

# How we create value – our business model

Our business model seeks to create value for stakeholders in a sustainable way.

Our strategy is clear and simple. It defines the businesses that we will do and will not do. We use our resources to build competitive advantages. We have put in place a governance framework to ensure effective execution and risk management. Further, we have a balanced scorecard to measure our performance and align compensation to desired behaviours.

*Read more about how we use our resources on pages 68 to 69.*



# How we develop and use our resources

We utilise or enhance our resources to differentiate ourselves and maximise value creation for our stakeholders in the long run. Read more about how we distribute the value created to our stakeholders on page 70.

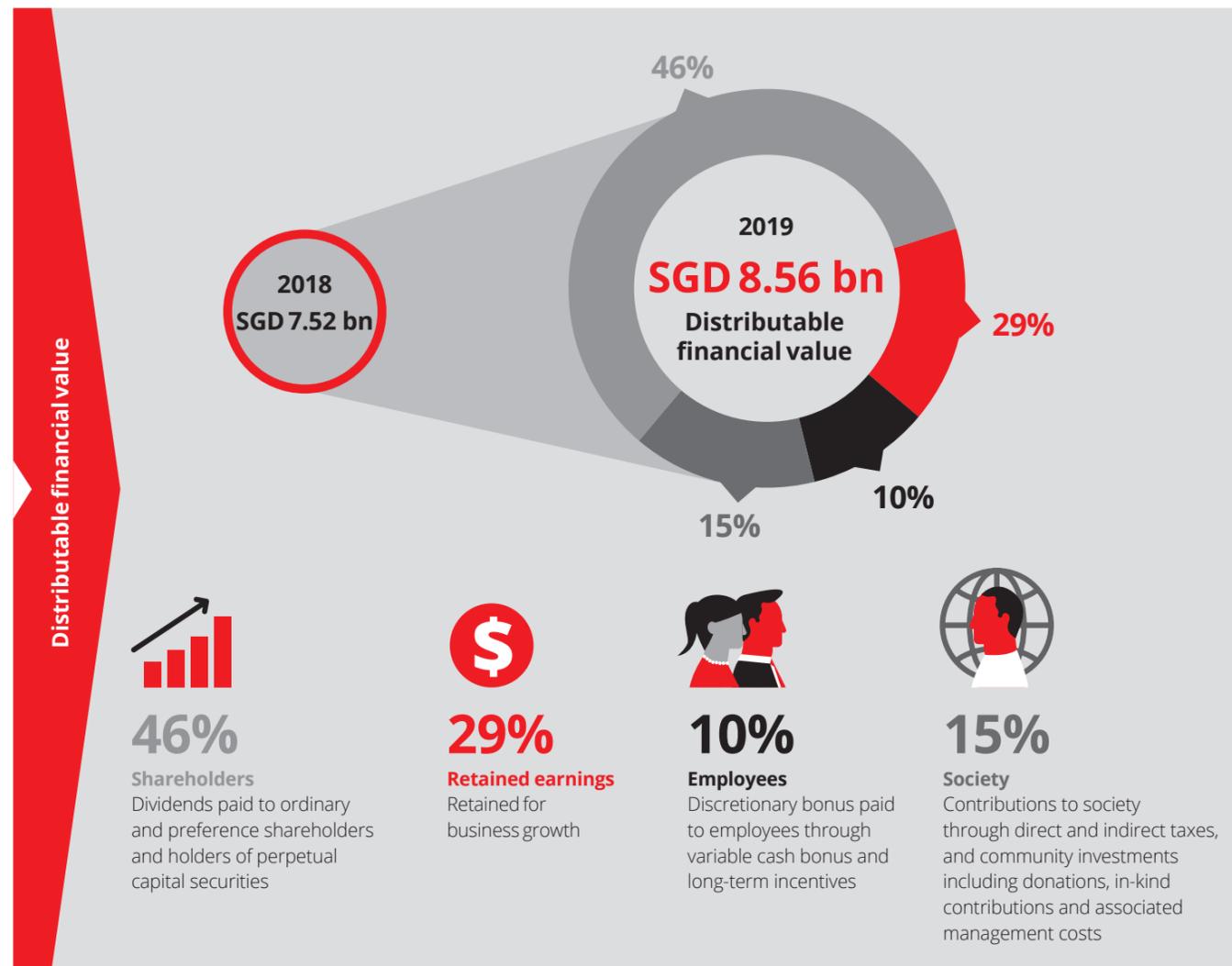
Resources	Indicators	2019	2018	Key highlights
 <p><b>Brand</b> A strong brand is an important business driver and allows us to compete not just locally, but also regionally.</p>	Brand value according to "Brand Finance Banking 500" report	<b>USD 8.5 bn</b> as of Feb 2020	<b>USD 9.0 bn</b> as at Feb 2019	<p>DBS became the first bank to concurrently hold three global best bank awards, comprising "World's Best Bank" by Euromoney, "Best Bank in the World" by Global Finance and "Bank of the Year – Global" by The Banker.</p> <p>In 2019, Harvard Business Review also featured DBS among the top 10 most successful business transformations of the decade, with the likes of Netflix, Amazon, Microsoft and Alibaba.</p> <p>We remained ASEAN's most valuable bank brand in 2019, based on Brand Finance's Banking 500 2020 annual global ranking.</p> <p><i>Read more about this on pages 38 to 43.</i></p>
 <p><b>Customer relationships</b> Putting customers at the heart of what we do helps differentiate ourselves in an industry as commoditised as banking, enabling us to build lasting relationships and deepen wallet share.</p>	<p>Customers</p> <ul style="list-style-type: none"> <li>– Institutional Banking</li> <li>– Consumer Banking/ Wealth Management</li> </ul> <p>Customer engagement measures<sup>(1)</sup> (1=worst, 5=best)</p> <ul style="list-style-type: none"> <li>– Wealth Management</li> <li>– Consumer Banking</li> <li>– SME Banking</li> <li>– Large corporates market penetration ranking (Only Asian bank in top 5)</li> </ul>	<p><b>&gt; 240,000</b> <b>&gt; 10.8 m</b></p> <p><b>4.25</b> <b>4.23</b> <b>4.30</b> <b>4<sup>th</sup></b></p>	<p><b>&gt; 200,000</b> <b>&gt; 10.0 m</b></p> <p><b>4.29</b> <b>4.21</b> <b>4.27</b> <b>4<sup>th</sup></b></p>	<p>In 2019, we grew our institutional banking base in our key markets, including Singapore and India. For consumer banking, we grew our base with digibank in India and Indonesia, and onboarded partners to enhance our customer value proposition and accelerate business growth.</p> <p>We maintained strong customer engagement scores across segments, and remain committed to improving customer journeys.</p> <p><i>Read more about this on pages 38 to 43.</i></p>
 <p><b>Intellectual capital</b> One key type of intellectual capital pertains to how we digitalise our business. Our digital transformation encompasses technology, customer journey thinking and a startup culture.</p>	<p>Number of data and analytics experts</p> <p>Number of software engineers</p> <p>Number of external APIs</p> <p>Digital connectivity</p> <ul style="list-style-type: none"> <li>– Digital customers<sup>(2)</sup> (consumer and SME businesses) in Singapore and Hong Kong</li> <li>– Digibank customers in India and Indonesia (since launch)</li> <li>– Channel share of wealth customers acquired digitally</li> </ul>	<p><b>&gt; 700</b></p> <p><b>&gt; 5,900</b></p> <p><b>&gt; 500</b></p> <p><b>3.3 m</b></p> <p><b>3.25 m</b></p> <p><b>52%</b></p>	<p><b>&gt; 500</b></p> <p><b>&gt; 4,700</b></p> <p><b>&gt; 350</b></p> <p><b>2.9 m</b></p> <p><b>2.70 m</b></p> <p><b>38%</b></p>	<p>We developed and launched DBS MAX, a seamless and instant payment collection solution for our merchants across Singapore, Hong Kong and India. In addition, we developed DBS IDEAL RAPID to integrate real-time processing and facilitate business transactions within customers' ecosystems.</p> <p>Digital connectivity increased the customers base in Singapore and Hong Kong and enabled us to expand in India and Indonesia.</p> <p><i>Read more about this on page 22 and pages 29 to 31.</i></p>
 <p><b>Employees</b> An agile and engaged workforce enables us to be nimble and react quickly to opportunities.</p>	<p>Employees</p> <p>Employee engagement score</p> <p>Voluntary attrition rate</p> <p>Training hours per employee</p>	<p><b>28,526</b></p> <p><b>83%</b></p> <p><b>13%</b></p> <p><b>38.7</b></p>	<p><b>26,857</b></p> <p><b>82%</b></p> <p><b>15%</b></p> <p><b>36.6</b></p>	<p>We continued to place employee development as our key priority through heavy investment in upskilling and reskilling of every employee.</p> <p>In 2019, we launched "Be My Guest" where an employee can sign up to join another department's offsite, townhall, meeting, or cross-shadow a senior leader to understand a day in the life of someone.</p> <p>We strengthened the bank's culture through refreshed PRIDE! behaviours. A dual-rating system was introduced to emphasise the "how", in addition to the "what" in employees' performance reviews.</p> <p>"Anytime Feedback" was also launched to drive a culture of openness and continuous improvement in every employee.</p> <p><i>Read more about "Talent management and retention" in the Sustainability Report.</i></p>

Resources	Indicators	2019	2018	Key highlights
 <p><b>Financial</b> Our strong capital base and diversified funding sources allow us to support our customers through good and bad times, and enable us to provide banking solutions competitively.</p>	<p>Shareholders' funds</p> <p>Customer deposits</p> <p>Wholesale funding</p>	<p><b>SGD 51 bn</b></p> <p><b>SGD 404 bn</b></p> <p><b>SGD 57 bn</b></p>	<p><b>SGD 49 bn</b></p> <p><b>SGD 394 bn</b></p> <p><b>SGD 46 bn</b></p>	<p>Our shareholders' funds continued to grow from retained earnings. We also grew our customer deposits and diversified wholesale funding sources.</p> <p><i>Read more about this on page 20.</i></p>
 <p><b>Physical Infrastructure</b> Our best-in-class technology and physical infrastructure allow us to be nimble and resilient.</p>	<p>Cumulative expenditure in technology – rolling four years</p> <ul style="list-style-type: none"> <li>– Building for digital<sup>(3)</sup></li> </ul>	<p><b>SGD 4.4 bn</b></p> <p><b>SGD 1.9 bn</b></p>	<p><b>SGD 4.3 bn</b></p> <p><b>SGD 1.8 bn</b></p>	<p>Over the past years, we invested in our technology platforms to become digital to the core.</p> <p><i>Read more about this on pages 14 to 15.</i></p>
 <p><b>Natural Resources</b> We impact the natural environment directly in our operations, as well as indirectly through our customers and suppliers.</p>	<p>Electricity generated from installed solar panels (MWh)</p> <p>Volume of renewable energy certificates (RECs) purchased (MWh)</p> <p>Value of green loans, renewable and clean energy-related loans</p>	<p><b>582</b></p> <p><b>14,000</b></p> <p><b>SGD 3.8 bn</b></p>	<p><b>462</b></p> <p><b>13,574</b></p> <p><b>SGD 2.5 bn</b></p>	<p>This year, we installed new solar arrays with capacity of more than 57 kWp on branches in Indonesia and Taiwan.</p> <p>We provided green loans, renewable and clean energy-related loans to our customers and supported them to improve environmental performance.</p> <p><i>Read more about "Responsible financing" and "Managing our environmental footprint" in the Sustainability Report.</i></p>
 <p><b>Societal relationships</b> We recognise that not all returns can be found in financial statements and our licence to operate comes from society at large.</p>	<p>Customers under Social Enterprise Package</p> <p>Value of social enterprise grants awarded</p> <p>Number of social enterprises nurtured</p> <p>Number of Social Impact Prize awarded</p> <p>Employee volunteering hours</p>	<p><b>597</b></p> <p><b>SGD 1.30 m</b></p> <p><b>&gt; 100</b></p> <p><b>8</b></p> <p><b>88,000</b></p>	<p><b>534</b></p> <p><b>SGD 1.25 m</b></p> <p><b>&gt; 40</b></p> <p><b>N.A</b></p> <p><b>65,000</b></p>	<p>We were named the inaugural winner of the "Social Enterprise Champion of the Year (Corporation)" award at the President's Challenge Social Enterprise Awards 2019 in Singapore.</p> <p>Through the DBS Foundation, we continued to advocate, nurture and integrate social enterprises into the operations and culture of the bank. We helped address their business challenges and grow their creative ventures into innovative and sustainable businesses.</p> <p>Our inaugural Social Impact Prize was awarded to innovative business plans/ startups/ early-stage ventures that address pertinent social challenges.</p> <p>We continued to focus employees' volunteering efforts on key areas of elderly, education and environment.</p> <p><i>Read more about "Social entrepreneurship" and "Employee volunteerism" in the Sustainability Report.</i></p>

Through the enhancement of our resources, value is created. We distribute this value to our stakeholders in several ways. Read more on page 70.

(1) Scale: 1 = worst and 5 = best. Source: Based on Customer Satisfaction Survey conducted by Scorpio Partnership, Ipsos and Qualtrics for Wealth Management, Ipsos and Qualtrics for Consumer Banking, Aon Hewitt for SME banking and Greenwich Associates for large corporates market penetration ranking  
 (2) A digital customer has either (within the past 12 months); (i) made a product purchase or segment upgrade via a digital channel; (ii) done more than 50% of financial transactions via digital channels; or (iii) done more than 50% of non-financial transactions via digital channels  
 (3) This relates to technology spend on specific IT initiatives and enhancements, depreciation and new licence costs

## 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 2019, the distributable financial value amounted to SGD 8.56 billion (2018: SGD 7.52 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

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

*Read more about "Talent management and retention" in the Sustainability Report.*

#### Society

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

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

#### 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 74.*

## 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 74 to 75.*

### Prioritise

From the list of identified matters, we prioritise those that most significantly impact our ability to successfully execute our strategy in delivering long-term value and influencing the decisions of key 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.

*Read more about our balanced scorecard on page 26.*

**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.**

We review material matters annually for relevance and prioritisation.

This year, we elevated the materiality for "Climate change", "Responsible financing", "Preventing financial crime", "Talent management and retention", "Data governance" and "Cyber security". The elevation reflected increased attention from stakeholders, as well as our expanded efforts to create value in these same matters.

*Read more about material ESG matters in the Sustainability Report.*

### Materiality matrix

