

Corporate Governance Report

INTRODUCTION

At DBS Group Holdings Ltd (DBSH or the Group), good corporate governance is considered to be the cornerstone of a well-managed organisation. Good corporate governance goes beyond the output of transparent, timely and full financial disclosures to a gamut of decisions and structures manifested by board composition, decision-making powers, internal governance to instilling the right corporate culture across the organisation.

DBSH aspires to the highest standards of corporate governance, starting with the Board of Directors and continuing throughout the organisation. The promotion of corporate transparency, fairness and accountability is led by a highly qualified independent Board and aided by a seasoned and experienced management team.

Corporate governance is one important area of emphasis of the Group in strengthening the foundation of DBSH's long-term economic performance and ensuring the interest of DBSH shareholders and its stakeholders are looked after. Corporate governance remains an important focus of the Board of Directors to improve and promote across its subsidiaries, local and overseas.

As a financial institution, DBSH is also guided in its corporate governance practices by the Code of Corporate Governance 2005 (the Code) and the Governance and the Banking (Corporate Governance) Regulations 2005 issued by the Monetary Authority of Singapore (the MAS Regulations). For the financial year ended 31 December 2009, DBSH has generally adhered to the principles laid down by the Code and the MAS Regulations and where there is any deviation, appropriate explanation has been provided.

BOARD GOVERNANCE

Board responsibilities and accountability

Embedded in the principles of corporate governance is that the Board has a fiduciary role responsible for setting the strategic direction and long-term goals of the Group.

As elected representatives of the shareholders, the Board is expected to use its expertise and capability to vet corporate strategies, policies, plans and major decisions, and to oversee and monitor management in the interests of the shareholders and other stakeholders of the Group. Key to good governance in DBSH is an informed and well functioning Board of Directors.

Board Composition and Frequency

The present Board comprises a total of 11 members, 7 of which are independent non-executive members. The Board is of the view that this number is appropriate for the current scope of the Group's operations.

The Board meets at least four times in any given financial year, one meeting per quarter. A fifth meeting is added towards the end of the financial year to discuss and approve the budget for the Group for the coming year and period.

The Board sets its agenda for Board meetings well in advance with items proposed by the Group Chief Executive Officer (CEO) and senior management, so that each member has time to be conversant with the issues by timely dissemination of meeting papers, presentations and reports. The Group Secretary attends all Board meetings and ensures that all relevant regulations and established procedures regarding the conduct of the meeting are complied with.

The Board also delegates its authority and powers to specialised board committees to undertake detailed monitoring, advisory and oversight of tasks, such as financial audit, risk management, credit controls and approvals, compensation and management development for leadership. These committees confer greater quality on the stewardship and fiduciary responsibilities of the Board.

Independence of Directors

A basic tenet that DBSH espouses is to have a sufficient number of independent non-executive directors. In DBSH, the Board comprises 10 non-executive members, of which 7 are considered independent. Such numbers of independent directors and non-executive directors exceeded the requirements set out in the Code and MAS Regulations.

As at the date of this report, 7 directors – Mr Ang Kong Hua, Mr Andrew Buxton, Mr John Ross, Mr Christopher Cheng, Ms Euleen Goh, Dr Bart Broadman and Mr Peter Seah are considered independent by the Nominating Committee (NC).

The purpose of appointing independent non-executive directors is first to provide the Board with knowledge, objectivity, judgment and balance which may not be available if the Board consists only of full time executives; and secondly to ensure that the performance of the executive directors and the management of the Group are measured against key performance indicators previously set.

Independent directors of DBSH bring their special expertise and knowledge to bear on the strategy and enterprise of the Group. They each bring an independent judgment on issues of conformance and performance.

Prior to their appointment, the NC considers various attributes of an independent director which include that he should not be a former executive, a significant customer or supplier, that he is not recommended or appointed on the bases of personal relationships, not a close relative of any executive director nor someone who represents the Group's audit, law firm or be one of DBSH's consultants.

Mr Buxton, Mr Ross, Dr Broadman and Ms Goh are directors who are non-executive and totally independent as measured against the attributes. Mr Cheng, Mr Buxton, Mr Ang, Ms Goh and Mr Seah are on the board of companies that have a banking relationship with DBSH but the revenues arising from such relationships are insignificant and non material. Hence, the NC has decided that the directors are nonetheless considered independent.

Ms Goh and Mr Seah are also directors of companies linked to Temasek Holdings, DBSH's substantial shareholder. As their appointments are non-executive in nature and they are not involved in the day-to-day conduct of these companies' businesses, the NC has determined that they are nonetheless independent.

Mr Koh Boon Hwee and Mr Kwa Chong Seng currently sits on the board of Temasek as non-executive directors and are accordingly considered not independent of the substantial shareholder of DBSH. Mr Kwa Chong Seng is considered independent of management and business relationships.

Mr Ravi Menon, a non-executive director is currently a senior civil servant with the Singapore Government and hence, NC has considered Mr Menon not independent of substantial shareholder as the Singapore Government is also the ultimate shareholder of Temasek. Mr Menon is considered independent of management and business relationships.

To augment the independence assessment, the Board has put in place conflict avoidance procedures to provide guidance to directors and employees in situations where potential conflicts of interest could arise between a director's interest and the Group's interest. Such conflicts of interest could arise, for example, in lending relationships between the Group and a director's company, or where the Group provides products and services to a director's company. Appropriate account tagging mechanism is put in place to monitor and control future occurrences of conflicts, which are then escalated for aggregation purposes.

Term of appointment

Directors usually serve three three-year terms, which the Board considers an appropriate length of time for directors to immerse themselves fully in the Group's affairs and gain a sufficient understanding of the Group's operations so as to make an effective contribution as a director.

The Articles of Association requires one-third of the Board (being the longest in office) to retire from office every year at the annual general meeting. Therefore, by rotation, every director is required to submit themselves for re-nomination and re-election by shareholders at regular intervals of at least once every three years. As required by law, a director who reaches the age of 70 years is also required to retire and stand for re-appointment every year at the annual general meeting. The CEO, who is also a director, is subject to the same provisions as to retirement by rotation as the other directors of the Group.

Separation of the role of Chairman and the Chief Executive Officer

At DBSH, a clear division of responsibilities between Chairman and CEO allows the Chairman to assume the formal role of an independent leader that chairs all Board meetings and lead the Board in its oversight of management. At annual general meetings and other shareholder meetings, the Chairman plays a pivotal role in fostering constructive dialogue between shareholders, the Board and management. Any questions from shareholders are attended to and addressed at such shareholder meetings.

After the late Mr Richard Stanley took leave of absence on 27 January 2009, Mr Koh Boon Hwee had taken on active management oversight and relinquished the same following Mr Piyush Gupta's appointment as Group CEO on 9 November 2009. This is in line with the Group's policy of having Chairman and CEO positions held by separate individuals, with responsibilities of Chairman and CEO formalised by the Board.

The Group CEO heads the Group Executive Committee and the Group Management Committee which are the highest management bodies of the Group. He oversees execution of the Group's corporate and business strategy and is responsible for managing its day-to-day operation.

Corporate Governance Report

BOARD COMMITTEES

DBSH's governance practices require that specialised skills are best exercised through board level committees. In DBSH, these are:

- Audit Committee, supervises the Group's internal control procedures and interacts with the external auditor to ensure full compliance with the law and regulations governing accounting standards and financial reporting.
- Nominating Committee conducts a systematic search for candidates and review all nominations and assessment of independence.
- Compensation and Management Development Committee, oversees compensation policies and management development.
- Board Risk Management Committee, reviews and assesses a wide range of issues including capital adequacy, effectiveness of risk management and control activities and to ensure Basel Capital Accord requirements are met.
- Board Credit Committee, reviews and approves credit exposures of all tenors. This committee is constituted within DBS Bank Ltd only.

Terms of reference for each of the above Board committees are clearly defined. The terms of reference set forth the responsibilities of that committee, quorum and voting requirements as well as qualifications for committee membership, in line with the Code and MAS Regulations. Each committee has direct access to management staff and has the power to hire independent advisors as it deem necessary.

Audit Committee

The Audit Committee (AC) comprises Mr Ang (Chairman), Mr Cheng, Ms Goh, Mr Menon and Mr Seah, all non-executive directors. Mr Ang, the AC Chairman is an independent director.

In addition to the review of the Group Financial Statements, the AC reviews and evaluates with the internal auditors and external auditors, the adequacy and effectiveness of the Group's system of internal controls including financial, operational and compliance controls; and risk management policies and systems. It reviews the internal and external auditors audit plans, the effectiveness of audit, and the independence and objectivity of the external auditors.

The AC meets no less than four times a year with the internal auditors and external auditors. All AC meetings are also attended by Group Audit, Group Finance and Group Legal, Compliance and Secretariat. The AC has the discretion to invite any director and executive officer to attend its meetings. Separate sessions with external auditors are also held without

the presence of management at the end of each AC meeting, to consider any matters which might be raised privately. In addition, the Chairman of the AC meets the internal auditors on a regular basis to discuss the internal audit plan, work undertaken, key findings and any other significant matters arising from the Group's operations.

In respect of the 2009 financial year, the AC has reviewed the audited financial statements with management and the external auditors and is of the view that the Group's financial statements for 2009 are fairly presented in conformity with the relevant Singapore Financial Reporting Standards in all material aspects, based on its review and discussions with management and the external auditors.

The AC also performs an annual assessment of the effectiveness of the Group Audit's function and ensures that Group Audit has adequate resources to fulfil its mandate.

Nominating Committee

The Nominating Committee (NC) comprises Mr Ross (Chairman), Mr Ang, Mr Koh, Ms Goh and Mr Menon. Mr Ross, the NC Chairman is an independent director.

The NC reviews and recommends all director appointments to the Board for approval. The qualification and experience of potential board appointees are benchmarked against the criteria set out in the MAS Regulations to help the NC make an assessment of the candidates' suitability and potential contribution to the Group. Any candidate considered by the NC must have extensive commercial experience and hold senior positions, whether in the public or private sector, and must have built a reputation that demonstrates the ability to contribute to meaningful discussions and to make decisions at board level.

The NC also considers whether a candidate has the time and resources to make a meaningful contribution to the Group, given the candidate's other competing commitments, although no formal limit is imposed on the number of appointments which a director may hold.

In addition to reviewing board appointments, the NC also approves the memberships of various Board committee, appointments and reviews on an annual basis, the independence of each Board member measured against independence of business relationship, management and substantial shareholder criteria as prescribed under the MAS Regulations.

Compensation and Management Development Committee

The Compensation and Management Development Committee (CMDC) comprises Mr Kwa (Chairman), Mr Koh, Mr Cheng, Dr Broadman and Ms Goh.

The CMDC reviews and approves the overall remuneration principles of DBSH including the design of the framework of its performance driven compensation plans and the annual aggregate of performance-related cash bonuses and share grants for its employees. It also provides oversight on the remuneration of senior executives and determines the compensation of each executive director. In addition, it focuses on the progress of management development and succession planning programs of the Group to ensure that there is a robust plan on the management of people risk within the Group.

2009 was a transformational year for compensation practices throughout the financial industry where its principles and norms underwent intense scrutiny. A global supervisory and regulatory infrastructure was deemed to be an appropriate vehicle for making sound compensation practices, thereby resulting in the formation of Financial Stability Forum (FSF) for Sound Compensation Practice. FSF was then tasked to develop and recommend compensation guidelines and principles, to reduce excessive risk taking that may arise from the current compensation schemes.

Reviewing against FSF guidelines and principles, the CMDC believes that DBSH's compensation practices are sensible and aligned with the spirit of FSF as follows:

- Effective governance of compensation with active oversight by CMDC, which reviews and monitors DBSH's compensation system to ensure that staff engaged in risk and finance functions, are independent of the business area which they oversee.
- While there is an effective alignment of compensation with prudent risk taking in terms of linkages of bonus to performance of the Group and the mix of cash and equity in the compensation payout, the Group will continue to review its program around risk-adjusted compensation and will also be taking additional strides in 2010 to tighten this alignment.
- Transparency in the DBSH's disclosure to supervisors and regulators on its compensation programs to ensure effective supervisory oversight.

In addition to the above steps in ensuring the alignment of compensation with prudent risk taking and effective supervisory oversight, the CMDC will continue its focus on the following broad areas:

- To use different levers of compensation to recognize, reward and retain the best performers, and to reduce attrition amongst the more junior levels; and
- People development, aimed at building each employee's career and making sure there is a talent pipeline for the future.

Board Risk Management Committee

The Board Risk Management Committee (BRMC) comprises Mr Buxton (Chairman), Mr Koh, Mr Ross, Dr Broadman and Mr Seah.

The BRMC is responsible for oversight of risk governance, risk framework and limits for the Group. It approves the overall risk governance framework as well as the framework for credit, market and operational risks, including the applicable limits. It is also responsible for approving certain policies in accordance with regulatory requirements. The BRMC also monitors the Group's risk profile, including risk trends and concentrations.

During 2009, the Committee closely monitored the overall progress of the Group's implementation to meet Basel II requirements, receiving reports on progress and results of validation of Basel II models and approved the important aspects of the Basel II rating systems. The BRMC was engaged in ICAAP process to approve baseline and stress scenarios as well as to review the overall ICAAP stress test impact. With respect to the Group's initiative to adopt internal model approach for market risk capital charge, a workshop was conducted to update BRMC on the state of readiness for supervisory approval. The BRMC also reviewed key risk issues arising from the financial crisis in 2008 and its continued impact and implications on the Group's portfolios.

Board Credit Committee

This Committee comprises Mr Koh (Chairman), Mr Kwa, Mr Ang and Ms Goh. All credit exposures exceeding the limits delegated by the Board to management are approved by this Committee.

REMUNERATION MATTERS

Remuneration policy

The Group's remuneration policy is built on a system of meritocracy and is formulated to drive performance of its employees. The reward of an individual is closely linked to the performance of the Group, the unit in which the employee works for as well as the individual's performance. Performance is assessed based on a balanced scorecard of key performance indicators (KPIs) which include both financial and non-financial aspects ranging from people, customers, shareholders and risk and compliance objectives.

The Group does not practise provision of contractual payment relating to termination other than the usual notice period found in all our standard employment contracts. There is also no provision for special executive retirement plans, golden parachutes nor special severance packages for senior executives.

The remuneration policy is fundamental to achieving the Group's corporate goals.

Corporate Governance Report

Employees' remuneration

Employees' remuneration is based on total compensation. An employee's total compensation is benchmarked to the market and consists of three components: fixed pay, cash bonuses and long-term incentives. Each component plays a distinct role and objective in the makeup of the total compensation package. The long-term incentives are in the form of share grants. This is to ensure alignment with shareholders' interest.

The Group's approach to rewarding employees not only helps to attract, retain and motivate talented employees but also fosters

a performance-oriented culture across the organisation that will help attain the Group's financial objectives.

Directors' remuneration

The remuneration for executive directors and fees for non-executive directors reflect the scope and extent of a director's responsibilities and obligations. They are measured against industry benchmarks and are competitive.

The current fee structure is set out below.

Annual Fees for the Board

Board Chairman:	S\$130,000*
Director:	S\$80,000

* Includes a chairman fee of S\$50,000

Additional Fees for membership in board committees

Committee	Chairman	Member
Audit Committee	S\$50,000	S\$35,000
Board Risk Management Committee	S\$35,000	S\$20,000
Nominating Committee	S\$35,000	S\$20,000
Compensation and Management Development Committee	S\$35,000	S\$20,000
Board Credit Committee	S\$35,000	S\$20,000

Remuneration of Executive Directors

Certain principles are adopted by the Compensation and Management Development Committee in determining the remuneration for executive directors. Principally, the remuneration should motivate the executive directors to achieve the Group's annual and long-term goals to ensure that they are aligned with shareholders' interests. Performance-related elements therefore form a significant part of executive directors' total remuneration. Such performance elements focus on using a balanced scorecard covering shareholders, customers, employees and risk and compliance objectives. The Board endorses the Compensation and Management Development Committee's recommendation for each executive director's remuneration.

Executive directors are appointed under standard employment terms which include provisions for basic salary and performance bonus. There is no special provision for early termination of services.

Breakdown of Directors' remuneration

The following table shows the composition of directors' remuneration for 2009. Directors who were appointed or who resigned or retired during the year are included in the table.

The new Group CEO, Mr Piyush Gupta joined DBS Bank Ltd on 9 November 2009.

A special remuneration of S\$4.5 million (partly in cash and in shares) is being proposed to recognize Chairman Koh Boon Hwee's services relating to his active management oversight during the period after the late Mr Richard Stanley took leave of absence on 27 January 2009 and before Mr Piyush Gupta's start date on 9 November 2009. This award recognizes Chairman Koh Boon Hwee's contributions which are outside the scope of the ordinary duties of a non-executive director during the period of CEO transition. The award is subject to shareholders' approval at the forthcoming annual general meeting.

Breakdown of DBSH Directors' Remuneration for Performance Year 2009⁽¹⁾ (1 Jan 2009 – 31 Dec 2009)

Remuneration Bands	Salary Remuneration %	Cash Bonus ⁽²⁾ %	Share Plan %	Directors' Fees ⁽³⁾ %	Others %	Total %
\$S\$4,750,000 – \$S\$4,999,999						
Koh Boon Hwee ⁽⁴⁾	–	47	47	5	1	100
\$S\$3,000,000 – \$S\$3,249,999 ⁽⁵⁾						
Piyush Gupta ⁽⁶⁾	6	60	34 ⁽⁷⁾	– ⁽⁸⁾	–	100
\$S\$2,250,000 – \$S\$2,499,999						
Richard Stanley ⁽⁹⁾	18	–	77	1 ⁽¹⁰⁾	4	100
Below \$S\$250,000						
Ang Kong Hua ⁽¹¹⁾	–	–	–	100	–	100
Andrew Robert Fowell Buxton	–	–	–	100	–	100
Bart Joseph Broadman	–	–	–	100	–	100
Christopher Cheng Wai Chee	–	–	–	100	–	100
Euleen Goh Yiu Kiang ⁽¹²⁾	–	–	–	100	–	100
Kwa Chong Seng	–	–	–	100	–	100
John Alan Ross	–	–	–	100	–	100
Ravi Menon ⁽¹³⁾	–	–	–	100	–	100
Peter Seah Lim Huat ⁽¹⁴⁾	–	–	–	100	–	100
Wong Ngit Liong ⁽¹⁵⁾	–	–	–	100	–	100

(1) Refers to 2009 performance remuneration – includes fixed pay in 2009, cash bonus received in 2010 and shares granted in 2010.

(2) Based on amount accrued in 2009 financial statements. Amount finalised, approved and paid in 2010.

(3) Fees payable in 2010 for being an appointed Director in 2009. This is subject to shareholders' approval at annual general meeting on 30 April 2010.

(4) Includes a special remuneration of S\$4.5 million (partly in cash and in shares), subject to shareholders' approval at annual general meeting on 30 April 2010.

(5) This figure excludes the value of 79,113 DBSH shares comprised in an award granted to Mr Piyush Gupta under the DBSH Share Plan as part of his sign-on terms with DBS Bank Ltd in order to compensate him for the loss suffered upon the lapsing of share incentives granted during his previous employment amongst other things. Based on the closing price of the DBSH shares on the Singapore Exchange Securities Trading Limited on 31 December 2009 of S\$15.40 per share, the 79,113 shares have a value of approximately S\$1.2 million.

(6) Appointed as Director and CEO on 9 November 2009.

(7) Refers to the estimated value of DBSH shares granted in 2010 – forms part of 2009 variable performance bonus.

(8) Fees not retained by Director. Amount not meaningful.

(9) Ceased as Director, CEO and Member of BCC on 11 April 2009.

(10) Fees not retained by Director.

(11) Appointed as Member of BCC on 3 March 2009.

(12) Appointed as Member of BCC on 3 March 2009 and CMDC on 30 November 2009.

(13) Appointed as Director on 1 May 2009 and as Member of AC and NC on 6 July 2009.

(14) Appointed as Director and as Member of AC and BRMC on 16 November 2009.

(15) Stepped down as Director and as Member of AC, NC and CMDC on 31 August 2009

Corporate Governance Report

Immediate Family Member of Directors

There are no employees whose remuneration exceeded S\$150,000 during the year who is also an immediate family member of a director or the CEO.

Key executives' remuneration

Although the Code recommends that at least the top five key executives' remuneration be disclosed within bands of S\$250,000, the Board believes such disclosure would be disadvantageous to the Group's business interests, given the highly competitive conditions in the banking industry where poaching of executives is commonplace.

Long-term share incentives – DBSH Share Plan, Share Option Plan and Share Ownership Scheme

As the Group seeks to foster a culture that aligns the interests of employees with those of shareholders, it has put in place share-based plans for employees. These plans allow employees to share in the Group's growth and success. There are three plans – the DBSH Share Plan (Share Plan), the DBSH Employee Share Plan (ESP) and the DBSH Share Ownership Scheme (SOS).

Prior to 2009, DBSH Share Options Plan (SOP) was also part of the long-term share incentives put in place. The SOP has expired on 19 June 2009 and it was not extended or replaced. The termination of the SOP will not affect the rights of holders of any outstanding existing options.

Employees holding the corporate rank of Managing Director, Senior Vice President and Vice President are eligible to participate in the Share Plan. Rewards made under the Share Plan forms part of an employee's annual performance remuneration, which also includes cash bonuses. The portion of the performance remuneration paid in shares increases with the amount of the performance remuneration. The allocation of such awards will be linked to performance metrics designed to deliver shareholder value.

There are vesting periods for the Share Plan. The awards made under the Share Plan are time based. The time-vested Share Plan operates like restricted shares awards. It comprises two elements, namely, the main award and the 'kicker' award. The shares comprised in the 'kicker' award constitute 20% of the shares comprised in the main award. Fifty percent of the shares comprised in the main award will vest two years after the date of grant. The remainder fifty percent of the shares comprised in the main award, together with the shares comprised in the 'kicker' award, will vest three years after the date of grant. The CMDC will review the vesting period of such time-based awards with a view to extend the vesting period in line with the recommendations from the Financial Stability Board.

The aggregate total number of new DBSH ordinary shares that may be issued under the Share Plan and SOP at any time may not exceed 7.5% of the issued ordinary shares (excluding treasury shares) of DBSH. At an Extraordinary General Meeting held on 8 April 2009, DBSH Share Plan was extended for another ten years, from 18 September 2009 to 17 September 2019, provided always that the DBSH Share Plan may continue beyond the above stipulated period with the approval of the shareholders of DBSH by ordinary resolution in general meeting and of any relevant authorities which may then be required.

Details of the Share Plan and SOP appear in pages 153 to 154 of the Directors' Report.

The ESP caters to employees of the Group who are not eligible to participate in the Share Plan. The allocation of such awards is made selectively linking to the contributions of an individual. There are vesting periods for the ESP. Similar to the Share Plan, the awards made under the ESP are time based. The shares will vest at fifty percent two years after the date of grant and the remainder fifty percent three years after the date of grant.

In addition, employees who are not eligible for the Share Plan are eligible to participate in the SOS. The SOS is a market purchase plan administered by DBS Trustee Ltd, a wholly-owned subsidiary of DBS Bank Ltd. Under the SOS, all confirmed employees with at least one year of service can subscribe up to 10% of their monthly base pay to buy units of DBSH ordinary shares, with DBSH contributing an additional 50% of the amount the employee contributes.

Board meetings and attendance

In the financial year just passed, there were a total of 9 Board meetings including the 5 scheduled Board meetings. At these meetings, the Board reviews the Group's financial performance, corporate strategy, business plans, potential strategic acquisitions or alliances, strategic or significant operational issues and significant matters attended to by Board committees. The Board also reviews the Group's long term corporate strategy and business plans and budget, including principal issues and challenges that the Group may face in the future in at least one of the Board meetings during the year. In addition to the scheduled meetings, ad hoc meetings were also held when necessary.

When exigencies prevent a Board member from attending meetings in person, he can participate by telephone or video-conference. Board approval for less time critical matters may be obtained through written resolutions approved by circulation.

Board directors attend the annual general meeting, Board meetings and meetings of the committees on which they serve, and they spend the time needed to properly discharge their responsibilities. Materials and information important to the understanding of the matters to be reviewed during the meetings are distributed to the directors in advance of the said meetings to provide sufficient time for the directors to prepare ahead for such meetings.

During the financial year, the Board and key management met in a two-day close door offsite meeting to deliberate on the strategy and action plans covering various aspects of the

Group's overall strategy on future growth and an in-depth review of business operation of the Group. The offsite session also enabled the Board members to interact more actively with management on general operational issues. It provided a healthy forum for board members and management to discuss matters informally.

The table below sets out the number of meetings held and the number of meetings attended by the Group's Directors, including meetings of the Board Committees during the financial year ended 31 December 2009.

ATTENDANCE AT BOARD AND COMMITTEE MEETINGS

Name of Director	Board Meetings (Board)		Audit Committee Meetings (AC)		Board Risk Management Committee Meetings (BRMC)		Board Credit Committee Meetings (BCC)*		Nominating Committee Meetings (NC)*		Compensation and Management Development Committee Meetings (CMDC)	
	No. of Meetings		No. of Meetings		No. of Meetings		No. of Meetings		No. of Meetings		No. of Meetings	
	Held@	Attendance	Held@	Attendance	Held@	Attendance	Held@	Attendance	Held@	Attendance	Held@	Attendance
Koh Boon Hwee	9	9	–	–	6	6	27	27	11	11	4	4
Piyush Gupta ¹	1	1	–	–	–	–	–	–	–	–	–	–
Richard Stanley ²	3	–	–	–	–	–	6	6	–	–	–	–
Ang Kong Hua ³	9	9	5	5	–	–	27	27	11	11	–	–
Bart Joseph Broadman	9	8	–	–	6	5	–	–	–	–	4	4
Andrew Buxton	9	7	–	–	6	6	–	–	–	–	–	–
Christopher Cheng	9	8	5	4	–	–	–	–	–	–	4	4
Euleen Goh Yiu Kiang ⁴	9	8	5	5	–	–	24	24	11	11	–	–
Kwa Chong Seng	9	8	–	–	–	–	27	27	–	–	4	4
Ravi Menon ⁵	5	3	2	–	–	–	–	–	5	5	–	–
John Alan Ross	9	8	–	–	6	6	–	–	11	11	–	–
Peter Seah Lim Huat ⁶	1	1	–	–	–	–	–	–	–	–	–	–
Wong Ngit Liong ⁷	6	5	4	4	–	–	–	–	6	6	3	2

@ the number of meetings held during the period the director was a member of the Board and/or relevant Committee

* In addition to the meetings, 38 other matters were deliberated and approved via circular resolutions, namely, 27 BCC resolutions and 11 NC resolutions.

¹ Appointed as Director and CEO on 9 November 2009.

² Ceased as Director, CEO and Member of BCC on 11 April 2009.

³ Appointed as Member of BCC on 3 March 2009.

⁴ Appointed as Member of BCC on 3 March 2009 and CMDC on 30 November 2009.

⁵ Appointed as Director on 1 May 2009 and as Member of AC and NC on 6 July 2009.

⁶ Appointed as Director and as Member of AC and BRMC on 16 November 2009.

⁷ Stepped down as Director and as Member of AC, NC and CMDC on 31 August 2009.

Corporate Governance Report

Board Orientation & Training

A new appointee on the Board is given a full briefing on the duties and responsibilities under general laws as well as regulations that pertain to that of a licensed financial institution. This briefing is organised and undertaken by the Group Secretariat. A Director's Handbook setting out their duties and disclosure obligations under law and regulations relevant to DBSH is handed out during the induction period. The new director is also given detailed briefings by all key business and support unit heads on the Group's operations and support functions. This series of briefings include a separate briefing by the CEO and usually undertaken over at least two sessions.

From time to time, Board members are alerted to appropriate training programmes offered by external trainers and directors are encouraged to attend at the Group's costs.

During meetings of the Board and Committees, directors are regularly updated and briefed on impending or new changes on aspects that touch on the Group's business, such as in the areas of tax, accounting and that which may relate to audit or SGX guidelines or listing rules. In the course of 2009, induction and orientation were provided to three new members of the Board.

Directors have full access to all DBSH employees. They also have the power to engage outside independent advisors on any issues they deem fit, at the expense of the Group.

Board Evaluation of its effectiveness

A process is in place to assess the performance and effectiveness of the Board as a whole on an annual basis.

Each director completes a Board evaluation questionnaire and returns the completed questionnaire to the Chairman of the Board and the Chairman of the Nominating Committee. The collective performance evaluation is then consolidated and presented to the Board for discussion.

The Board evaluation covers a spectrum of matters under

review which include such matters as Board composition, the timeliness and quality of information provided to the Board, the Board process, Board accountability, and standard of conduct, rather than adhering to strict financial criteria such as return on equity or return on assets. The Board believes that having a strong and robust Board process and Board governance in place are critical to the performance of the Board and the success of the organisation. The Board considers the current collective assessment useful in evaluating its own effectiveness, as directors are given the opportunity to debate Board workings and processes in the discussion on the collective assessment.

RELATED PARTY TRANSACTIONS

The Group has refined and embedded enhanced procedures to comply with existing regulations governing related party transactions for banks and listed companies. These regulations include the Banking Act, MAS directives and the guidelines on interested person transactions in the SGX Listing Manual. The relevant provisions in the Banking Act and the MAS directives impose prudential limits on credit exposures by the Group to certain Group-linked entities and persons, while the interested person transactions in the Listing Manual cover all types of interested party transactions generally.

All new directors are briefed on the relevant provisions that they need to comply with. If necessary, existing credit facilities to related parties are adjusted prior to a director's appointment, and all credit facilities to related parties are monitored on an on-going basis. Checks are conducted prior to the Group entering into credit and non-credit-related transactions to determine whether the counterparty is a related party under applicable regulations and to take the appropriate action to comply with the regulations.

The Group has granted credit facilities to the following related parties in the ordinary course of business on normal terms and conditions. The outstanding amounts of these credit facilities and the estimated values of collaterals as at 31 December 2009 are as follows:

(In S\$ millions)	Credit facilities granted to	Contingent credit facilities granted to	Estimated value of collaterals	Deposits received by the Group
Granted to/received from:				
DBSH Directors and their related entities	10	–	38	–
Companies with DBSH Directors represented on their boards	547	24	10	–
Bank-related companies ⁽¹⁾				
– engaged in financial activities	1,457	5	190	1,216
– engaged in non-financial activities	245	1	1,202	3,021

Notes:

(1) Excludes transactions between subsidiary companies and their own subsidiary companies.

As required under the SGX Listing Manual, the following are details of interested person transactions in 2009:

Name of Interested Person	Aggregate value of all Interested Person Transactions during 2009 (excluding transactions less than S\$100,000)
Transactions for the Purchase of Goods and Services	
Certis CISCO Security Pte Ltd Group	21,202,500
Mapletree Investments Pte Ltd Group	2,264,963
Singapore Technologies Telemedia Pte Ltd Group	278,878
Singapore Telecommunications Limited Group	18,083,661
SMRT Corporation Ltd Group	430,506
Singapore Airlines Limited Group	3,236,712
Total Interested Person Transactions (S\$)	45,497,221

INTERNAL AUDIT AND INTERNAL CONTROLS

Internal Audit Function

Group Audit is an independent function that reports functionally to the Audit Committee and administratively to the CEO. The functional reporting includes matters relating to Audit Charter, risk assessment and related audit plans, results of internal audit activities and other matters that the Head of Group Audit deems necessary. The Audit Committee approves the hiring of Head of Group Audit including appointment, removal, evaluation, annual compensation and salary adjustment. Administratively, CEO facilitates the day-to-day operations of the internal audit function, including budgeting, management accounting and human resource administration. Group Audit has unfettered access to any and all of the Group's documents, records, properties and personnel including the Chairman and Audit Committee of the Board of Directors.

The primary role of Group Audit is to assist the Board and Executive Management to meet the agreed strategic and operational objectives of DBSH and its subsidiaries globally. This is achieved by providing an independent appraisal of the adequacy and effectiveness of the risk management, control and governance processes in operation throughout the Group.

Group Audit also maintains a quality assurance and improvement programme that covers all aspects of the internal audit activity. The programme includes ongoing monitoring and external and internal assessments of internal audit activity, which conforms to the Institute of Internal Auditor's (IIA) International Standards for the Professional Practice of Internal Auditing. External Quality Assessment Reviews are carried out at least once in every five years by qualified professionals from an external organisation.

The professional competence of the Group's internal auditors is maintained or upgraded through training programmes, conferences and seminars that provide updates on auditing techniques, regulations and banking products and services.

An annual audit plan is developed under a structured risk assessment approach that examines all of the Group's activities and entities, their level of inherent risk and control effectiveness against the various risk types. Audit projects are identified and scoped based on this approach and audit resources are focused on the activities deemed to carry higher risks.

The scope of Group Audit encompasses the examination and evaluation of the adequacy and effectiveness of the Group's system of internal controls, risk management procedures, governance processes and the quality of performance in carrying out assigned responsibilities. Group Audit may also conduct consulting services only at the request of management in accordance with Group Audit's Consulting Framework.

Audit work is substantially paperless with the in-house developed computerised audit work paper and resource management system.

The progress of corrective actions on outstanding audit issues is monitored monthly through a centralised Group-wide issue management system. Information on outstanding issues is categorised according to severity and monthly reports are sent to the Audit Committee Chairman, the Chairman of the Board, senior management and all Group heads. All audit reports which are rated as requiring attention are copied to the Audit Committee, the external auditors and senior management. The regulators are also apprised of all relevant audit matters and may request for further information on audit matters at any time. Group Audit works closely with the external auditors and meets them regularly to discuss matters of mutual interest, to strengthen working relationships and to coordinate audit efforts. The external auditors review the effectiveness of the Group's internal controls and risk management during an annual statutory audit. Material non-compliance with established practices and procedures and regulations, as well as internal control weaknesses noted during the audit, together with recommendations, are reported to the Audit Committee, which ensures that high-risk outstanding issues are dealt with in a timely manner.

Corporate Governance Report

Internal controls

A sound system of internal controls requires a defined organisational and policy framework. The Group has a management framework that clearly defines the roles, responsibilities and reporting lines of business and support units. The delegation of authority, control processes and operational procedures are documented and disseminated to staff. The Group Audit, Risk Management Group and Group Legal, Compliance and Secretariat functions provide independent oversight over controls and risks within the Group.

The Audit Committee and the Board Risk Management Committee have reviewed the adequacy of the Group's control environment. The Board believes that the system of internal controls in place up to the date of this report is adequate for the current business scope and operations of the Group.

DEALINGS IN SECURITIES

DBSH has adopted more stringent 'black-out' policies than prescribed under the Best Practices Guide issued by the SGX. DBSH employees are prohibited from trading in DBSH shares and securities one month before the release of the half-year and full-year results and three weeks before the release of the first quarter and third quarter results. In addition, directors and employees are prohibited at all times from trading if they are in possession of material non-public information. Employees with access to price-sensitive information in the course of their duties must obtain prior approval to trade in any securities listed in Singapore and Hong Kong. Such employees are also instructed to trade through the Group's stockbroking subsidiaries. In addition, business units and subsidiaries engaging in proprietary trading and discretionary trading of securities on behalf of customers are restricted from trading in DBSH securities during the black-out period.

However, the black-out restriction would not apply to certain businesses within the Group that are engaged in discretionary trading of securities on behalf of and for the benefit of customers e.g. execution of transactions for collective investment schemes and discretionary portfolios managed by DBS Asset Management, the fund management arm of the Group.

DISSEMINATION OF INFORMATION

The Group maintains an active dialogue with shareholders. It holds in-person briefing sessions or telephone conference calls with the media and analysts when quarterly results are released. All press statements and quarterly financial statements are published on the DBSH and SGX websites. A dedicated investor relations team supports the Group CEO and Chief Financial Officer (CFO) in maintaining a close dialogue with institutional investors.

During the year, management participated in 533 meetings with local and foreign investors. They included meetings at eight domestic and foreign non-deal conferences as well as an international road show related to the rights issue.

The Group embraces and commits to fair, transparent and timely disclosure policy and practices. All price-sensitive information or data are publicly released, prior to individual sessions held with investors or analysts.

Shareholder meetings

The Group views the annual general meeting as an opportune forum for retail investors to meet the Board and senior management. All directors are strongly encouraged to attend the annual general meeting. The CFO presents the Group's preceding year's financial performance to all shareholders present ahead of formal proceedings of the meeting. The Group's external auditors are also available to answer shareholders' queries.

In accordance with the recommendations of the Code, resolutions requiring shareholder approval are tabled separately for adoption at the AGM unless the matters for consideration are closely related and would more appropriately be considered together.