

DBS Group Holdings Ltd

Remuneration Report

Policy on Staff Compensation

DBSH adopts a total compensation programme for rewarding its staff of Vice President and above. This comprises base pay, variable cash bonuses, and long-term incentives in the form of stock options and performance shares.

The objectives of the compensation policy are to:

- (a) foster an ownership culture within DBSH which aligns the interests of staff with the interests of shareholders;
- (b) motivate staff to achieve performance standards of DBSH and their respective units;
- (c) make total compensation sufficiently competitive to recruit, motivate and retain senior executives having skills that are commensurate with DBSH's aspiration to become a Pan-Asian financial services provider.

The compensation policy takes into account pay and employment conditions within the financial industry and in comparable financial institutions, as well as the DBS Group's performance and the performance of individuals.

Remuneration of the Executive Directors

In determining the remuneration for executive directors, the policy is to ensure the following factors were taken into account:

- (a) The level of remuneration should be of a level to attract, retain and motivate the leadership of the Group to run the firm successfully;
- (b) Performance-related elements of remuneration should form a significant part of their total remuneration package;
- (c) There should be an alignment of their interest with those of shareholders of the firm; and
- (d) Remuneration is linked to the performance of the firm and individual performance.

This policy has been endorsed by the Compensation Committee and the Board.

The Compensation Committee also recommends the specific remuneration packages (which includes base pay, performance-related cash bonuses and long-term share plans as described above) for each executive director and the CEO for endorsement by the Board.

Where persons are recruited directly as executive directors, DBSH's policy is to fix an appointment period for the executive director and to include clauses relating to early termination. It is also the intention going forward that, for all individuals who are recruited as executives and subsequently appointed as directors, that their contracts will be amended to include a fixed term and clauses dealing with early termination.

Policy on Directors' Fees

DBSH's policy on directors' fees is that such fees should be competitive with regional competitors and should also have the effect of aligning directors' interests with that of shareholders'. Directors receive basic directors' fees and fees for being members of the Audit Committee, the Executive Committee and the Board Risk Management Committee. Directors are encouraged, but are not obligated, to invest half of their fees in DBSH shares and to hold not less than 50% of those for the duration of their term. Directors' fees are approved by shareholders at the AGM.

Disclosure on Remuneration

Non-executive Directors

Non-executive directors receive a basic annual director's fee of S\$40,000 each, while the Chairman receives S\$50,000. Audit Committee and Board Risk Management Committee members receive S\$6,000 per annum each while the Chairman of each Committee receives S\$15,000. DBS Bank Executive Committee members receive S\$6,000 each per annum while the Chairman receives S\$10,000 (no fees are paid to DBSH Executive Committee members).

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Breakdown of directors' remuneration

The following table shows the makeup (in percentage terms) of the average remuneration of directors, including those appointed and resigned/retired during the year. They are grouped by bands of S\$250,000 for the year ended December 31, 2002.

Remuneration bands	Salary	Bonus	Directors' fees	Share options grants ^{1/}	Others	Total compensation	Share options grants ^{2/}	Exercise price	Date of expiry
	%	%	%	%	%	%			
S\$4,000,000 to S\$4,249,999									
Philippe Paillart ^{3/}	15	41	1	34	9	100	200,000	S\$14.73	March 27, 2012
S\$3,750,000 to S\$3,999,999									
Jackson Tai	19	55	1	18	7	100	100,000	S\$14.73	March 27, 2012
Below S\$250,000									
Bernard Chen Tien Lap	–	–	100	–	–	100	–		
Fock Siew Wah	–	–	100	–	–	100	–		
Gail D. Fosler (Ms)	–	–	100	–	–	100	–		
Robert Montgomery Howe ^{4/}	–	–	100	–	–	100	–		
Tommy Koh Thong-Bee	–	–	100	–	–	100	–		
Moses Lee Kim Poo	–	–	100	–	–	100	–		
Leung Chun Ying ^{5/}	–	–	100	–	–	100	–		
Ng Kee Choe ^{6/}	25	48	2	21	4	100	75,000	S\$14.73	March 27, 2012
S Dhanabalan	–	–	64	–	36	100	–		
Thean Lip Ping ^{7/}	–	–	100	–	–	100	–		
Yeo Ning Hong	–	–	100	–	–	100	–		

1/ Valuation based on Black-Scholes Model.

2/ Refers to the number of unissued DBSH ordinary shares of par value S\$1.00 each under the DBSH Share Option Plan. Total amount awarded to the directors during the financial year has been included.

3/ Resigned on June 22, 2002.

4/ Resigned on August 20, 2002.

5/ Appointed on July 22, 2002.

6/ Appointed on December 17, 2002. Total compensation refers to compensation pro-rated effective from the date of directorship.

7/ Appointed on September 9, 2002.

Key Executives' Remuneration

The Code requires the remuneration of at least the top 5 key executives who are not also directors to be disclosed within bands of S\$250,000. DBS believes that disclosure of the remuneration of individual executives is disadvantageous to its business interests, given the highly competitive industry conditions, where poaching of executives has become commonplace in a liberalised environment.

Immediate Family Member of Director

The following table shows the makeup (in percentage terms) of the annual remuneration of an employee who is an immediate family member of a director.

Remuneration bands	Salary	Bonus	Share options grants ^{1/}	Others	Total compensation	Share options grants ^{2/}	Exercise price	Date of expiry
	%	%	%	%	%	%		
> S\$150,000 but < S\$250,000								
Immediate family member of the Chairman	41	20	29	10	100	10,000	S\$14.73	March 27, 2012

1/ Valuation based on Black-Scholes Model.

2/ Refers to the number of unissued DBSH ordinary shares of par value S\$1.00 each under the DBSH Share Option Plan.

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Share Plans

Details of the DBSH Performance Share Plan and the DBSH Share Option Plan (the "Plan") appear from pages 145 to 147 of the Directors' Report. In compliance with Rule 852 of the SGX Listing Manual, the following participants in the Plan received the following numbers of options:

Name of participant*	Options granted# during financial year under review	Aggregate options granted since commencement of Plan to end of financial year under review	Aggregate options exercised since commencement of Plan to end of financial year under review	Aggregate options outstanding as at end of financial year under review
Jackson Tai (Director)	100,000	287,375	0	287,375
Ng Kee Choe (Director)	75,000	364,400	0	364,400

* DBSH has no controlling shareholders and no disclosure is made in this respect

The options granted were in accordance with the terms of the Plan.

During the financial year:

- (a) no options were issued to any participant totalling 5% or more of the total number of options available under the Plan;
- (b) no options were issued to any director or employee of DBSH or its subsidiaries totalling 5% or more of the total number of options available to all directors and employees of DBSH and its subsidiaries under the Plan; and
- (c) no options were granted at a discount.

The aggregate number of options granted to the directors and employees of the DBS Group for the financial year under review was 14,285,000. The aggregate number of options granted to the directors and employees of the DBS Group since the commencement of the Plan to the end of the financial year under review is 38,153,990.

Approval by Shareholders

Shareholder approval was previously obtained for the implementation of the DBSH Share Option Plan and the DBSH Performance Share Plan. Directors' fees are also approved by shareholders at the AGM. The remuneration framework for executives and executive directors has also been approved by the Compensation Committee and endorsed by the Board. The Board considers that the remuneration framework does not need to be approved by shareholders.