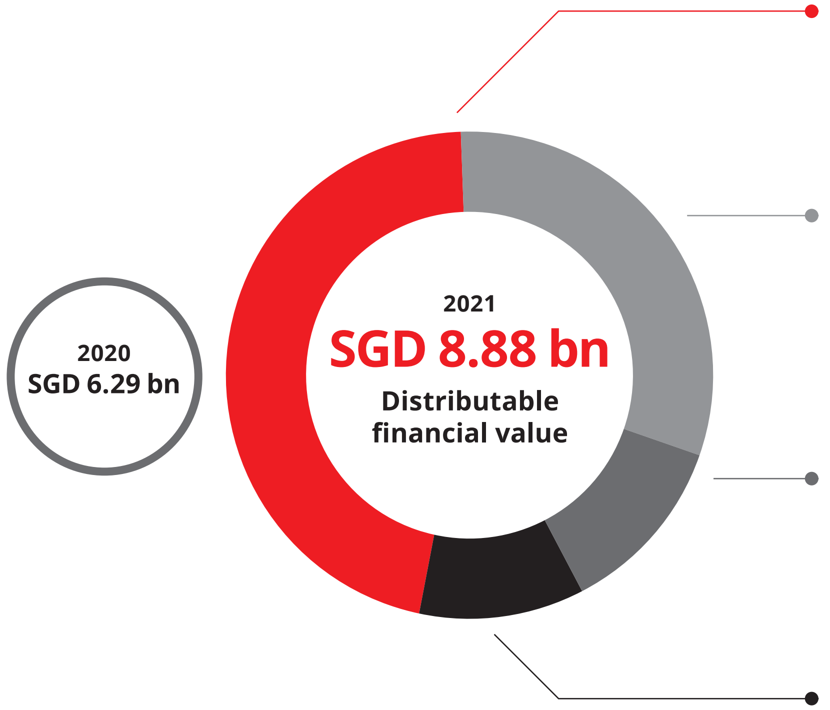
HOW WE DISTRIBUTE VALUE CREATED

Distributable financial value



46%
Retained earnings
Retained for business growth

31%
Shareholders
Dividends paid to ordinary and preference shareholders and holders of perpetual capital securities

12%
Society
Contributions to society through direct and indirect taxes, and community investments including donations, in-kind contributions and the cost of managing DBS Foundation

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

We distribute value to our stakeholders in several ways: some in financial value, others in intangible benefits.

We define distributable financial value as net profit before discretionary bonus, taxes (direct and indirect) and community investments. In 2021, the distributable financial value amounted to SGD 8.88 billion (2020: SGD 6.29 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 38 to 43.

Employees
Re-designing hybrid work environment that is collaborative, dialling up engagement programmes, enhancing learning and development, as well as providing health and other benefits for our employees.

Read more about "Employee well-being and managing talent" in the Sustainability Report.

Society
Championing social enterprises, promoting financial inclusion, and supporting communities through volunteer programmes, donations, and other in-kind contributions.

Read more about "Social entrepreneurship" in the Sustainability Report.

Regulators
Engaging 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 pages 76 to 77.

MATERIAL MATTERS

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

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

Read more about our stakeholder engagement on pages 76 to 77.

Prioritise
matters that most significantly impact our ability to successfully execute our strategy in delivering long-term value and influencing the decisions of key stakeholders.

Integrate
these matters that are material to value creation into our balanced scorecard to set objectives, drive behaviours, measure performance and determine the remuneration of our people.

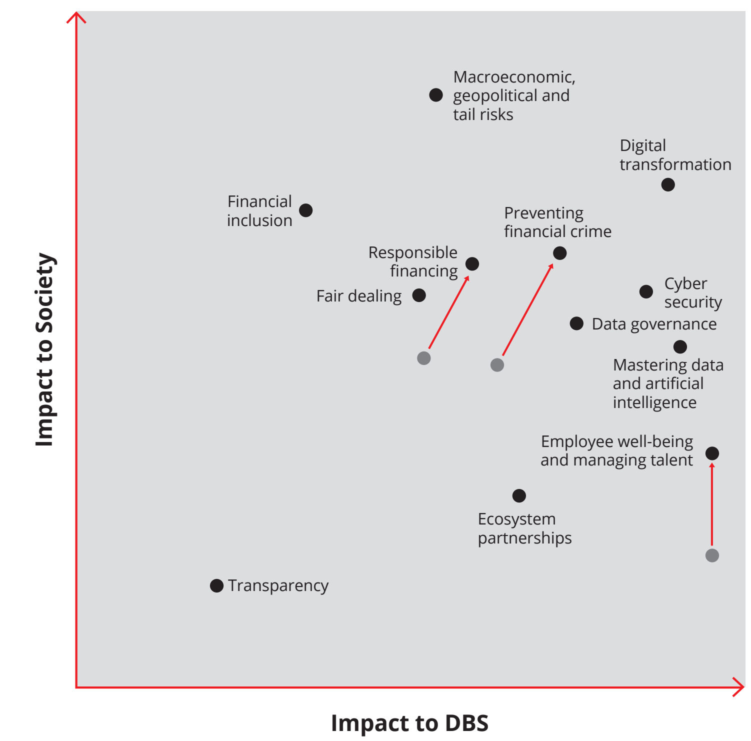
Read more about our balanced scorecard approach under "Our 2021 priorities" on pages 28 to 33.

In 2021, we re-validated the findings of our materiality assessment that had been completed in the prior year. The process included desktop research of external trends, data analysis, and regular dialogues with our key stakeholders through various platforms and feedback channels to gain insights and identify matters of key relevance to them.

"Responsible financing", "Employee well-being and managing talent", and "Preventing financial crime" were elevated in materiality. We consider these matters to be of increased importance as climate change, changing needs of employees, and the growing number of scams are key risks we need to sharpen our focus on.

Read more about material ESG matters in the Sustainability Report.

DBS 2021 Materiality matrix



Material matters	What are the risks?	Where do we see the opportunities?	What are we doing about it?
Macroeconomic, geopolitical and tail risks	Rising inflation driven by the gradual reopening of economies, impending interest rate hikes by central banks, and limited scope for fresh fiscal stimulus may lead to lower economic growth and increased vulnerability in the SME segment.	Higher interest rates will drive more fund-raising activities as corporates seek to lock in lower rates, and hedge against existing floating rate loans. In addition, the gradual reopening of economies will lead to more trade and travel. These open up opportunities for our capital markets, treasury, syndication, trade and retail businesses.	Our business franchise and balance sheet strength enabled us to swiftly capture regional opportunities as economies recovered. Business momentum was sustained throughout the year. Additionally, we had conservatively built up allowance reserves at the onset of the pandemic in 2020, which enabled us to benefit from asset quality improvements in 2021. We continued to invest in our long-term growth strategy. We acquired a 13% stake in Shenzhen Rural Commercial Bank and established a securities joint venture in China, while expanding on our digital capabilities in our core banking business. ***Read more in the "Letter from Chairman and CEO" on pages 8 to 11 and "CFO statement" on pages 20 to 27.***
Digital transformation	The pandemic has accelerated investments in digital transformation across all industries and increased the technological capabilities of all players. Customers are also becoming increasingly digitally-savvy, driving demand for digital innovations that offer greater convenience and an enhanced banking experience.	Our investments in new technologies and our digital transformation over the last nine years have enabled us to offer a differentiated experience to our customers, by making banking joyful. Banks that are able to deliver a seamless and differentiated experience will gain a greater wallet share of revenue.	We have pivoted to managing through journeys for our critical customer processes by organising horizontally across units and leveraging on data-driven operating models. This encourages greater accountability across teams and breaks silo thinking, enabling the bank to deliver a differentiated customer experience. ***Read more in "CIO statement" on pages 36 to 37, and "Our 2021 priorities" on pages 28 to 33.***
Mastering data and artificial intelligence (AI)	As banks rise to the challenge of meeting consumer demand for banking experiences that are intuitive, they will need to re-architect legacy technology and their data stack. Inability to manage this transition and derive benefits from AI technologies will result in loss of competitiveness and market share.	A clear strategy for data and AI delivered in our business operating model will help drive greater economic value through: (i) increased personalisation and improved experiences in customer and employee journeys; (ii) greater operational efficiencies and lower costs through higher automation; (iii) improved risk decisioning with new AI/ machine-learning models that leverage existing and new data sets; and (iv) more rapid innovation of new products/ services.	We have made AI central to our core strategy, and incorporated AI technologies into our management and operation processes. We have developed ALAN, an AI protocol platform, and integrated it with ADA, our data platform. These platforms enable our data scientists to shorten the cycle time required to build compliant AI models, and accelerate deployment of the models to improve our operations and decision-making, to deliver a differentiated customer experience. ***Read more in "CIO statement" on pages 36 to 37.***
Data governance	Rapid digitalisation has intensified data collection and data analytics use to drive new business initiatives. This has led to greater demand for enhanced standards of data protection and privacy. A weak data governance framework for data capturing, data quality and access will increase the risk of financial losses, regulatory fines and reputational damage.	Strong data governance programmes will deliver faster and sharper insights for decision-making, and enhance risk and fraud management to deliver positive business outcomes. In addition, it will enable intelligent use of data to build trust with our customers and deepen our relationships with them.	***Read more about "Data governance" in the Sustainability Report.***
Employee well-being and managing talent	The pandemic has permanently changed the way we live, learn and work. Employees seek flexibility in how they work – preferring a blend of working from home and in office. In addition, the prolonged pandemic has also impacted the mental well-being of the workforce. Companies unable to re-orientate their work practices and fail to pay greater attention to employee well-being will risk talent loss.	We believe that offering a conducive and collaborative hybrid work environment and employee engagement programmes, will help attract and retain the best talent for our workforce.	***Read more in "Employee well-being and managing talent" in the Sustainability Report.***
Ecosystem partnerships	E-commerce platforms are being adopted by corporates for supply chain management and by consumers for shopping and everyday needs. Parts of the revenue pool of financial services are shifting from traditional banking channels to digital platforms.	Banks that embed their financial services seamlessly within digital ecosystems will gain a disproportionate share of the revenue pool. Our extensive suite of application programming interfaces (APIs) positions us to provide seamless payment and financing solutions for e-commerce platforms, offering customers a differentiated experience.	We continue to build new partnerships with corporate supply chain ecosystems and consumer finance platforms to offer digital financing and payment solutions. In addition, we are leveraging blockchain and AI technologies, to collaborate in industry verticals and financial market infrastructure ecosystems. ***Read more in "2021 Priorities" on pages 28 to 33.***

Material matters	What are the risks?	Where do we see the opportunities?	What are we doing about it?
Responsible financing	We integrate environmental, social and governance (ESG) risks in our financing to promote sustainable economic growth and our long-term stability. We prioritise action on climate change given the urgency. Failure to do so may result in missed opportunities and in credit and reputational risks.	Responsible financing is paramount to supporting a green recovery and ensuring a just transition.	Determining suitable transition pathways for our customers enables us to build strong client relationships in sustainable financing and advance our net-zero commitment. ***Read more in "Responsible financing" in the Sustainability Report.***
Financial inclusion	The pandemic has widened the income and wealth gap, which marginalises certain segments of the community, weakens social cohesion and undermines prospects for an inclusive recovery.	Technology can make banking more inclusive and help communities achieve better financial health and well-being.	We are democratising access to financial solutions for the underbanked and addressing the financing gap for small businesses. ***Read more about "Consumer Banking/ Wealth Management" on pages 40 and 41 and "Financial inclusion" in the Sustainability Report.***
Preventing financial crime	Financial crime is a growing threat. It has evolved with the rapid advancement of digital technology and more efficient channels of fund transfers, resulting in heightened fraud and scam risks.	A robust governance framework and comprehensive data analytics and systems capability, prevent financial crimes and protects our customers and businesses.	***Read more in "CRO statement" on pages 34 and 35 and "Preventing financial crime" in the Sustainability Report.***
Cyber security	Business transactions have migrated online, while remote and hybrid work has become the new norm. New risks have emerged as cyber threat actors exploit gaps in the broadening technology environment, and amidst the changing business and operational environment.	A strong cyber security strategy builds confidence, and differentiates us in an increasingly digital space.	***Read more in "CRO statement" on pages 34 and 35 and "Cyber security" in the Sustainability Report.***
Fair dealing	Customers expect us to put their interests first by providing relevant information and appropriate recommendations in conducting our business.	Fair dealing is fundamental to our business, and we believe customers are more likely to bank with us when they trust we are fair and transparent.	***Read more about "Fair dealing" in the Sustainability Report.***
Transparency	Calls for more transparency in disclosure have been made to promote good governance, trust and decision-making. Failure to adequately respond may give rise to regulatory and reputation risks.	Greater transparency builds trust with customers, which helps grow share of wallet. It will also improve the speed of dispute resolution with customers and protect the reputation of the bank.	***Read more about "Corporate governance" on pages 44 to 60.***