS Bank

#2 DBS NAV Planner



- Improvements in the recently launched DBS NAV Planner
- AI-powered digital investment advisory feature and 'Map Your Money' interactive dashboard
- The first digital advisor in Singapore with personalized financial advisory services

#3 EvolutionX Debt Capital



- Partnership with Temasek to set up EvolutionX Debt Capital (EvolutionX), a USD 500 Mn venture
- The venture will support the development of new economy companies in Asia
- The platform will provide non-dilutive financing to growth stage technology-enabled companies across Asia
- The focused regions include India, China and Southeast Asia
- The fund seeks to accelerate the digitalization of Asia's economy by investing in next-generation technology leaders across sectors such as financial services, consumer, healthcare, education and industrial development
- Continue to reimagine the future of banking by pursuing new initiatives that are pushing technologies like blockchain

Technology initiatives

Case #1



Partnership with 'The Sandbox' to launch 'DBS BetterWorld' and enter the realm of the metaverse

Case #2



Potential partnership with Indian banks to start a real-time cross-border remittance system using UPI

Case #3



Collaboration with Halcyon Agri as the key banking partner for HeveaConnect, a global, digital trading marketplace for sustainable rubber

Top 4 growth opportunities

#1



Enhancement of
the branch
network

#2



Cost to serve

#3



Shaping a climate-
aligned future

#4



Buy Now Pay
Later

#1 Enhancement of the branch network

Key Highlights

- ✓ 95% of all regular DBS banking transactions are now done digitally through the digibank mobile app
- ✓ 4 out of 5 popular over-the-counter transactions are conducted online or through self-service
- ✓ Monthly branch visits have declined by 15% since the onset of the pandemic

Key initiatives / implementations

- ✓ Redesigning self-service branches and kiosks to leverage solar power
- ✓ Using Lakshmi Vilas Bank's (LVB) 600 branch networks to overlay DBS' digital banking services
- ✓ Integrating DBS lifestyle app to offer relevant content and offers to each customer group, creating an omnichannel customer journey
- ✓ Overhauling ATMs with data analytics and machine learning
- ✓ Rolling out self-service banking machines, Video Teller Machines (VTMs) and Branch Teller Machines (BTMs), enabling customers to complete complex transactions securely
- ✓ Introducing the 'café + branch' concept at the Plaza Singapura branch with a VR corner and a humanoid robot named Pepper
- ✓ Integrating wealth planning managers across branches to provide financial advisory

Analyst View

- ✓ Transform branches into community hubs to boost social engagement
- ✓ Make the branches elderly friendly for senior citizens unfamiliar with digital tools
- ✓ Set up DBS marketplace in-branch advisory for customers who need face-to-face interaction while consuming services offered on the platform
- ✓ Implement play areas for children so parents can conduct banking transactions with ease on weekends (e.g. Uniqlo play park / museum in Japan)

#2 Cost to serve

Key Highlights

5-year change from FY2017 to FY 2021:

✓ Net interest income	▲ 1.61%
✓ Fee & commission income	▲ 6.09%
✓ Trading income	▲ 11.10%
✓ Staff expenses	▲ 6.52%
✓ Occupancy expense	▲ 0.24%
✓ Revenue-related expenses	▲ 5.19%
✓ Net interest margin	▼ -3.69%

Key initiatives / implementations

- ✓ The bank reduced its cost per employee by 1.16% from USD 71,075 in 2020 to USD 70,262 in 2021
- ✓ The occupancy-related expense was decreased by 8% from USD 322 Mn to USD 297 Mn

Analyst View

- ✓ The LDR ratio for the bank has significantly declined during 2020-2021 compared to 2017-2019. Good opportunity to disburse more loans, increase LDR ratio and interest income.
- ✓ Despite embarking on digitalization, the employee strength of the bank has been increasing, resulting in increased staff expenses.
- ✓ The net interest margin has reduced from 1.75 in 2017 to 1.45 in 2021 indicating that the investment efficiencies at DBS have declined.
 - ✓ A decline in NIM can be explained through the reduction in the LDR ratio which has declined from 86.5% in 2017 to 81.5% in 2021
 - ✓ To improve both the LDR and NIM, DBS should disburse more loans and try to achieve a LDR at 90%

#3 Shaping a climate-aligned future

Key Highlights

- ✓ The sustainable financing target of the bank has been raised to SGD 50 Bn (USD 35.08 Bn) by 2024
- ✓ Committed to growing the suite of sustainable investment and products to >50% of its AUM by 2023
- ✓ Zero thermal coal exposure by 2039 – ceased to onboard new customers who derive more than 25% of their revenue from thermal coal
- ✓ As of the end of 2021, 100% of the bank's new suppliers have committed to the bank's sustainability sourcing principles

Key initiatives / implementations

- ✓ First Singapore bank to sign the United Nations-convened Net-Zero Banking Alliance
- ✓ Committed USD 14.71 Bn to sustainable finance in 2021
- ✓ Provided finance to >2000 farmers through the organic cotton procurement financing program in partnership with Inditex
- ✓ On track to achieve net-zero operational carbon emissions across the bank by the end of 2022
- ✓ Launched DBS LiveBetter – a one-stop digital platform which gives users access to eco-friendly tips, donate to green causes and invest in sustainable funds
- ✓ USD 71.72 Mn additional funding to further improve lives in Asia

Analyst View

- ✓ The energy consumption of the bank stands at 99,228 MWh, and only 0.95% of this comes from renewable sources, the bank should extend the use of renewable energy to all its official buildings and offices to shift their energy consumption from non-renewable to renewable sources of energy

#4 Buy Now Pay Later

Key Highlights

- ✓ 'Mastercard instalments with Pine Labs' program is available for use with all DBS and POSB credit cards for local transactions
- ✓ Instant instalment approval at checkout (based on the cardholder's pre-approved credit limit)
- ✓ Flexible instalment repayment periods with no interest charge
- ✓ Available exclusively on all DBS Mastercard, Visa and American Express credit cards
- ✓ Cross-border transactions will be added at a later stage

Key initiatives / implementations

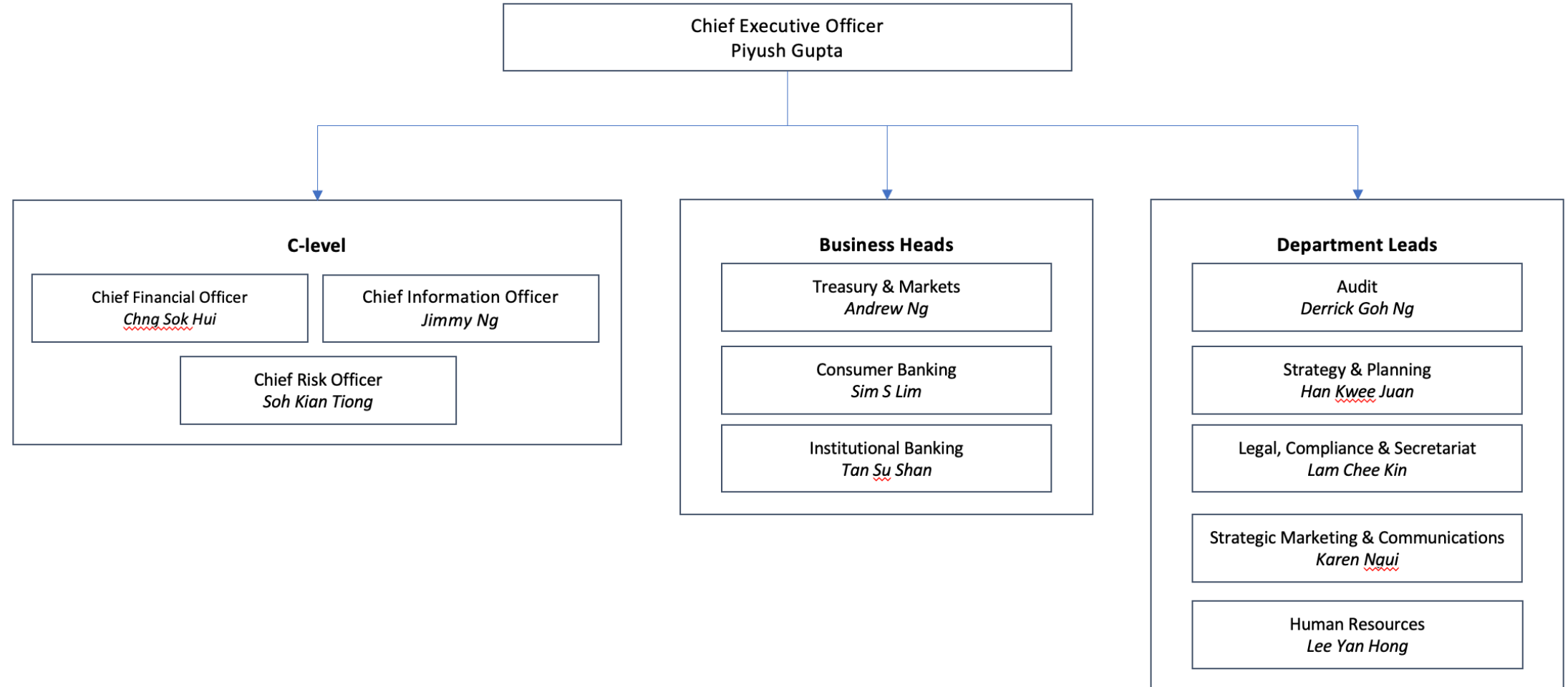
- ✓ The program will benefit more than two million DBS bank credit cardholders
- ✓ Customers in multiple Asian cities including Singapore, Indonesia and Hong Kong to benefit from the program
- ✓ DBS is the first regional issuer in Asia to offer BNPL services to its customers

Analyst View

- ✓ DBS should expand the scope of BNPL to its debit card holders
- ✓ Increase the tenure for repayment with the introduction of interest rates beyond a certain period
- ✓ Expand the acceptance of the program to online e-commerce channels and online retail stores
- ✓ BNPL can help attract and engage Gen Z customers, who can eventually become customers across multiple product categories.

Appendix

Key decision-makers



Piyush Gupta



Group CEO and MD

- Became the CEO and Director of DBS Group in November 2009
- Has 40 years of experience in the banking industry

Growth despite the pandemic:

“ The robust economic recovery belied a pandemic that continued to rage on for most of the year, which resulted in economic and border re-openings happening in fits and starts. Against this mixed backdrop, we turned in our best year ever, with not just excellent financial performance but also all-around delivery against key scorecard goals. ”

Positioning the bank for the future:

“ We believe the inorganic transactions and investments we made over the last 12 months will strengthen our franchise and position us well to ride the crest of a structurally rising Asia. We expect a payoff from these initiatives will materialize in the short to medium term. Looking further out, given that technological changes could fundamentally reshape the financial system, we must do what we can to be ahead of the curve. ”

*Direct quotes derived from the 2021 DBS Annual Report

Jimmy Ng



Group Chief Information Officer

- Became the CIO of DBS Group in August 2019
- Has more than 30 years of experience in wholesale and consumer banking businesses

Using emerging technologies to provide business solutions:

“

Our early adoption of blockchain, artificial intelligence (AI) and IoT a few years ago allowed us to reap the fruits of our labour. Through experimentation with and adoption of emerging technologies, we successfully developed a suite of scalable assets and achieved further breakthroughs.

”

Leveraging the power of cloud:

“

Our move to a hybrid, multi-cloud infrastructure resulted in greater resiliency, scalability, reduced infrastructure costs, and the flexibility to move between cloud computing models and service providers. Unlike most organisations that completely shifted to public cloud, we managed to achieve better results by re-engineering our existing private cloud.

”

*Direct quotes derived from the 2021 DBS Annual Report

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Insights



Immersions



Challenges

How can we help?

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