

Remuneration report

We believe that our long-term success depends in large measure on the contributions of our employees. Our remuneration framework is designed to be consistent with market best practices, drive business strategy and create long-term shareholder value. Remuneration policies and practices as set out in the following report are governed by a set of sound principles which are in compliance with various regulatory requirements.

1 Objectives of DBS remuneration strategy

DBS' remuneration policy, which is applicable to DBS Bank and all our subsidiaries and overseas offices, seeks to ensure that we are able to attract, motivate and retain employees to deliver long-term shareholder returns, taking into consideration risk management principles and standards set out by the Financial Stability Board (FSB) and the Code of Corporate Governance.

When formulating our remuneration strategy, consideration was given to aligning our remuneration approach with DBS PRIDE! * values in order to drive desired behaviours and achieve the objectives set out in our balanced scorecard.

The following shows the three main thrusts of our remuneration strategy and how they are implemented within DBS:

Main thrusts	Details
Pay for performance as measured against balanced scorecard	<ul style="list-style-type: none"> • Instill and drive a pay-for-performance culture • Ensure close linkage between total compensation and our annual and long-term business objectives as measured by our balanced scorecard • Calibrate mix of fixed and variable pay to drive sustainable performance that is aligned to DBS PRIDE! values, taking into account both "what" and "how" key performance indicators (KPIs) are achieved
Provide market competitive pay	<ul style="list-style-type: none"> • Benchmark our total compensation against other organisations of similar size and standing in the markets we operate in • Drive performance differentiation by benchmarking total compensation for top performing employees against the upper quartile or higher in each market
Guard against excessive risk-taking	<ul style="list-style-type: none"> • Focus on achieving risk-adjusted returns that are consistent with prudent risk and capital management as well as emphasis on long-term sustainable outcomes • Design payout structure to align incentive payments with the long-term performance of the Group through deferral and clawback arrangements • Design sales incentive plans to encourage the right sales behaviour

* Read more on our PRIDE! values on page 67.

2 Summary of current total compensation elements

The table below provides a description of total compensation elements, their purpose and implementation:

Elements	Purpose	Details
Salary	<ul style="list-style-type: none"> Attract and retain talent by ensuring our fixed pay is competitive vis-à-vis comparable institutions 	<ul style="list-style-type: none"> Set at an appropriate level, taking into account market dynamics as well as skills, experience, responsibilities, competencies and performance of the employee Typically reviewed annually
Cash bonus and deferred awards	<ul style="list-style-type: none"> Provide a portion of total compensation that is performance-linked Focus employees on the achievement of objectives which are aligned to value creation for our shareholders and multiple stakeholders Align to time horizon of risk 	<ul style="list-style-type: none"> Based on DBS, business or support unit, and individual performance Measured against a balanced scorecard which is agreed to at the start of the year Awards in excess of a certain threshold are subject to a tiered deferral rate that ranges from 20% to 60% with a minimum deferred quantum

Country variations to the threshold and the form of deferrals may apply to address statutory requirements.

3 Determination of variable pay pool

The variable pay pool is derived from a combination of a bottom-up and top-down approach. It is underpinned by our aim to drive a pay-for-performance culture which is aligned to our risk framework.

Process	Details
Determining total variable pay pool	<ul style="list-style-type: none"> A function of our overall balanced scorecard and benchmarked against market. This is further calibrated against the following prisms: <ul style="list-style-type: none"> Risk adjustment through review of Return on Risk-Adjusted Capital (RoRAC) Appropriate distribution of surplus earnings (after cost of equity) between employees and shareholders
Allocating pool to business units	<ul style="list-style-type: none"> Pool allocation takes into account the relative performance of each unit against their balanced scorecard as evaluated by the CEO Inputs from control functions such as Audit, Compliance and Risk are sought Country Heads are also consulted in the allocation process
Determining individual award	<ul style="list-style-type: none"> Unit heads cascade their allocated pool to their teams and individuals Individual variable pay determined based on performance against goals and DBS PRIDE! values

The performance of control functions (Audit, Compliance and Risk) are assessed independently from the business units they support to prevent any conflicts of interests. The remuneration of the Chief Risk Officer (CRO) and Group Head of Audit are endorsed by the Chairman of Board Risk Management Committee and Audit Committee respectively and subsequently approved by the Board.

Sales employees are incentivised to promote the development of mutually beneficial long-term relationships with their customers, rather than a sole focus on short-term gains. Non-financial metrics such as customer satisfaction and compliance with fair dealing principles are incorporated into their KPIs.

4 Deferred remuneration

Plan objectives	Details
<ul style="list-style-type: none"> Foster a culture that aligns employees' interests with shareholders Enable employees to share in DBS' performance Help in talent retention 	<ul style="list-style-type: none"> Deferred remuneration is paid in restricted shares (DBSH Share Plan) and comprises two elements: the main award and retention award The retention award constitutes 20% of the shares given in the main award and is designed to retain talent and compensate staff for the time value of deferral Deferred awards vest over four years, and will lapse immediately upon termination of employment (including resignation) except in the event of ill health, injury, disability, redundancy, retirement or death Special Award is sometimes awarded as part of talent retention
Vesting schedule	Malus of unvested awards and clawback of vested awards
<p>Main Award</p> <ul style="list-style-type: none"> 33% vest two years after grant date Another 33% vest three years after grant date Remaining 34% vest four years after grant date <p>Retention Award</p> <ul style="list-style-type: none"> 100% vest four years after grant date 	<p>Malus and/ or clawback will be triggered by</p> <ul style="list-style-type: none"> Material violation of risk limits Material losses due to negligent risk-taking or inappropriate individual behaviour Material restatement of DBS' financials due to inaccurate performance measures Misconduct or fraud <p>Vested and unvested awards are subject to clawback within seven years from the date of grant</p>

Employees on sales incentive plans whose incentives exceed a certain threshold are also subject to deferrals which vest over three years and a 15% retention award.

Selective employees are awarded retention shares in light of market conditions and competition for talent. These retention shares are subject to DBS' usual four-year vesting period.

Read more about the Share Plan on page 107.

5 Summary of 2020 remuneration outcomes

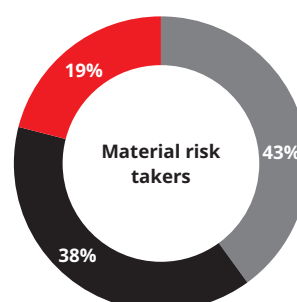
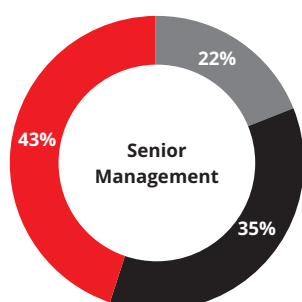
Our remuneration is linked to how we perform against our balanced scorecard (see pages 26 to 33) which is aligned to long-term value creation for our stakeholders in a sustainable way (see pages 66 to 67). Reflecting the lower balanced scorecard rating, caused by an unprecedented operating environment brought about by the global pandemic in 2020, our variable pay pool was lower than the previous year, with the per employee average variable pay down by a double-digit percentage. The Compensation and Management Development committee (CMDC) evaluated and approved the variable pay pool which was subsequently endorsed by the Board of Directors (Board).

In 2020, an external management consulting firm, Oliver Wyman, was engaged to provide an independent review of the Group's compensation system and processes to ensure compliance with the FSB Principles for Sound Compensation Practices. Oliver Wyman and its consultants are independent and not related to us or any of our Directors. The results of the review showed that we are in compliance with the FSB Principles for Sound Compensation Practices.

Senior management and material risk takers

In line with the principles set out by FSB, a substantial portion of remuneration (more than 50%) for our Senior Management as well as material risk takers (i.e. other employees whose actions have a material impact on the risk exposure of the bank) are variable. The variable remuneration in excess of a certain threshold are subject to deferral, thus ensuring alignment to the time horizon of risks.

The following charts show the mix of fixed and variable pay for both groups for performance year 2020:



Note:
We do not provide any other forms of fixed and variable remuneration aside from those disclosed in this section

● Fixed pay
● Variable pay-cash
● Variable pay-deferred shares and/ or deferred cash (including retention awards)

Our Senior Management's aggregate total remuneration in 2020 amounted to SGD 63.2 million, including the CEO's remuneration of SGD 9.2 million. This was 14% lower than 2019's aggregate total remuneration of SGD 73.5 million. Excluding the CEO's remuneration which has been separately disclosed, the median decrease in total remuneration and variable pay of the Senior Management who were members of the Group Management Committee for both 2019 and 2020 was 12% and 17% respectively.

While corporate governance guidelines recommend that at least the top five key executives' remuneration be disclosed, the Board believes that it would be disadvantageous for us to do so because of the constant battle for talent in a highly competitive industry. This is consistent with banking industry practice in the local market. However, we do provide additional information on the median decrease in remuneration and variable pay of our Senior Management in the year as detailed above.

Breakdown of deferred remuneration awards

Category	Senior Management ⁽¹⁾	Material Risk Takers ⁽²⁾
Total outstanding deferred remuneration⁽³⁾:		
Cash	0.6%	
Shares and share-linked instruments	99.4%	
Other forms of remuneration	–	
Total	100.0%	
Outstanding deferred and retained remuneration^{(3) (4)}:		
Of which exposed to ex-post adjustments		
Cash	0.6%	
Shares and share-linked instruments	99.4%	
Other forms of remuneration	–	
Total	100.0%	
Total amendment during the year due to ex-post explicit adjustments⁽⁵⁾:		
Cash	–	–
Shares and share-linked instruments	–	–
Other forms of remuneration	–	–
Total	–	–
Total amendment during the year due to ex-post implicit adjustments⁽⁵⁾:		
Cash	–	–
Shares and share-linked instruments ⁽⁶⁾	(9.0)%	(11.4)%
Other forms of remuneration	–	–
Total	(9.0)%	(11.4)%
Total deferred remuneration paid out in the financial year:	34.3%	32.2%
Headcount	20	234

- (1) Senior Management (SM) is defined as the CEO and members of the Group Management Committee who have the authority and responsibility for DBS' overall direction and executing to strategy
- (2) Material risk takers (MRTs) are defined as employees whose duties require them to take on material risk on our behalf in the course of their work. These can be either individual employees or a group of employees who may not pose a risk to DBS' financial soundness on an individual basis, but may present a material risk collectively
- (3) Due to data confidentiality, the total amount of deferred and retained remuneration for SM and MRTs have been aggregated for reporting
- (4) Retained remuneration refers to shares or share-linked instruments that are subject to a retention period under a share retention policy
- (5) Examples of explicit ex-post adjustments include malus, clawbacks or similar reversal or downward revaluations of awards. Examples of implicit ex-post adjustments include fluctuations in the value of DBSH ordinary shares or performance units
- (6) [No. of unvested DBSH ordinary shares as at 31 Dec 20 x share price as at 31 Dec 20] / [No. of unvested DBSH ordinary shares as at 31 Dec 19 x share price as at 31 Dec 19] -1

Guaranteed bonuses, sign-on bonuses and severance payments

Category	SM	MRTs
Number of guaranteed bonuses	0	0
Number of sign-on bonuses	0	3
Number of severance payments	0	0
Total amounts of above payments made during the Financial Year (SGD '000)	0	574

Other provisions

We do not allow accelerated payment of deferred remuneration except in cases such as death in service or where legally required. There are no provisions for:

- Special executive retirement plans;
- Golden parachutes or special executive severance packages; and/or
- Guaranteed bonuses beyond one year.

Chief Executive Officer

Since becoming CEO in November 2009, Piyush Gupta has grown DBS into a leading bank, widely recognised globally for its digital banking leadership. In the last 12 years, DBS has also built resiliency into its franchise, enabling it to withstand the global economic slowdown brought about by Covid-19 which paralysed economies around the world.

DBS' franchise has demonstrated remarkable strength despite the significant economic impact of the pandemic. Even in an extremely challenging operating environment, as a testament to the quality of the franchise and nimble execution, the bank registered a record profit before allowances of SGD 8.43 billion, up 2% from 2019. Business volumes were resilient as loans grew, fee income was stable and Treasury Markets income rose to a record. Expenses were well managed. Net earnings, however, declined 26% due to a quadrupling of total allowances as general allowances were conservatively set aside for asset quality risks arising from the pandemic.

DBS' early investments in digital transformation also paid off as both corporate and retail customers were able to bank with us in an uninterrupted manner from the safety of their homes, even as different markets experienced lockdowns and circuit breakers throughout the year. We also realised new opportunities for growth in the area of asset digitalisation, launching the DBS Digital Exchange which has the potential to reshape capital markets.

To address the massive changes to the future of work, DBS rolled out upskilling, reskilling and job-sharing programmes across the Group to better arm its workforce to be confident and future-ready.

The bank's efforts were recognised as DBS was named the "Best Bank in the World" by Global Finance in 2020, making it the third year in a row to be recognised on the world stage.

Holding on to its long-term view of the region, DBS also continued to build a meaningful presence in core markets such as India, China and Indonesia. For example, the amalgamation of Lakshmi Villas Bank with DBS Bank India afforded us the opportunity to enlarge our footprint in that market.

Notwithstanding the above, Mr Gupta's bonus was adjusted downwards by 27% (SGD 2.9 million) reflecting the difficult operating environment, general cutbacks adopted across the bank and the reduction in the bank's profits by 26%.

Breakdown of remuneration for performance year 2020 (1 January – 31 December)

	Salary remuneration SGD	Cash bonus ⁽¹⁾ SGD	Share Plan ⁽²⁾ SGD	Others ⁽³⁾ SGD	Total ⁽⁴⁾ SGD
Mr Piyush Gupta	1,200,000	3,413,200	4,507,300	62,130	9,182,630

(1) The amount has been accrued in 2020 financial statements

(2) At DBS, ordinary dividends on unvested shares do not accrue to employees. For better comparability with other listed companies, this figure excludes the estimated value of retention shares amounting to SGD 901,460, which serve as a retention tool and compensate staff for the time value of deferral. This is also similar in nature to practices in those companies which provide accrual of dividends for deferred awards

(3) Represents non-cash component and comprises club, car and driver

(4) Refers to current year performance remuneration – includes fixed pay in current year, cash bonus received in following year and DBS ordinary shares granted in following year