

NAMED BEST PRIVATE WEALTH MANAGEMENT BANK IN SOUTHEAST ASIA & SINGAPORE FOR 6 CONSECUTIVE YEARS
BY ALPHA SOUTH EAST ASIA



Asian Private Wealth

Robin Heng
Global Market Head
9th November 2017



Speaker Profile: Robin Heng, Global Market Head Bank of Singapore



Robin Heng

Global Market Head
Bank of Singapore

A veteran banker with more than 20 years of experience, Robin has held senior positions in various global financial institutions and acquired extensive expertise in the field of private wealth management.

His career at UBS saw him serve as Deputy Coordinator before becoming Managing Director and Head of UBS AG Hong Kong's South Asia desk. He served a stint at UBS AG Singapore as Deputy Country Team Head and Desk Head for Indonesia, helming as Executive Director. He started his career as a Management Associate with Overseas Union Bank Singapore, followed by eight years in Citibank Singapore holding various positions including Deputy Country Team Head.

Robin is currently an active member of the industry-endorsed Client Advisory Competency Standards (CACS) Continuing Professional Development (CPD) Advisory Group where he plays an important role upholding the requisite high level of competency in the wealth management industry in Singapore.

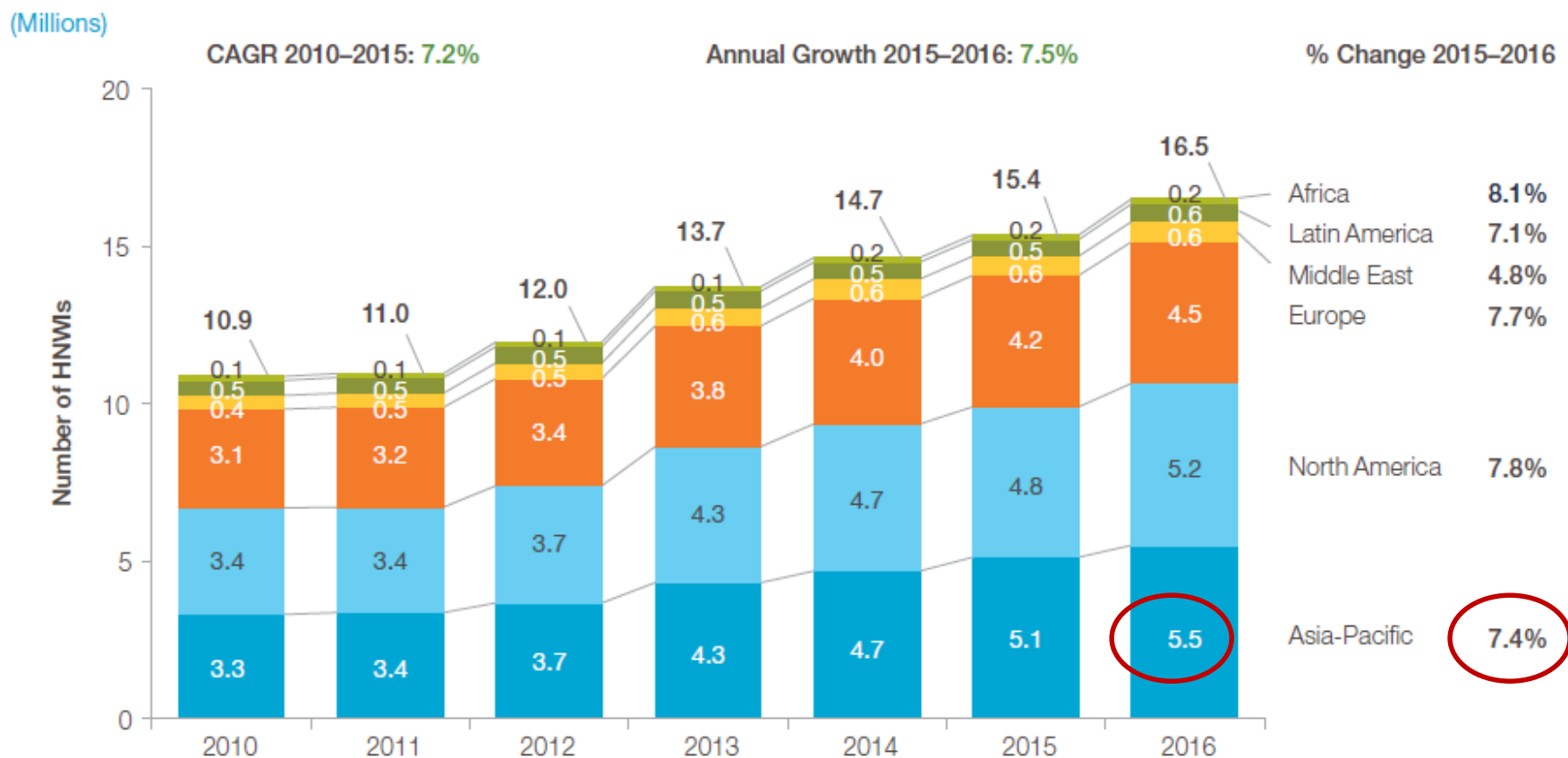
Robin holds a degree in Economics and Mathematics from the University of Alberta, Edmonton, Canada

Agenda

1. Overview of the Asian Private Wealth market
2. Standard Product and Service offering in Southeast Asia
3. Bank of Singapore's superior tailored service model
4. Advanced advisory offering by Bank of Singapore
5. About Bank of Singapore

Overview of the Asian Private Wealth Market (1/7)

As the largest region for HNWIs, in 2016 Asia Pacific saw a 7.4% increase in HNW population...

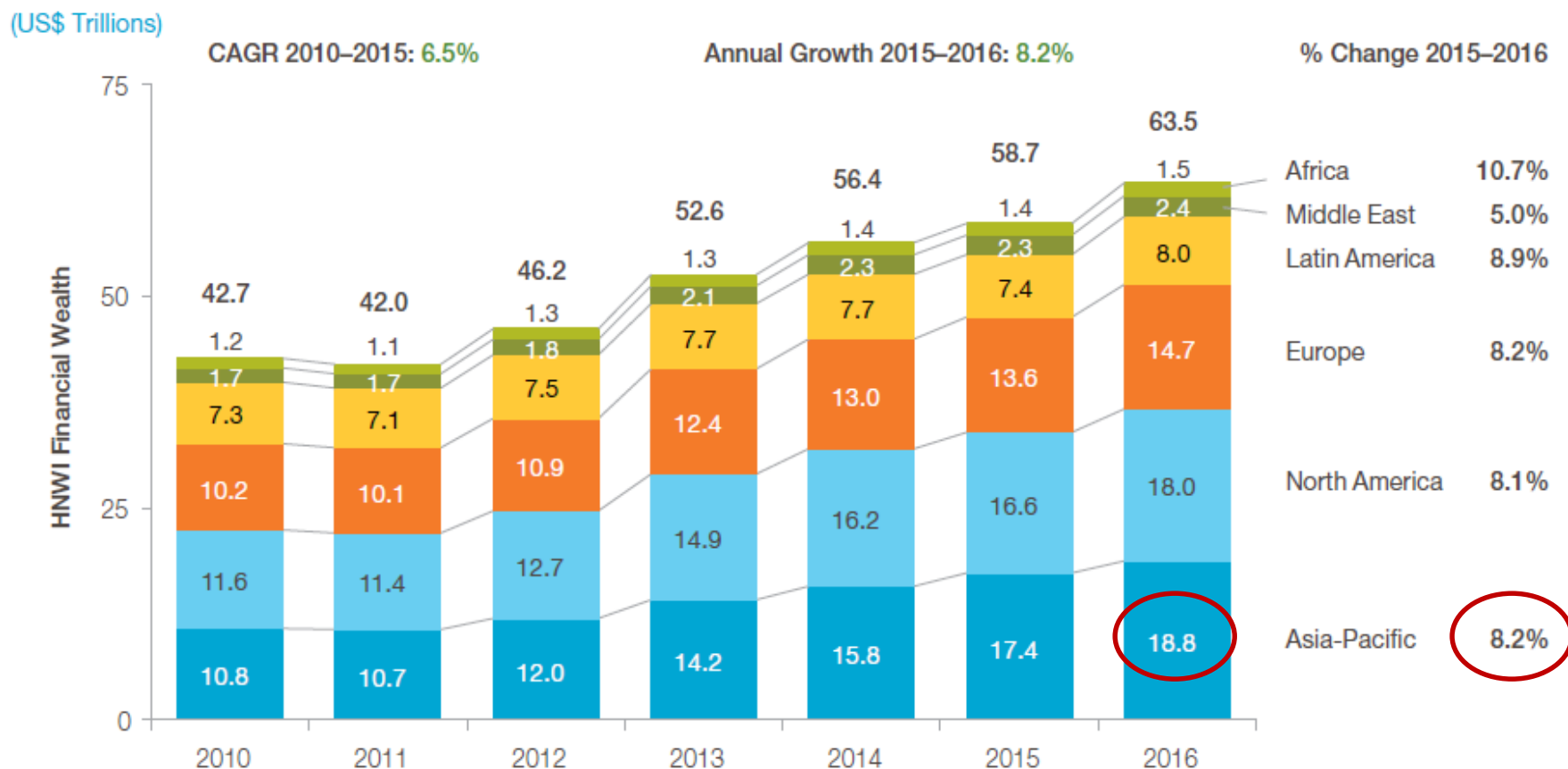


Note: Chart numbers and quoted percentages may not add up due to rounding

Source: Capgemini Financial Services Analysis, 2017

Overview of the Asian Private Wealth Market (2/7)

...and a 8.2% increase in HNWI wealth

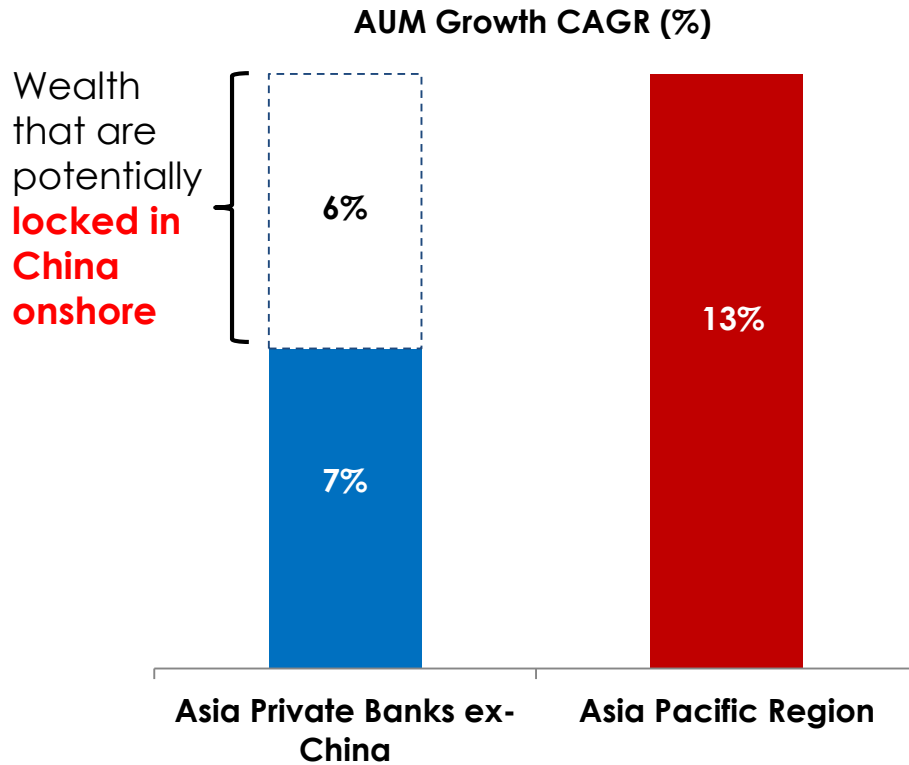


Note: Chart numbers and quoted percentages may not add up due to rounding

Source: Capgemini Financial Services Analysis, 2017

Overview of the Asian Private Wealth Market (3/7)

AUM growth at Asia's Top 20 Private Banks (ex-China) are lagging behind HNW wealth creation in Asia Pacific

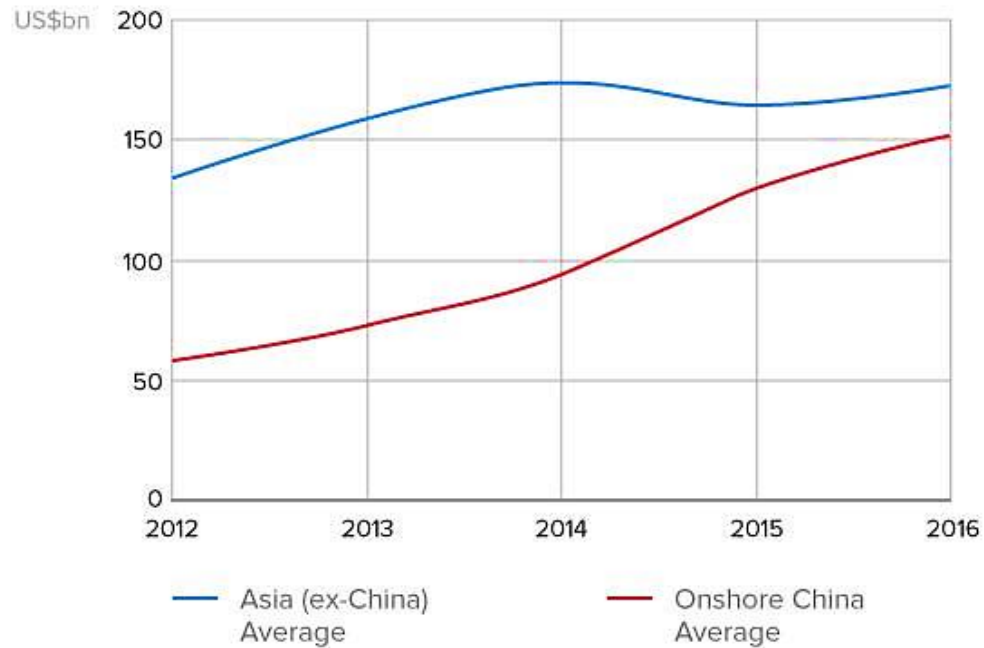


- AUM growth in Asia Pacific is mainly driven by China and Japan
- While Chinese investors seek for international diversification, **most of their wealth remain locked onshore** for the benefit of domestic private banks and wealth managers

Overview of the Asian Private Wealth Market (4/7)

Average AUM growth by China's Top 5 Private Banks outperform Asia (ex-China)'s Top 5

Asia (ex-China) vs onshore China
Average AUM for Top 5



Average AUM of **China's Top 5 Private Banks:**

- CMB Private Banking
- ICBC Private Banking
- BOC Private Banking
- ABC Private Banking
- BoCOM Private Banking)

...grew at a **CAGR of 27.0%** since 2012, compared to **Asia** (ex-China)'s **Top 5** of just **6.4%**

Overview of the Asian Private Wealth Market (5/7)

AUM League Table for 2016 in Asia

Rank	Change	Bank	2016 Asia AUM (US\$bn)	2015 Asia AUM (US\$bn)	2014 Asia AUM (US\$bn)	2013 Asia AUM (US\$bn)	2012 Asia AUM (US\$bn)	2015-2016 YoY %	2012-2016 CAGR %
1	-	UBS Wealth Management ^{1,3}	286.4	274	272	245	207	4.5	8.5
2	-	Citi (Incl. Gold, Private Client and Private Bank) ^{2,4}	218	210	255	238	210	3.8	0.9
3	-	Credit Suisse Private Banking ^{2,5}	163.8	150.4	154	131	120.8	8.9	7.9
4	-	HSBC Private Bank ²	108	112	112	108	91	-3.6	4.4
5	-	Julius Baer ^{2,4}	82.4	75.1	78.7	72	43	9.7	17.7
6	-	DBS (Incl. Treasures Private Client and Private Bank) ^{2,6}	81.2	75	73.2	54.6	46	8.3	15.3
7	↑4	Bank of Singapore ¹	79	55	51	46	43	43.6	16.4
8	↑2	BNP Paribas Wealth Management ²	74	64.5	59.3	50.8	42.3	14.7	15
9	↑2	Morgan Stanley Private Wealth Management ^{2,7}	71	72	70	65.2	58	-1.4	5.2
10	↑2	Goldman Sachs Private Wealth Management ^{2,8}	70	59	50	45	37.5	18.6	16.9
11	↑2	J.P. Morgan Private Bank ²	68	65	62	59	56	4.6	5
12	↑3	Deutsche Bank Wealth Management ^{2,4,8}	47.4	53.7	105.01	85.01	84.31	-11.7	-13.4
13	-	Standard Chartered Private Bank ^{2,4}	45	45	45	40.6	35	0	6.5
14	NEW	UOB Private Bank ²	32	26	N/A	N/A	N/A	23.1	N/A
15	-	LGT ^{2,9,10}	29.1	25.4	22.3	18.9	16.4	14.6	15.4
16	-	Hang Seng Private Bank ²	25	25	22	20	19	0	7.1
17	NEW	BOC(HK) ²	25	N/A	N/A	N/A	N/A	N/A	N/A
18	↑1	EFG Private Bank ^{2,11}	22	20	21	19.5	18.5	10	4.4
19	-	J. Safra Sarasin ¹	15.3	15.3	15	12.4	12.9	0	4.4
20	NEW	Union Bancaire Privée ^{2,12}	11.8	0.774	N/A	N/A	N/A	1424.5	N/A
Total ¹³			1,554.4	1,464.4	1,536.5	1,376.0	1,197.0		

¹ Publicly reported figures

² APB estimates

³ Assets include those booked in Hong Kong, Singapore, Taiwan, Japan, China

⁴ Assets include those booked in India

⁵ Assets include those booked in Singapore, Hong Kong, Australia, Japan, India, Switzerland

⁶ Assets include HNWLs with more than US\$1m in investible assets

⁷ Assets include those booked in Australia

⁸ 2015 total was restated by the bank

⁹ Assets exclude those booked in the Middle East

¹⁰ Assets exclude those from ABN AMRO acquisition

¹¹ Assets include those transferred from BSI Singapore

¹² 2015 figure reflects pre-Coutts acquisition number

¹³ Previous years' totals do not reflect the historical totals for 2016's Top 20 private banks by AUM

* All 2016 AUM totals in US\$bn according to 31 December 2016 conversion rate

For more information please contact

Sebastian Enberg | Editor

sebastian.e@asianprivatebanker.com | +852 2529 7377

www.asianprivatebanker.com

www.apb.news/2016aum

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Overview of the Asian Private Wealth Market (6/7)

Highlights of key activities in Asia in 2016-17

Greater China Bankers in hot demand

- Key veteran Greater China private bankers were added by Julius Baer, Credit Suisse as well as Standard Chartered in 2016

Onshore / offshore split

- Focus shifted to Southeast Asia and RMs with experience serving the SEA markets
- Banks struggled to find Singapore-based talents, turned onshore to poach frontliners from established domestic players to cover the offshore markets

The global Indians Strategy

- Grouping of India onshore and NRI segments as a global strategy emerged out of the PB space.
- BNP Paribas and Julius Baer adopted this global approach on grounds that it is an effective strategy to service NRI clients with a strong propensity for investing in India as well as Indian HNWLs with families abroad.

Dismantling of international desks







- In light of OECD's CRS regime, private banks have disbanded their international desks
- UBS launched a "foreigners resident desk", which has a similar concept to an international desk but only targets Singapore-domiciled clients to steer clear from CRS-related woes

IAMs lures bankers

- Number of private bankers looking to set up or join IAMs is on the rise; and given comply compliance burdens and decline of transparent, formula-based compensation models – trend is expected to continue
- Former senior Julius Baer and UBS private bankers have launched their own firms
- CAGR of 17%, industry AUM estimated to be US\$55-60 bio by 2020

Overview of the Asian Private Wealth Market (7/7)

Key trends of the Private Wealth industry in 2018

<i>Trends</i>	<i>Description</i>	<i>Impact on Wealth Management</i>
Rising US\$ interest rates	<ul style="list-style-type: none">• US\$ rate projections have been revised upwards• Higher Net Interest Margins for US\$ loans	
AuM growth slow down	<ul style="list-style-type: none">• Slower growth from asset performance• Alternative assets have better performance outlook	
Continued fee pressure	<ul style="list-style-type: none">• Downward pressure on pricing levels of trading and fee-based accounts• Due to greater transparency, disruptive competition, modest investment returns and shift to passive strategies	
On-going cost pressure	<ul style="list-style-type: none">• Due to legacy infrastructure upgrades and continued regulatory response costs	
Slowdown of lending growth	<ul style="list-style-type: none">• Lending penetration has reached historically high levels in Asia Pacific	
Increased cross-border outflows	<ul style="list-style-type: none">• Due to AEOI and tax amnesties, triggering cross-border outflows from emerging markets	

Source: Oliver Wyman (2017)

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Standard Product and Service offering in Southeast Asia (1/4)

Profiles of Asian HNWLs

HNWL are younger, and are **business owners**

Focus on **growing wealth**

Higher **risk appetite**

Portfolios **skewed** towards **domestic Asian markets**

Prefer investing in **tangible assets** such as **real estate**

Clients possess **higher level of understanding** of **financial** markets.

More **active** with **investments**

Look for an **increased day to day interaction** with the **relationship manager**

Asia is characterized by **family businesses**

Themes of wealth and **succession planning philanthropy**.

Private banking has to factor in **family dynamics, psychology** and **relationships**

Philanthropy has become a **key area** of focus.

Private bankers are helping clients to **Identify their crusade**



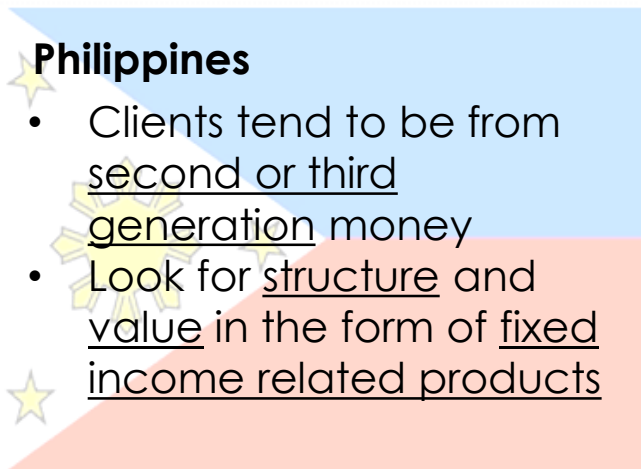

Asian HNWL are focused on achieving their **professional goals**

More interested in buying **luxuries** such as **cars, watches, jewellery** and **art**

Demand for **open architecture, large product** and **service** offering that has a **local representation** where relevant.


Standard Product and Service offering in Southeast Asia (2/4)

Understanding the Culture and Mix of Clients in Asian Markets

China  <ul style="list-style-type: none">• HNWI not particularly price sensitive• Preference for <u>Value-Added Services</u>• AUM much larger in China	Hong Kong  <ul style="list-style-type: none">• <u>Pricing</u> is a <u>key differentiator</u> if product offerings are similar.
Philippines  <ul style="list-style-type: none">• Clients tend to be from <u>second or third generation</u> money• Look for <u>structure</u> and <u>value</u> in the form of <u>fixed income related products</u>	Taiwan  <ul style="list-style-type: none">• Tend to <u>separate on-shore</u> and <u>off-shore</u> money• More open to <u>wealth preservation products</u> for their <u>off-shore</u> money

Standard Product and Service offering in Southeast Asia (3/4)

Understanding the Culture and Mix of Clients in Asian Markets

Singapore <ul style="list-style-type: none">• Clients are <u>brand conscious</u> and not particularly loyal• Assets spread among 5-6 private banks <u>to create competition</u> on price, performance and service delivery.	 Southeast Asia <ul style="list-style-type: none">• <u>Entrepreneurs</u> and <u>business owners</u> constitute huge share of the wealth market• <u>Greater</u> risk appetite• <u>Multiple</u> needs<ul style="list-style-type: none">• Finance <u>growth</u> of business• <u>Family Wealth</u> transfer
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Standard Product and Service offering in Southeast Asia (4/4)

Standard Private Banking service offering vs. Premier in Asia

Private Banking Offering

Customers:

- Exclusive HNW individuals
- Small number

Products:

- Retail Products
- Hedge funds/ Private equity/Structured products,
- Direct investment recommendations & advice
- DPM
- Retirement, tax, wealth and estate planning
- Offshore banking
- Family office services,
- Concierge services
- Charitable foundations
- Special purpose loans (portfolio, international, marine aviation, art)

Customer Service-all retail channels plus

- Separate discrete private banking offices
- Dedicated relationship manager
- Access to product specialists and bank senior management.

Premier Banking Offering

Customers:

- Universal Coverage
- Mass market, large number of customers

Products:

- Deposits
- Debit/Credit cards
- Mortgage loans
- Cheque accounts
- Mutual funds
- Execution only securities trading
- Margin lending
- Financial planning

Customer Service

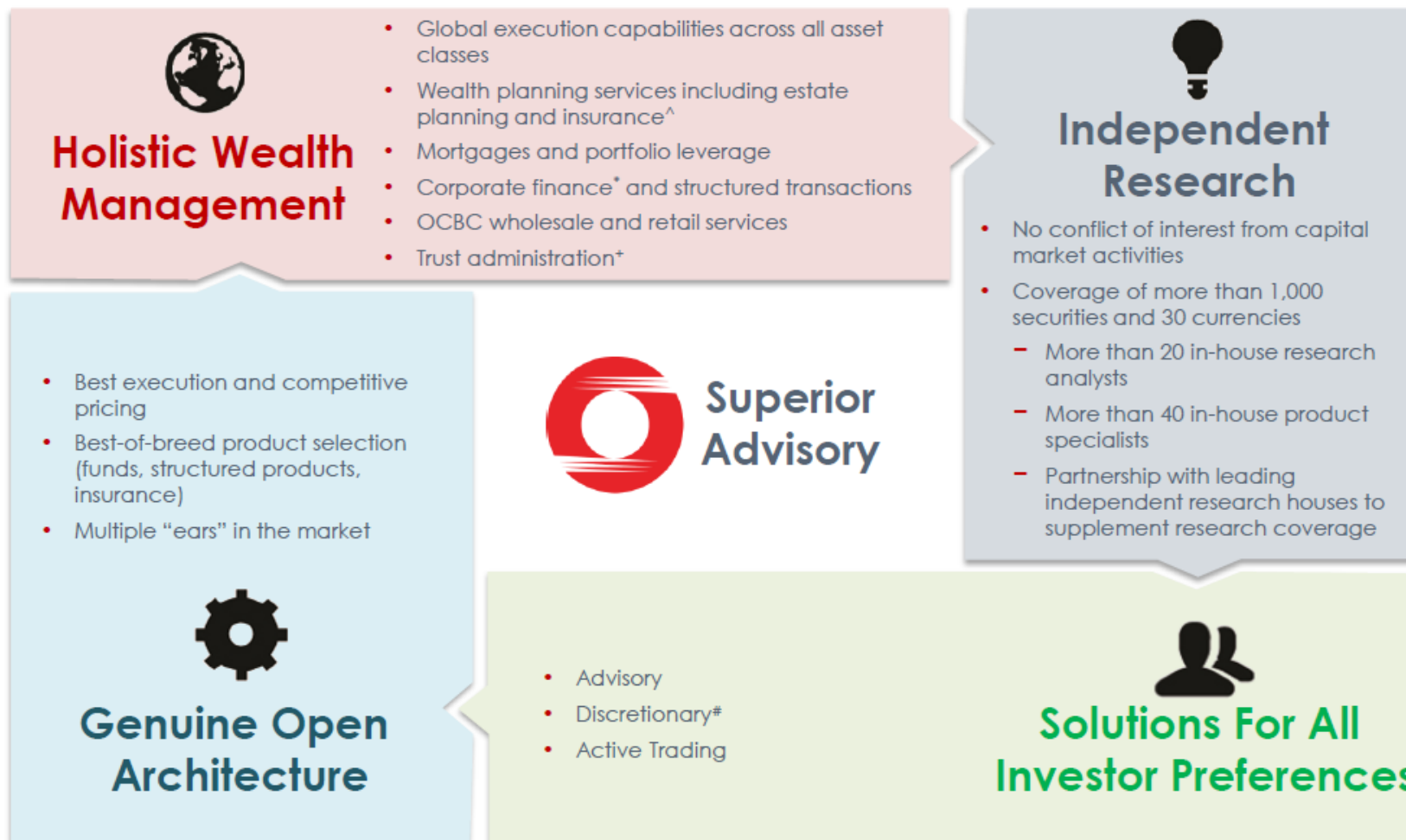
- Branch
- ATM
- Phone Banking
- Internet Banking

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Bank of Singapore's superior tailored service model (1/1)

Our Value Proposition on Superior Advisory



#. Discretionary programme services are only available in respect of accounts opened in Singapore +. Offered by Bank of Singapore, in Singapore

[^]. Insurance services are provided by external parties / insurance brokers introduced by the Bank * . Provided by OCBC or external parties introduced by the Bank

Source: Bank of Singapore

Advanced advisory offering by Bank of Singapore (1/1)

A Suite of Products for Wealth Creation, Preservation and Transmission



#. Discretionary programme services are only available in respect of accounts opened in Singapore *. Advisory Portfolio Management Services and Premium Advisory Services are only available in respect of accounts opened in Singapore ^. Insurance services are provided by external parties/insurance brokers introduced by the Bank +. Provided by OCBC or via external parties

Source: Bank of Singapore

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About Bank of Singapore (1/8)

Our Vision & Mission, Strategy & Objective Principles

Vision

Provide entrepreneurs, business families and professionals peace of mind in the management of their wealth, so our clients can focus on creating economic growth and preserving family values

Mission

- Provide personalised, research-based **advice**, delivered timely to our clients through Omni-channels
- Provide **access** to the best provider of solutions
- Provide **convenience** and ease of transactions
- Achieve **scale and expertise** in **all core markets**

Strategy



Objectives

- Top 3 Global Private Bank in Asia in terms of AUM, Revenue and Cost-Income Ratio
- Improve our BOS Net Promoter Score to 15%
- Recurring income level of more than 65%, aligned to our desired Cost-Income Ratio
- High Employee Satisfaction Survey scores relating to Employer of Choice questions
- High retention rate (100%) of our key talents
- Digitally enabled organisation; with 80% of our onboarded clients consistently utilising our digital applications
- Ensure processes are 80% standardised with 20% of allowable exceptions

About Bank of Singapore (2/8)

Future State

**BIGGER IN SOUTH EAST ASIA, GREATER CHINA AND NRI;
STRONGER IN THE MIDDLE EAST, INTERNATIONAL AND JAPAN**

Markets	South East Asia	Greater China & Japan	Global South Asia & Middle East	International (UK, CIS, EEA)
	Dominant market position at home	Leading player in Greater China and stronger in Japan	Market leader in global South Asia and the Middle East	Stronger in UK/CIS/EEA

Top 3 Global Private Bank in Asia

SOLUTIONS	CLIENT CENTRICITY	PLATFORM	PEOPLE
<ul style="list-style-type: none"> Differentiated offering and risk management by segment Advice with Risk Adjusted returns (through in-house & 3rd party partnerships) Strong Wealth Planning capabilities 	<ul style="list-style-type: none"> Seamless multi-channel experience Personalised Advisory process Tailored services by segments and needs 	<ul style="list-style-type: none"> Prudent risk management Automation to drive efficiency and scalability Digitally enabled Optimisation through centralisation 	<ul style="list-style-type: none"> Leadership for growth Common Core Values Accountable & empowered Talent Management

CORE COMPETENCIES

Exceptional advisory

Diversified Client Base

Diversified Offering

RECOGNISING KEY TRENDS IN THE WEALTH MANAGEMENT INDUSTRY

**GROWTH IN UHNW
SG & HK AS WEALTH
CENTRES**

**LOW INVESTMENT RETURN
ENVIRONMENT
(lower asset growth)**

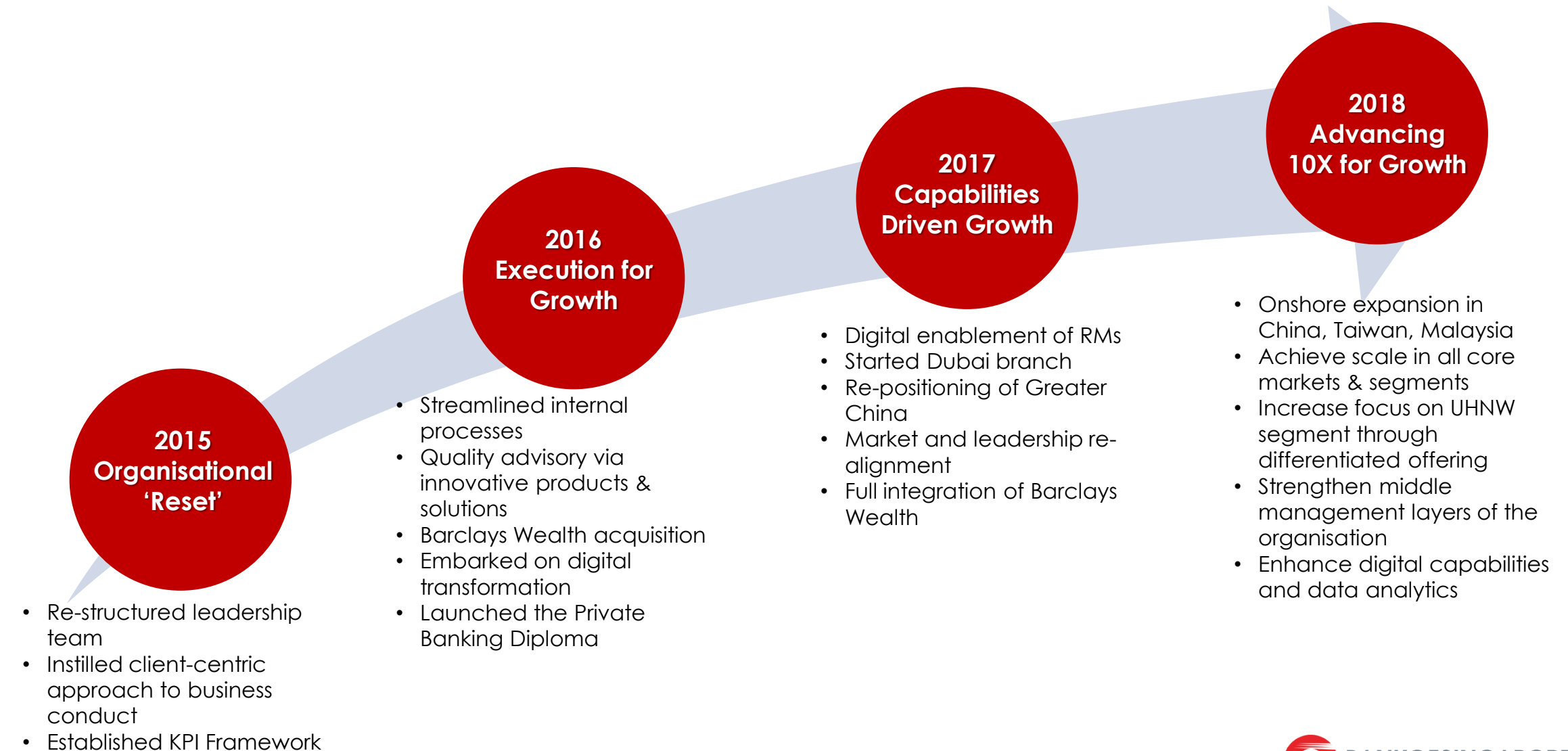
**SHIFT IN CLIENT NEEDS
RISE OF NEW SEGMENTS**

**ACCELERATING DIGITAL
INNOVATION**

**TIGHTENING REGULATIONS &
INCREASED TRANSPARENCY
(Fee and cost pressure)**

About Bank of Singapore (3/8)

Our Growth Journey



Source: Bank of Singapore

About Bank of Singapore (4/8)

Strategic Objective: Achieving leading position as Asia's Global Private Bank

1 FINANCIAL PERFORMANCE



- Top 3 Global Private Bank in Asia in terms of AUM, Revenue and CIR in all core markets
- Maintain industry leading Return on Assets given pressure on fees and pricing transparency
- Achieve ideal Cost Income Ratio for sustained profitability
- Improve Front Office efficiency to be inline with industry standards
- Maintain leading position in penetration of managed products

2 MARKETS & SEGMENTS



- Continue focus on HNW clients through standardisation of offering
- Target UHNW segment through differentiated approach and better solutions for intergenerational wealth transfer
- Standardise service model for the Core Wealth segment
- Achieve scale and dominance in SEA markets with selective onshore capabilities, leveraging on OCBC presence
- Growth focus on China and Japan; Grow target markets and segments in MEA
- Establish Luxembourg as a hub for European business
- Grow IAM segment in our key markets

3 CLIENT CENTRICITY



- Build and maintain long lasting relationships through targeted client acquisition strategy
- Implement a structured advisory process for consistent client experience
- Holistic, timely and relevant advice with RM at the centre of client relationship
- Seamless client experience with multi channel interactions
- Client centric front-to-back processes supported by analytics and digital tools

4 PEOPLE



- Instill strong culture of leadership, performance and common core values
- Create a digitally-enabled and collaborative work place
- Well informed, professional, and trusted advisors
- Continuous learning and development
- Diversity in talent acquisition
- Focus on strategic hiring, talent management and succession planning

5 PLATFORM & PROCESS



- High standards in compliance and risk management
- Cost discipline through effective, efficient internal processes
- Strong technology infrastructure to support automation and straight-through-processing
- Digital capabilities supported by data analytics to complement our advisory model

About Bank of Singapore (5/8)

Asia's Global Private Bank

Headquartered in Singapore, we operate from a strong and open economy. Our clients are assured of unrivalled stability and security. We serve clients from a network of offices, including a branch in Hong Kong and the Dubai International Financial Centre (DIFC), and representative offices in Manila and Dubai. In London, we serve clients through our OCBC London office.

Our clients have access to unbiased views from our strong in-house research team, best-of-breed financial products sourced from various financial institutions around the world, as well as our own proprietary products.

We are a wholly-owned subsidiary of OCBC Bank, Southeast Asia's second largest bank. All our clients enjoy access to OCBC Bank's full suite of products and services. This includes consumer and commercial banking solutions such as financing, insurance and brokerage services.



About Bank of Singapore (6/8)

Strength in numbers

Aa1
Moody's rating

We are the only Asian private bank to be awarded this outstanding rating by Moody's.*

Source: Moody's

US\$95_{bn}
AUM
(as of 30 Sep 2017)

Our clients trust us with more of their wealth. Our AUM (assets under management) has quadrupled since 2010.

1,900
Global staff strength

With more than 1,900 employees including over 400 experienced private bankers of multi-national origin, we serve over 10,000 clients around the world.

About Bank of Singapore (7/8)

Stable Management Team



Bank of Singapore was formed after the acquisition of ING Asia Private Bank (“IAPB”) by OCBC Bank on 29 January 2010. The combined private banking services of IAPB and OCBC were subsequently named Bank of Singapore.

Led by Chief Executive Officer Bahren Shaari, Bank of Singapore is one of the fastest growing private banks in Asia. Under his leadership, the management committee – most of whom have been with the Bank since its inception – is responsible for all our key markets.

About Bank of Singapore (8/8)

Highlights of our Key Awards in 2017

2017

Outstanding Private Bank in Southeast Asia

Outstanding Private Bank - Asia Pacific Regional Player

Best Discretionary & Advisory Service Offering (Highly commended)

By Private Banker International

Best Private Bank in Singapore

By FinanceAsia

Best Private Bank for Entrepreneurs in Asia Pacific

By Global Finance

Official opening of a branch at the Dubai International Financial Centre (DIFC)

Deepens our presence and commitment to serve clients in the Middle East.



BANK OF SINGAPORE

Asia's global private bank

A subsidiary of OCBC Bank

www.bankofsingapore.com