How we distribute value created

We distribute value to our stakeholders in several ways. Some manifest themselves in financial value while others bring about intangible benefits.

We define distributable financial value as net profit before discretionary bonus, taxes (direct and indirect) and community investments. In 2017, the distributable financial value amounted to SGD 5.92 billion (2016: SGD 5.80 billion).

In addition, we distribute non-financial value to our stakeholders in the following ways.

Customers

Delivering suitable products in an innovative, easily accessible and responsible way.

Read more about this on pages 42 to 47.

Employees

Training, enhanced learning experiences as well as health and other benefits for our employees.

Read more about this on pages 106 to 107.

Society

Supporting social enterprises, promoting financial inclusion, investing in and implementing environmentally-friendly practices.

Read more about this on pages 98 to 99.

Regulators

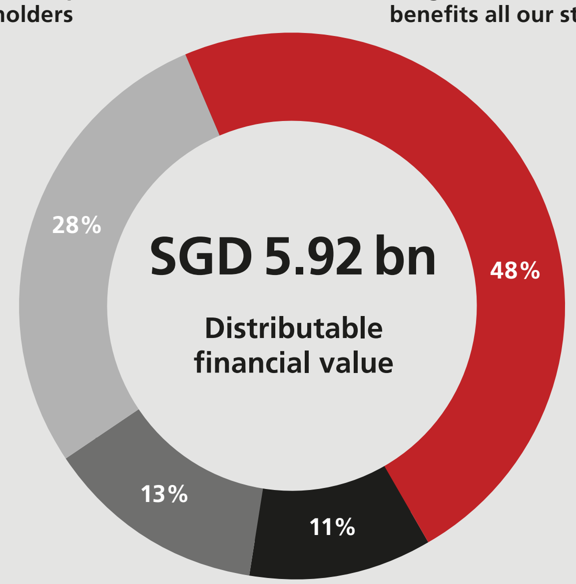
Active engagement with local and global regulators and policy makers on reforms and new initiatives that help to maintain the integrity of the banking industry.

Read more about this on page 29.

Distributable financial value

28%
Shareholders
Dividends paid to ordinary and preference shareholders and perpetual capital securities holders

48%
Retained earnings
Retained for reinvestment in our resources and businesses for growth which over time benefits all our stakeholders



13%
Society
Contributions to society through direct and indirect taxes, and community investments including donations, in-kind contributions and associated management costs

11%
Employees
Discretionary bonus paid to employees through variable cash bonus and long-term incentives

Material matters

Identify

We identify matters that may impact the execution of our strategy. This is a group-wide effort taking into account input from all business and support units, and incorporating feedback from stakeholders.

Read more about our stakeholder engagement on pages 28 to 29.

Prioritise

From the list of identified matters, we prioritise those that most significantly impact our ability to successfully execute our strategy and deliver long-term value to our stakeholders.

Integrate

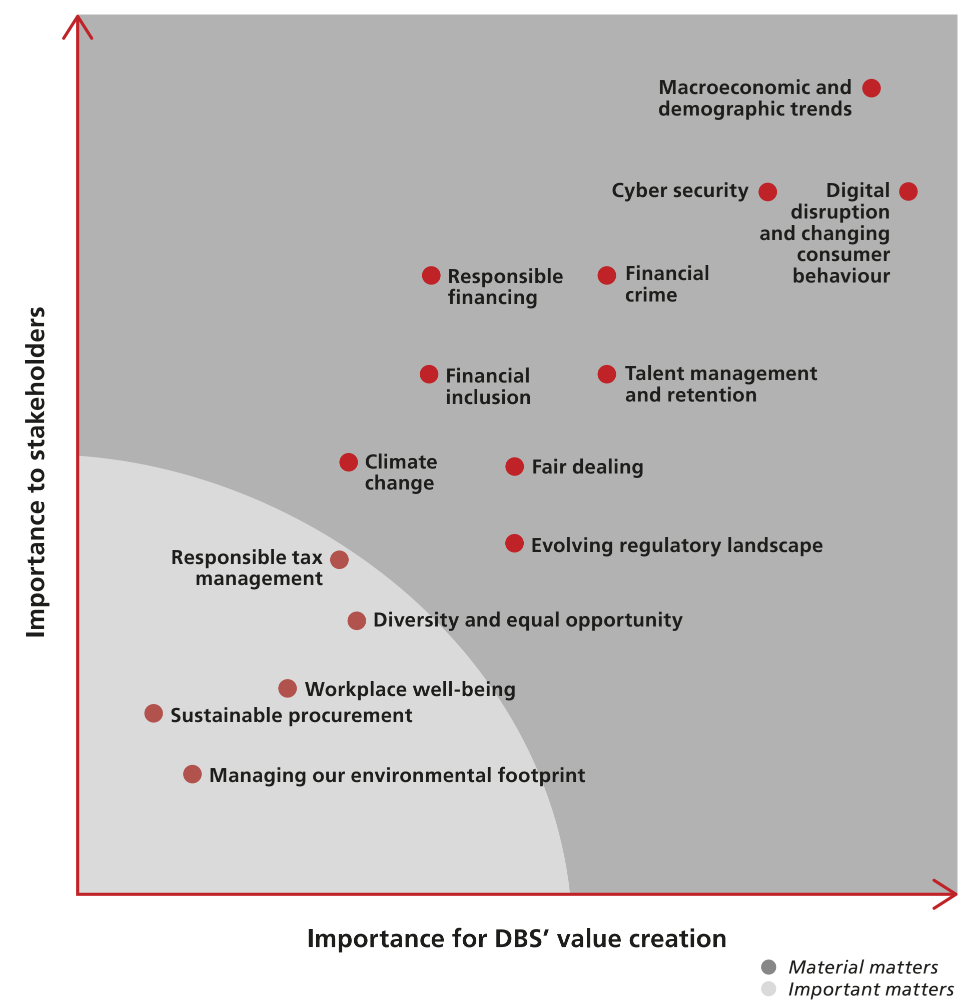
Those matters that are material to value creation are integrated into our balanced scorecard, which is used to set objectives, drive behaviours, measure performance and determine the remuneration of our people. Important matters are managed as part of our business and operational processes.

Read more about our balanced scorecard on page 38.

Material matters have the most impact on our ability to create long-term value. These matters influence how the Board and senior management steer the bank.

Material environmental and social matters are denoted with the symbols Ⓔ and Ⓢ respectively, and are further discussed in "Sustainability" on page 97. Governance matters are discussed in "Corporate Governance" on page 48.

DBS Materiality Matrix



Balanced scorecard indicator	Material matters	What are the risks?	Where do we see the opportunities?	What are we doing about it?
Shareholders	Macroeconomic and demographic trends	China's structural changes and multi-year reform agenda, geopolitical events such as rising tensions in North Korea or a step-up in trade barriers between the United States and China, and sociopolitical risks caused by tensions surfacing from the disenfranchised and underprivileged in society, could trigger corrections that adversely impact economic growth.	Asia megatrends – from growing affluence, increasing urbanisation, surging consumption to huge infrastructure investments – provide massive opportunities for banks to provide financing and financial services, particularly in our growth markets.	Our multiple business lines, nimble execution and strong balance sheet will enable us to mitigate the risks and capture opportunities across the region. *Refer to "CEO statement" on page 18.*
Employees	S Talent management and retention	Failure to attract and retain talent impedes succession planning and expansion into new areas. Employees risk obsolescence if they are not well-equipped with changing skillsets required in this new digital age.	We see the opportunity to transform our workforce into an innovative and tech-savvy 24,000-person start-up. This will enable us to be nimble and agile in responding to changes in our operating environment.	*Refer to "Employer of Choice" on page 105.*
Digital transformation	Digital disruption and changing consumer behaviour	Technology and mobility are increasingly shaping consumer behaviour. Traditional banks risk losing relevance to platform companies and fintechs.	A successful digital transformation will allow us to respond and innovate quickly to deliver simple, fast and contextual banking to our customers. This will help us protect our position in core markets as well as extend our reach into emerging markets.	*Refer to "Deeper. Broader. Smarter." on pages 12 to 17.*
Regulators	Evolving regulatory and reporting landscape	The evolving regulatory and reporting landscape – including Basel reforms, overhaul of accounting standards, taxation rules around technology/ digital businesses, and extraterritorial application of laws (e.g. Markets in Financial Instruments Directive and General Data Protection Regulation) – may affect banks' existing business models and give rise to compliance risks.	With capital well above regulatory requirements, we are in a strong position to serve existing and new customers. We also have greater flexibility for capital and liquidity planning. As a leading bank in our markets, we are well placed to provide appropriate responses to regulators and policy makers on regulatory developments.	*Refer to "CFO Statement" on page 30, "CRO statement" on page 68 and "Capital management and planning" on page 92.* *See also "Regulators and policy makers" on page 29.*
Enablers	S Cyber security	The prevalent threat of cyber attacks on financial institutions remains one of our top concerns.	A well-defined cyber security strategy that is well-executed gives confidence to customers and can differentiate us.	*Refer to "CRO statement" on page 70 and "Cyber security and data protection" on page 99*
	S Financial crime	Financial crime risks, including money laundering, sanctions and corruption, give rise to compliance and reputational risks.	A reputation for being clean and trustworthy can help us attract and retain customers and investors.	*Refer to "CRO statement" on page 70 and "Preventing financial crime" on page 99.*
	S Fair dealing	Banks are expected to deal honestly, transparently and fairly with customers, concepts which are articulated more explicitly in fair dealing standards. Failure to observe such standards gives rise to compliance and reputational risks, and erodes the trust of stakeholders.	Customers are more likely to do business with us if they believe that we are fair and transparent.	*Refer to "Fair dealing" on page 99.*
Society	E S Responsible financing	The public demands that banks lend only for appropriate corporate activities. Failure to do so gives rise to reputational and credit risks.	We have an opportunity to make a positive impact on society and the environment through our lending practices. Investors are increasingly looking to invest in companies engaged in sustainable practices.	*Refer to "Responsible financing" and "Sustainable finance" on page 100.*
	E Climate change	Climate change poses serious threats to the global economy and can give rise to reputational, credit and operational risks.	Banks can play an influential role in shaping the transition to a low carbon economy, which in turn brings new opportunities and business growth.	Climate change is a wide topic addressed in various parts of our business, including "Responsible financing", "Managing our environmental footprint" and "Sustainable sourcing". *Read more about this on pages 97 to 103.*
	S Financial inclusion	While Asia's rapid economic growth and development have led to an improvement in living standards across the region, certain marginalised segments remain underserved in financial services. Developing niche products for such segments may come at relatively high operating and credit costs for banks and erode shareholder value.	With technological advancements, we see opportunities to drive costs down and develop a more inclusive financial system. This aligns with our digital agenda.	*Refer to "Sustainable finance" and "Financial inclusion" on pages 100 to 101.*