

## Regulators

### PLAYING AN ACTIVE ROLE IN CREATING A SUSTAINABLE FINANCIAL SYSTEM

*Our long-term viability is in the interest of all our stakeholders. Following the global financial crisis, regulators around the world have taken an active role in ensuring that banks conduct their business in a way that protects depositors' and investors' long-term interests and does not lead to the emergence of systemic risk. In addition to improving the stability and resilience of the banking industry, there is also a need to restore public trust in the banking system. We are committed to creating a sustainable financial system. We have robust processes to ensure compliance with both letter and spirit of the laws and regulations in the countries we operate in.*

*We believe we can contribute to the stability of the financial system by engaging regulators and industry bodies to shape the development of policies and actively participate in forums to do so.*

*While the new rules are compelling banks around the world to alter their operating models, we are well placed to face the changing regulatory landscape head-on. We emerged from the Asian financial crisis fifteen years ago resolving to maintain a strong balance sheet and capital position. Doing so has helped position us ahead of the curve. The shifts we now have to make to comply with the new rules are smaller than our counterparts in other regions.*

### BEING A WELL-CAPITALISED BANK

Being safe and well capitalised provides assurance to our depositors, borrowers, counterparties and investors. We remain among the best capitalised banks globally. Our credit ratings (AA- by S&P and Fitch and Aa1 by Moody's) are among the world's highest. We have been named

Safest Bank in Asia by Global Finance magazine since 2009. We adopted Basel III capital standards on 1 January 2013. Our focus in 2013 will include ensuring we remain well capitalised under Basel III as we expand regionally.

### COMPLYING WITH REGULATIONS

We have robust compliance programmes to ensure that regulatory requirements, industry codes or standards of professional conduct are adhered to. We aim to comply with both the letter and the spirit of such standards. We inculcate a strong compliance culture, and our employees are required to attend regular training sessions to refresh and update their knowledge of compliance requirements. The principles of our compliance framework are outlined in our corporate governance report.

An important component of compliance is the tracking of international and domestic regulatory developments. New requirements are promptly disseminated to relevant employees and embedded into our processes and systems.

We have adopted all new financial reporting standards on time. In 2012, we also carried out several initiatives to ensure full compliance with new directives from the Monetary Authority of Singapore (MAS).

We also ensure that we are in compliance with tax regulations. Being a taxpayer is one way DBS plays our part in the communities we operate in. In 2012, our income tax expense was SGD 588 million, of which SGD 290 million was for our home market. We also actively support the development of tax regulation and policy. For example, we participate in consultations with the Singapore government on tax matters related to issues such as productivity in a maturing economy. We also worked with MAS on the liberalisation of the withholding tax scheme on interest payments and on enhancements to the financial sector incentive scheme, which was included in the Singapore government's 2013 Budget.

### REGULATORY ENGAGEMENT AND APPOINTMENTS

DBS is an active partner in the development of policies and industry guidelines and participates in regulatory consultations across various global forums.

Our Chief Executive Officer Piyush Gupta's external appointments include his election in 2011 to the Board of Directors at the Institute of International Finance (IIF), an organisation dedicated to ensuring the stability of the international financial system. This marked the first time an executive from a Singapore headquartered bank has been appointed to the IIF Board.

Piyush also serves on the Group of Experts to the ASEAN Capital Markets Forum. He was appointed to the MAS' Financial Advisory Industry Review, which looks into the quality of financial advisory firms and the promotion of fair dealing.

Our Chief Financial Officer Chng Sok Hui has served on the Accounting Standards Council in Singapore since 2009. The Council's mandate is to develop and approve accounting standards in Singapore. Sok Hui participates actively in discussions with regulatory bodies and was invited to speak at the Financial Stability Board's (FSB) Roundtable on Risk Disclosures in December 2011, the FSB Standing Committee on Standards Implementation meeting in December 2012 and the Basel Committee on Banking Supervision – Financial Stability Institute – EMEAP High Level Meeting in February 2013. She also represents DBS in several industry and professional forums and previously served on the executive committee of the Global International Financial Risk Institute's chief risk officer forum as well as the tax advisory committee under Singapore's Ministry of Finance.

Our Chief Risk Officer Elbert Pattijn served as a member of the Enhanced Disclosure Task Force – a task force formed at the initiative of the

FSB to propose enhancement of disclosures on risk, which is an area of significant importance for banks around the world.

## Society

### IMPACTING SOCIETY

*We recognise that our role in society goes beyond corporate citizenship and philanthropy. We believe we have a much broader social purpose – to create long-term economic value through the provision of responsible banking products and services to enhance the communities we serve.*

*We see society as an essential stakeholder. We are prepared to invest in programmes that address the social needs of the communities we operate in.*

### COMMUNITY

#### POSB

POSB – the “People’s Bank” – has served multiple generations of Singaporeans since it was established in 1877. At POSB, we are “Neighbours first, Bankers second”, and serve more than four million customers across all strata of society. As custodians of Singapore’s oldest and most loved bank, we are committed to being inclusive and providing banking services to everyone in the community. We are also responsible for ensuring that our products are suitable for customers’ needs and risk appetites.

POSB is involved in a range of community initiatives. Since 2009, it has partnered the Council for Third Age, a non-governmental organisation, to promote active ageing in Singapore. One of the partnership’s initiatives is the POSB Active Neighbours programme, in which senior Singaporeans assist other senior citizens with banking transactions at our branches, and guide them on the use of self-service banking terminals. In 2011, POSB launched a micro-business loan scheme in Singapore in collaboration

## “CHAMPIONING SOCIAL ENTREPRENEURSHIP ACROSS THE REGION IS THE CENTREPIECE OF OUR CORPORATE SOCIAL RESPONSIBILITY EFFORTS.”

with Singapore’s Tote Board and SE Hub, a social enterprise, to help customers start up or expand their micro-businesses. This complements the public sector’s efforts to help Singaporeans become more self-reliant.

In partnership with People’s Association, we rallied 200 organisations and 8,000 participants of all ages to run for a cause at the POSB PAssion Run for Kids in 2012 as part of an annual series. Together, we raised SGD 1 million for the POSB PAssion Kids Fund to benefit underprivileged children.

### SOCIAL ENTREPRENEURSHIP

Championing social entrepreneurship across the region is the centrepiece of our social responsibility efforts. Social enterprises strive to resolve social issues by coming up with financially-viable solutions, which enable them to sustain their efforts over the long term. Such an approach resonates with our roots as a development bank. Our commitment to the sector is one way that we contribute to society and are a force for good in the communities in which we operate.

To ensure that we make a genuine difference, we have adopted a comprehensive, three-pronged framework.

First, we strive for the holistic development of the sector. Social enterprises face numerous challenges, including a lack of commercial expertise in some cases. We seek to build an ecosystem to support them by partnering like-minded academic institutions,

government bodies, industry associations, sector developers and the media in order to develop awareness and knowledge.

We work with respected academic institutions across our key markets, including Tata Institute of Social Sciences in India, Fudan University in China, Fujen Catholic University in Taiwan and Atma Jaya Catholic University in Indonesia. We also partner renowned social sector developers such as Non-Profit Incubator in China, Social Innovation Park and Social Enterprise Association in Singapore, Hong Kong Council of Social Service, and AKSI UI in Indonesia.

Together, we hosted seminars for social entrepreneurs to use their expertise and experience to promote public understanding of social enterprises and their challenges. The seminars also provided a forum for social enterprises to share knowledge and skills.

Second, we support social enterprises by offering grants and loans, as well as by sharing our commercial expertise with them. We encourage our employees to volunteer with social enterprises to assist them in business planning and strategy development.

We have set aside SGD 1 million as project grants for social enterprises with the potential for high growth and social impact.