

Corporate

Governance

Another landmark year in our corporate governance journey

HIGHLIGHT

DBS achieved new milestones in our corporate governance journey in 2014. Our commitment to strong and effective governance helps create value for multiple stakeholders, including shareholders. We have introduced a new reporting structure to provide our stakeholders with greater insight into our Board and corporate governance processes.

AWARDS



SINGAPORE CORPORATE AWARDS 2014

- Best Managed Board
– Gold Award
- Best Investor Relations
– Silver Award



SINGAPORE CORPORATE GOVERNANCE AWARD 2014

- Corporate Governance Award
- Board of Diversity Award
- Most Transparent Company
– Finance category
- Internal Audit Excellence
– Runner Up

DBS CORPORATE GOVERNANCE REPORT

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“ This award is a great encouragement to us. DBS has a **diverse board** that provides a **strong oversight role**, and engages and provides guidance to management on all facets of business. Over the last four years, DBS has turned in a **solid performance**, thanks to a **strong partnership** between the Board and management. The strong partnership allows management to confidently execute against strategy, knowing that the Board stands behind them.”

– Peter Seah, DBS Chairman, on winning the Best Managed Board Gold Award

COMPLIANCE AND APPROVAL

For the financial year ended 31 December 2014, DBS Group Holdings Limited (the Company) has complied with the Banking (Corporate Governance) Regulations 2005 (Banking Regulations), and complied in all material aspects with the principles laid down by the Guidelines on Corporate Governance for Financial Holding Companies, Banks, Direct Insurers, Reinsurers and Captive Insurers which are incorporated in Singapore issued on 3 April 2013, which comprises the Code of Corporate Governance 2012 (Code) and supplementary guidelines and policies added by the Monetary Authority of Singapore (MAS) (Guidelines) to cater to the diverse and complex risks undertaken by financial institutions.

The disclosures in this report have been approved by the Board.

We pride ourselves on upholding the spirit of the Code beyond merely ticking the boxes. We provide a summary disclosure on our compliance with the Guidelines on Pages 83 to 86 of this Annual Report.

GOVERNANCE HIGHLIGHTS

KEY FEATURES OF OUR BOARD

- Independent directors make up more than two-thirds of the Board
- Separation of the role of Chairman and Chief Executive Officer (CEO)
- Female directors make up 22% of the Board
- None of the directors has served more than 7 years
- Other than the CEO, none of the other directors is a former or current employee of the Company or its subsidiaries (collectively, the Group).
- Chairpersons of the Board and all Board committees are independent directors
- In 2014, the Board evaluation was carried out by an independent external evaluator
- Remuneration of non-executive directors (including the Chairman) does not include any variable component
- To stimulate fresh thinking, external experts are regularly invited as 'provocateurs' at directors' training sessions and the annual Board strategy offsite

WHO ARE ON OUR BOARD

1

Non-Executive and Independent Chairman

- Mr Peter Seah Lim Huat

6

Non-Executive and Independent Directors

- Dr Bart Joseph Broadman
- Ms Euleen Goh Yiu Kiang
- Mr Ho Tian Yee
- Mr Nihal Vijaya Devadas Kaviratne CBE
- Mr Andre Sekulic
- Mr Danny Teoh Leong Kay

1

Non-Executive and Non-Independent Director

- Mrs Ow Foong Pheng

1

Executive Director/CEO

- Mr Piyush Gupta

ANNUAL FOUR-DAY BOARD STRATEGY OFFSITE – A KEY HIGHLIGHT OF THE BOARD'S ACTIVITIES

- Each year, the Board and our senior executives meet at a four-day offsite in one of DBS' overseas markets to deliberate on the Group's longer term strategy and prospects
- The objectives of the offsite are multifold. In addition to affirming our commitment to the host market, the offsite provides the Board with an opportunity to gain a deeper understanding into our business environment and our operations, and to help refine our strategy. The Board engages with the country management team and networks with customers. Our high potential senior talents are invited to participate in the offsite, interact with the Board and gain exposure into the thinking on the Group's strategic direction
- In 2014, the offsite was held in Hong Kong and we invited our subsidiary board members to join the offsite
- The strategy discussion was in-depth and dynamic, centred on topics that were imperative to our business. We:
 - considered the impact of macro and regulatory developments that will shape the future of the banking industry
 - reviewed the competitive landscape and assessed the threat of digital disruption, including non-traditional competitors
 - gained insights into the business environment in Greater China
 - focused on how we can keep pace with technological change and innovation
 - debated our strategy in key geographies and weighed our options in these markets
- The social itinerary helped to strengthen the camaraderie among directors and senior executives and enhance the collegial atmosphere in the boardroom

WHERE TO FIND INFORMATION ON EACH DIRECTOR?

Key information on each director including independence status, appointment dates, meeting attendance record and breakdown of remuneration as well as membership in Board committees can be found on Pages 61, 62 and 64 of this Annual Report. Please refer to the section on 'Board of Directors' in this Annual Report for information on each director's length of directorship, academic and professional qualifications as well as present and past directorships. The biodata of each director can be found @ www.dbs.com

Governance Framework

The Board believes that the principles of corporate governance should be embedded in our corporate culture, which is anchored on competent leadership, effective internal controls (including risk management) and a set of common values. Our internal controls cover financial, operational, compliance, technology controls, as well as risk management policies and systems. Our corporate governance framework promotes transparency, fairness and accountability throughout the Group. We work closely with our regulators to ensure that our internal governance standards are adequate to meet the increasing expectations of our regulators.



COMPOSITION AND ROLE OF THE BOARD

Over the past four years, the Board's composition and diversity have been strengthened. The Board members have a broad range of experience and deep industry expertise. Today the Board stands out as one of the best-in-class as benchmarked against global peers. The Board's solid bench strength is one of the key drivers of DBS' high performance in recent years.

The Board has diversity of gender, nationality, skills and knowledge. The average tenure of directors demonstrates a good balance between continuity and fresh perspectives. The size and composition of the Board is appropriate given the current size and geographic footprint of the Group's operations. The proportion of independent non-executive directors on the Board (seven out of nine) is high. The number of independent directors exceeds the requirements set out in the Guidelines and Banking Regulations. This ensures that the Board is able to exercise objective judgment on corporate affairs and the performance of management against key performance indicators.

The Board directs the Group in the conduct of its affairs and ensures that corporate responsibility and ethical standards underpin the conduct of the Group's business. The Board provides sound leadership to the CEO and management in setting the strategic vision, direction and long-term goals of the Group, and ensures that adequate resources are available to meet these objectives. The Board bears ultimate responsibility for the Group's governance, strategy, risk management and financial performance.

BOARD'S KEY AREAS OF FOCUS INCLUDE:

- Group's strategic and business plans
- Monitor the responsibilities delegated to the Board committees to ensure proper and effective oversight and control of the Group's activities
- Establish a framework for risks to be assessed and managed
- Review management performance
- Determine the Group's values and standards (including ethical standards) and ensuring that obligations to its stakeholders are understood and met
- Develop succession plans for the Board and CEO
- Consider sustainability issues (including environmental and social factors) as part of the Group's strategy

ROLE OF THE CHAIRMAN AND THE CEO

The working dynamics between our Chairman (Mr Peter Seah) and CEO (Mr Piyush Gupta) are very positive and constructive. The Group's leadership model clearly delineates the responsibilities of the Chairman and the CEO, which ensures an appropriate balance of power, increased accountability and enhanced independence in decision-making.

The Chairman is responsible for leading the Board in discharging its duties effectively, and enhancing the Group's standards of corporate governance. The Chairman provides clear leadership to the Board with respect to the Group's long-term growth and strategy. The Board members are of the view that the strong leadership of Mr Peter Seah is a key contributing factor to the effectiveness of the Board.

As the Chairman sits on all the Board committees, he plays an important role in managing the business of the Board, leading (in relation to the Nominating Committee, Board Executive Committee and the Compensation and Management Development Committee) and participating (in relation to the Audit Committee and the Board Risk Management Committee) in the activities of the Board committees. The Chairman oversees, guides and advises the CEO and senior management. The Chairman maintains open lines of communication with senior management, and acts as a sounding board on strategic and operational matters.

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

GROUP APPROVING AUTHORITY

The Group Approving Authority (GAA) is a document which sets out the delegations of authority by the Board to Board Committees, the Chairman and the CEO. The Board approves the GAA and any

change to it. The GAA ensures that appropriate controls and decision-making are consistently applied throughout the Group. It is regularly updated to accommodate changes in the scope and activities of the Group's business and operations.

SPECIFIC MATTERS THAT REQUIRE BOARD APPROVAL UNDER THE GAA INCLUDE:

- Group's annual and interim financial statements
- Strategic investments and divestments
- Group's annual budget
- Capital expenditures and expenses exceeding certain material limits
- Capital-related matters including capital adequacy objectives, capital structure, capital issuance and redemption
- Dividend policy
- Risk strategy and risk appetite

GOVERNANCE PROCESSES**Board Meetings and Activities**

We have a highly engaged Board with diverse perspectives. Board and Board committee meetings are held regularly to discuss key topics such as strategic, governance and operational issues.

BOARD MEETINGS**Before meeting**

- To facilitate meaningful participation, all Board and Board committee meetings are planned and scheduled well in advance in consultation with the directors
- Chairman oversees the setting of the agenda of Board meetings in consultation with the CEO to ensure that there is sufficient information and time to address all agenda items
- The agenda of the Board meetings is carefully thought out and well-managed. At the same time, the agenda allows for flexibility when it is needed
- Directors are provided with complete information related to agenda items in a timely manner. For example, management provides Board members with detailed reports on the Group's financial and franchise performance prior to the Board meeting
- All materials for Board and Board committee meetings are uploaded onto a secure portal which can be readily accessed on tablet devices provided to the Board members
- When exigencies prevent a director from attending a Board or Board committee meeting in person, that director can participate by telephone or video-conference
- Directors have the discretion to engage external advisers

At every meeting

- The Chairman promotes open and frank debates by all directors at Board meetings
- The Board members come well prepared and engage in robust discussions on key matters pertaining to the Group
- Chairperson of each Board committee provides a thorough update on significant matters discussed at the Board committee meetings which are typically scheduled before the quarterly Board meeting
- The CEO gives a complete and comprehensive update on the Group's business and operations as well as a macro perspective on industry trends and developments
- The Chief Financial Officer (CFO) presents the financial performance and significant financial updates
- Certain business heads provide an update on their areas of business
- As members of the Group Executive Committee are present at all Board meetings, directors have the opportunity to discuss specific areas with them and give constructive challenge to ideas
- There are presentations by external professionals on impending changes in market conditions, the changing banking landscape, digital trends banking as well as corporate governance, capital, tax, accounting, listing and other regulations, which may have an impact on the Group's affairs
- In compliance with the Banking Act, exposures of DBS Bank Ltd to the individual directors and their respective related concerns are tabled
- The Board holds a private session for directors
- The Group Secretary attends Board meeting and ensures that applicable rules and regulations are complied with

FREQUENT & EFFECTIVE ENGAGEMENT WITH THE BOARD

- The Board is regularly updated on the performance and prospects of the Group
- Outside of Board meetings, Board approvals for matters in the ordinary course of business can be obtained through the circulation of written resolutions
- Ad-hoc meetings are held when necessary. There were no ad-hoc meeting held in 2014
- The CFO provides the Board with detailed financial performance reports on a monthly basis
- Directors have direct access to senior management and may request from management any additional information to make informed and timely decisions
- Throughout the year, the directors also have various opportunities to interact with members of the Group Management Committee (for instance at Board hosted dinners)
- Directors have ongoing interactions across various levels, functions and countries within the Group. These interactions equip directors with a better understanding on the business and operations of DBS. In addition, some directors also sit on the Boards of the overseas subsidiaries in the Group; this arrangement gives the Board access to first hand insight on the activities of these subsidiaries
- Directors have separate and independent access to the Group Secretary at all times. The Group Secretary generally assists directors in the discharge of their duties and facilitates communication between the Board, its committees and management as well as the induction of new directors. The appointment and removal of the Group Secretary require the approval of the Board

Key Information on Each Director

DIRECTOR INDEPENDENCE STATUS	MEETINGS ATTENDANCE RECORD (1 JANUARY TO 31 DECEMBER 2014)						TOTAL DIRECTORS' REMUNERATION FOR 2014 (SGD)		
	BOD ⁽¹⁾	NC ⁽²⁾	EXCO ⁽³⁾	AC ⁽⁴⁾	BRMC ⁽⁵⁾	CMDC ⁽⁶⁾	DIRECTORS' FEES ^(a) (SGD)	SHARE-BASED REMUNERATION ^(b) (SGD)	OTHERS ^(c) (SGD)
	No. of meetings held in 2014								
Mr Peter Seah, 68 <i>Non-Executive and Independent Chairman</i>							Total: 1,822,387		
<ul style="list-style-type: none"> • Chairman since 1 May 10 • Board member since 16 Nov 09 • Last re-elected on 25 Apr 12 	5	4	11	5	4	4	1,246,350	534,150	41,887
Dr Bart Broadman, 53 <i>Non-Executive and Independent Director</i>							Total: 211,000		
<ul style="list-style-type: none"> • Board member since 17 Dec 08 • Last re-elected on 28 Apr 14 	5	–	–	–	4	4	147,700	63,300	–
Ms Euleen Goh, 59 <i>Non-Executive and Independent Director</i>							Total: 339,500		
<ul style="list-style-type: none"> • Board member since 01 Dec 08 • Last re-elected on 29 Apr 13 	5	4	11	–	4	4	237,650	101,850	–
Mr Ho Tian Yee, 62 <i>Non-Executive and Independent Director</i>							Total: 194,000		
<ul style="list-style-type: none"> • Board member since 29 Apr 11 • Last re-elected on 28 Apr 14 	4	3	–	–	3	–	135,800	58,200	–

- Appointment Dates

DIRECTOR INDEPENDENCE STATUS	MEETINGS ATTENDANCE RECORD (1 JANUARY TO 31 DECEMBER 2014)						TOTAL DIRECTORS' REMUNERATION FOR 2014 (SGD)		
	BOD ⁽¹⁾	NC ⁽²⁾	EXCO ⁽³⁾	AC ⁽⁴⁾	BRMC ⁽⁵⁾	CMDC ⁽⁶⁾	DIRECTORS' FEES ^(a) (SGD)	SHARE-BASED REMUNERATION ^(b) (SGD)	OTHERS ^(c) (SGD)
	No. of meetings held in 2014								
	5	4	11	5	4	4			
Mr Nihal Kaviratne, 70 <i>Non-Executive and Independent Director</i>							Total: 246,500		
<ul style="list-style-type: none"> Board member since 29 Apr 11 Last re-appointed on 28 Apr 14 	5	–	–	5	4	–	172,550	73,950	–
Mr Andre Sekulic, 64 <i>Non-Executive and Independent Director</i>							Total: 265,000		
<ul style="list-style-type: none"> Board member since 26 Apr 12 Last re-elected on 29 Apr 13 	5	–	–	5	–	4	185,500	79,500	–
Mr Danny Teoh, 59 <i>Non-Executive and Independent Director</i>							Total: 284,000		
<ul style="list-style-type: none"> Board member since 1 Oct 10 Last re-elected on 29 Apr 13 	5	4	–	5	4	–	198,800	85,200	–
Mrs Ow Foong Pheng, 51 <i>Non-Executive and Non-Independent Director*</i>							Total: 191,500^(d)		
<ul style="list-style-type: none"> Board member since 26 Apr 12 Last re-elected on 29 Apr 13 	3	2	–	5	–	–	191,500	–	–
Mr Piyush Gupta, 55 <i>Executive Director/CEO</i>							Please refer to the Remuneration Report on Page 82 of this Annual Report for details on the CEO's compensation		
<ul style="list-style-type: none"> Board member since 9 Nov 09 Last re-elected on 28 Apr 14 	5	–	11	5 [#]	4 [#]	4 [#]			

- Appointment Dates

* Non-independent director by virtue of substantial shareholder relationship. Not involved with the management of the Company nor does she have any business relationships with the Company

Mr Gupta attended all AC, BRMC and CMDC meetings in 2014 at the invitation of the respective committees

(1) Board of Directors (BOD)

(2) Nominating Committee (NC)

(3) Board Executive Committee (EXCO)

(4) Audit Committee (AC)

(5) Board Risk Management Committee (BRMC)

(6) Compensation and Management Development Committee (CMDC)

(a) Fees payable in cash, in 2015, for being a director in 2014. This is subject to shareholder approval at the 2015 AGM

(b) This shall be granted in the form of the Company's ordinary shares, for being a director in 2014. The actual number of the Company's ordinary shares to be awarded will be rounded down to the nearest share, and any residual balance will be paid in cash. This is subject to shareholder approval at the 2015 AGM

(c) Represents non-cash component and comprises car and driver

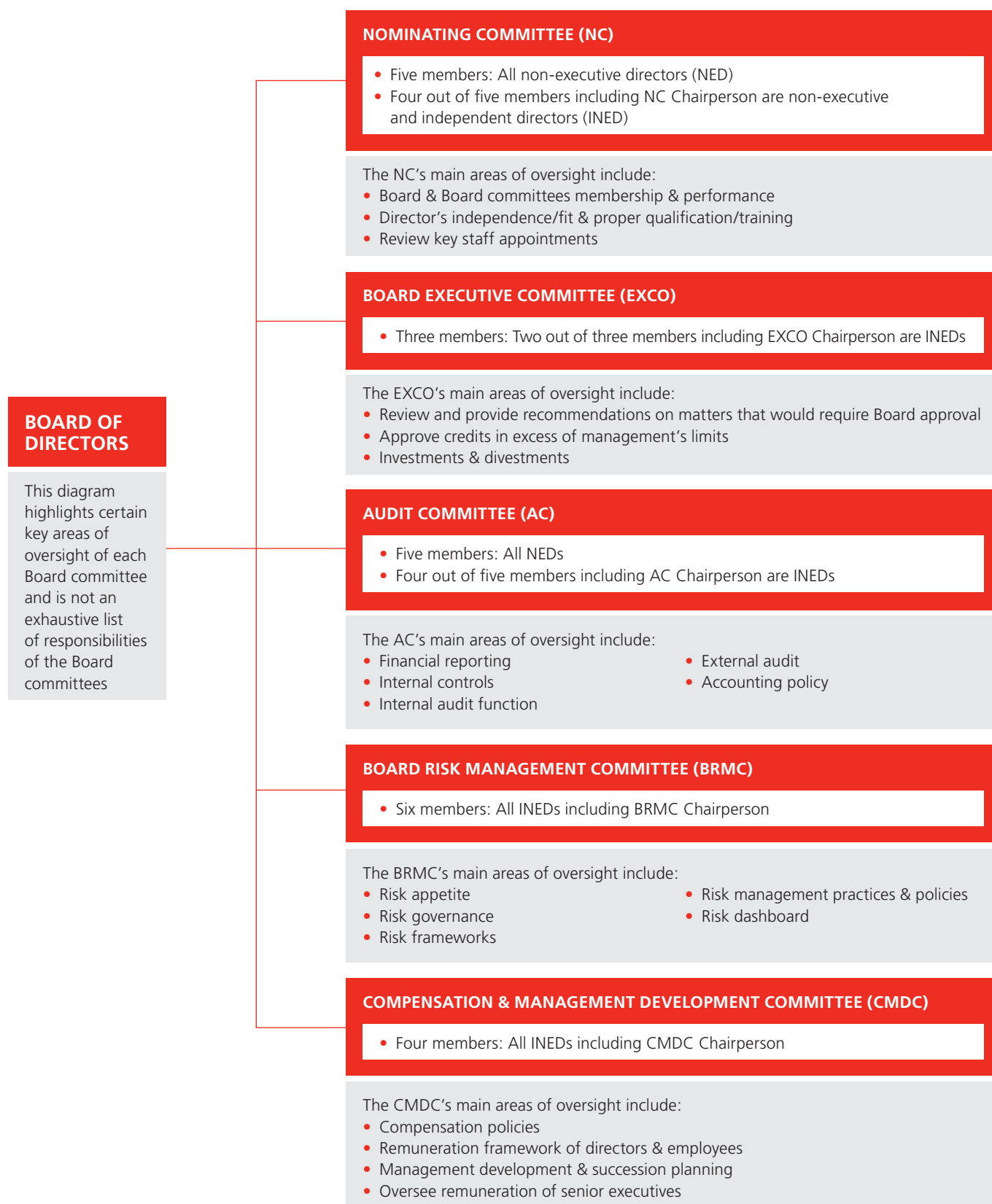
(d) Director's remuneration payable to Mrs Ow Foong Pheng will be paid fully in cash to a government agency, the Directorship & Consultancy Appointments Council

(Note: Directors are also paid attendance fees for Board and Board committee meetings, as well as for attending the AGM and the annual Board offsite)

BOARD COMMITTEES

Delegation by the Board to the Board committees
























To discharge its stewardship and fiduciary responsibilities effectively, the Board delegates authority to Board committees to enable them to oversee specific responsibilities based on clearly defined terms of reference. The Board committees have been constituted in accordance with the Banking Regulations. The terms of reference for each Board committee stipulate the responsibilities of the committee, conduct of meetings including quorum and voting requirements, as well as the qualifications for Board committee membership. Each Board committee has direct access to management and has full discretion to invite any director or executive to attend its meetings. Each Board committee also has the power to hire independent advisers as it deems necessary. In accordance with the GAA, any change to the terms of reference for any Board committee requires Board approval.



COMPOSITION OF OUR BOARD COMMITTEES

The following chart shows the membership of each director to our Board committees.

 Chairperson  Committee member

	NOMINATING	BOARD EXECUTIVE	AUDIT	BOARD RISK MANAGEMENT	COMPENSATION AND MANAGEMENT DEVELOPMENT
Mr Peter Seah					
Mr Piyush Gupta					
Dr Bart Broadman					
Ms Euleen Goh					
Mr Ho Tian Yee					
Mr Nihal Kaviratne					
Mrs Ow Foong Pheng					
Mr Andre Sekulic					
Mr Danny Teoh					

Nominating Committee (NC)

The NC is chaired by Mr Peter Seah and comprises Ms Euleen Goh, Mr Ho Tian Yee, Mrs Ow Foong Pheng and Mr Danny Teoh.

All NC members are non-executive directors, and are subject to an annual assessment of their independence as prescribed by the Guidelines and the Banking Regulations. This assessment takes into account the NC members' business relationships with the Group, relationships with members of management, relationships with the Company's substantial shareholder as well as the NC members' length of service.

In accordance with the requirements of the Guidelines and Banking Regulations, a majority (four out of five members of the NC including the NC Chairperson) are independent directors.

KEY RESPONSIBILITIES OF THE NC

- Review regularly the composition of the Board and Board committees
- Identify, reviewing and recommending Board appointments for approval by the Board, taking into account the experience, expertise, knowledge and skills of the candidate and the needs of the Board
- Conduct on an annual basis an evaluation of the performance of the Board, the Board committees and the directors
- Determine independence of proposed and existing directors, and assessing if each proposed and/or existing director is a fit and proper person and is qualified for the office of director
- Exercise oversight of the induction programme and continuous development programme for Board members
- Review and recommending to the Board the re-appointment of any non-executive director having regard to their performance, commitment and ability to contribute to the Board as well as his or her skill-set
- Make an annual assessment of whether each director has sufficient time to discharge his or her responsibilities, taking into consideration multiple board representations and other principal commitments
- Review the Board's succession plans for directors, in particular, the Chairman and the CEO
- Review key staff appointments including the CFO and the Chief Risk Officer

Highlights of the NC's activities are as follows:

SELECTION CRITERIA & NOMINATION PROCESS FOR DIRECTORS

The NC leads and has put in place a formal and transparent process for the appointment and re-appointment of directors to the Board.

The NC recognises the importance of having an appropriate balance of industry knowledge, skills, background, experience, professional qualifications, gender and nationalities in building an effective and cohesive Board. The NC's commitment and ongoing efforts to promote diversity within the Board were recognised when DBS won the Board of Diversity Award at the Singapore Corporate Governance Award 2014.

The NC oversees a rigorous and thorough process for the appointment of directors to the Board. To enhance the effectiveness of the Board and strengthen Board dynamics, directors are selected not just for their experience and competencies but also for their fit with the Group.

The NC regularly reviews the composition of the Board and Board committees and identifies the skill-sets that would enhance the effectiveness of the Board and the Board committees. As part of the review, the NC utilises a Board collective skills matrix which takes into account whether a director has the specific knowledge, skills or experience in areas such as banking/financial services, financial management, economics, specialised audit/accounting, Financial Stability Board principles, remuneration practices, technical sophistication in risk disciplines, strategic planning, country expertise in other markets and strong business network. The matrix is an effective tool for the NC to identify the staffing needs of each Board committee.

Before a new director is appointed, suitable candidates are identified from various sources. Thereafter, in compliance with the Banking Regulations, the NC conducts an initial assessment to:

- (i) review a candidate's qualifications, attributes, capabilities, skills, age, past experience and other relevant factors to determine whether the candidate is a fit and proper person for the office in accordance with the MAS' fit and proper guidelines (which require the candidate to be competent, honest, to have integrity and be of sound financial standing); and
- (ii) ascertain whether the candidate is independent from any substantial shareholder of the Group and/or from management and business relationships with the Group.

The NC then interviews the short-listed candidates to determine if the candidate possesses the qualifications and skills required, and makes its recommendations to the Board accordingly.

Upon the appointment of a new director, the NC will recommend to the Board his or her appointment to the appropriate Board committee(s) after matching the director's skill-set to the staffing requirement of each Board committee.

BOARD PERFORMANCE

2014 Board Evaluation Process with Independent External Evaluator

The NC makes an assessment at least once a year to determine whether the Board and Board committees are performing effectively and identifies steps for improvement.

The NC has put in place a robust Board evaluation framework to track and analyse Board performance. The Board members have a common understanding on the objectives of the Board evaluation process and each director actively participates by giving his or her honest feedback on a range of issues including Board composition, CEO succession planning and quality of information provided to the Board.

SELECTION OF INDEPENDENT EXTERNAL EVALUATOR

The Board engaged an independent external evaluator to conduct the Board evaluation during the year. The process of selecting an independent external evaluator is formal and transparent. The NC reviewed proposals from various external evaluators before making its selection based on the quality, rigour and overall value-add to the Board evaluation process.

SCOPE OF BOARD EVALUATION

At the start of the Board evaluation process, the NC reviewed the scope of the assessment and considered key areas to focus on. For a more effective tracking of results, the independent external evaluator worked with the Board evaluation questionnaire (with some revisions) that was used for Board evaluation in the preceding two years.

Some key elements of the 2014 Board evaluation:

- A deep dive into Board processes
- Team effectiveness review on how the Board functions as a single unit
- Board skills analysis on whether the Board has the appropriate composition and mix of skills to meet the challenges it expects to face for the next few years
- Benchmarking and calibrating how the Board compares against best practices

BOARD EVALUATION PROCESS

The NC oversaw the entire process; the NC reviewed the refreshed Board evaluation questionnaire before it was circulated to the Board members. Ample time was given for the submission of feedback. Feedback from each director was sent directly to the independent external evaluator.

As part of the evaluation, a face-to-face session was arranged for each director to meet with the independent external evaluator. The face-to-face session facilitated frank discussions and the independent external evaluator was able to ask each director further questions not captured in the questionnaire directly.

REVIEW OF BOARD EVALUATION RESULTS

The independent external evaluator presented the results of the Board evaluation to the Chairman of the Board. The Chairman of the Board, who also chairs the NC, led the NC in reviewing the findings of the independent external evaluator. The independent external evaluator presented the results of the evaluation at a private session for directors during a Board meeting. Board members deliberated on the key findings. Thereafter, the outcomes and key action steps taken to enhance the effectiveness of the Board and the Board committees were documented.

ANNUAL REVIEW OF DIRECTORS' INDEPENDENCE

The NC conducts a review and determines annually whether each director is independent. Independence is assessed in compliance with the stringent standards required of financial institutions prescribed under the Banking Regulations.

In making its determination, the NC considers whether a director is:

- independent from management and business relationships;
- independent from any substantial shareholder; and
- independent based on length of service

A high proportion of directors (eight out of nine) are non-executive directors. Out of the eight non-executive directors, seven (including the Chairman) are considered independent directors. The independent directors are Dr Bart Broadman, Ms Euleen Goh, Mr Ho Tian Yee, Mr Nihal Kaviratne, Mr Peter Seah, Mr Andre Sekulic and Mr Danny Teoh.

Ms Euleen Goh, Mr Ho Tian Yee, Mr Nihal Kaviratne, Mr Peter Seah and Mr Danny Teoh are on the boards of companies that have a banking relationship with DBS, and are also directors of companies in which the Company's substantial shareholder, Temasek Holdings (Private) Limited (Temasek) has investments

(collectively, Temasek portfolio companies). The NC considers these directors (i) independent of business relationships as the revenues arising from such relationships are not material; and (ii) independent of Temasek as their appointments on the boards of Temasek portfolio companies are non-executive in nature and they are not involved in the day-to-day conduct of the businesses of the Temasek portfolio companies. In addition, none of these directors sit on any of the boards of the Temasek portfolio companies as a representative of Temasek and they do not take instructions from the Temasek in acting as director.

Mrs Ow Foong Pheng, who is a Permanent Secretary for the Ministry of Trade and Industry, Singapore, is considered not independent of Temasek as the Singapore government is its ultimate owner. However, Mrs Ow Foong Pheng is considered independent of management and business relationships with the Company.

None of the incumbent directors has served more than seven years.

Robust procedures have been instituted to manage potential conflicts of interest between a director and the Group.

DIRECTORS' TRAINING**Induction for new directors**

The NC exercises oversight on the training of directors including induction for new directors and continuous development programme for all directors.

INDUCTION FOR NEW DIRECTORS

Upon appointment, a new director will receive a letter of appointment and a guidebook which contains useful information on director's duties, responsibilities, and disclosure obligations as a director of a financial institution. The new director will go through a comprehensive and tailored induction programme.

The objective of the induction programme is to introduce the new director to the Group's senior management through a series of detailed briefings on the Group's activities (business, operations and governance practices, among others) and key disclosure duties and statutory obligations.

The Group encourages first-time directors to attend the Singapore Institute of Directors' 'Listed Companies Directorships' programme.

CONTINUOUS DEVELOPMENT PROGRAMME FOR ALL DIRECTORS

The NC oversees the continuous development programme. The NC monitors the quality and frequency of directors' training through regular reviews of the programme which include training sessions by external professionals and management. The NC selects topics which are relevant to the Group's activities to keep directors abreast of legal, regulatory, corporate governance and economic developments. Board members also contribute by highlighting areas of interests and useful topics to include in the programme.

In 2014, there were four training sessions (conducted by subject matter experts) which covered topics such as global industry best practices for boards, digital financial trends, outlook and perspective on India, Indonesia and China, and regulatory trends in technology risk. The directors gained valuable insights and a deeper understanding on these topics through the training sessions.

TERMS OF APPOINTMENT OF DIRECTORS

The NC reviews and recommends to the Board the tenure of each non-executive director.

The Group has a standing policy that a non-executive director may serve up to a maximum of three 3-year terms. The Group considers this tenure to be appropriate for members to gain an understanding of the Group and to make an effective contribution.

Prior to the end of each three-year term, the NC would consider whether to extend the tenure of the non-executive director. Each member of the NC will recuse himself or herself from deliberations on his or her own re-appointment.

ROTATION & RE-ELECTION OF DIRECTORS

The NC reviews and recommends to the Board the rotation and re-election of directors at the Annual General meeting (AGM).

One-third of directors who are longest-serving are required to retire from office every year at the AGM. Based on this rotation process, each director is required to submit himself or herself for re-election by shareholders at least once every three years.

Where an incumbent director is required to retire from office, the NC reviews the composition of the Board and decides whether to recommend that director for re-election taking into account factors such as the director's attendance, participation, contribution and competing time commitments.

Mr Peter Seah, Mrs Ow Foong Pheng and Mr Andre Sekulic will be retiring by rotation at the AGM to be held on 23 April 2015 (2015 AGM). At the recommendation of the NC and as approved by the Board, they will be seeking re-election as director at the 2015 AGM.

In addition, as Mr Nihal Kaviratne is above 70 years of age, he is required under Section 153 of the Companies Act to step down at the 2015 AGM. At the recommendation of the NC and as approved by the Board, Mr Kaviratne will be seeking re-appointment as a director at the 2015 AGM.

DIRECTORS' TIME COMMITMENT

The NC conducts a review of the time commitment of each director on an ongoing basis.

As a director's ability to commit time to the Group's affairs is essential for performance, the NC has guidelines to assess each director's ability to make such a commitment. The guidelines consider the number of other board and committee memberships a director holds, as well as size and complexity of the companies in which he or she is a board member. All directors are aware of their respective time commitments and have met the requirements under the guidelines. In addition, each director completed a self-assessment of his or her time commitments in 2014.

The Board believes that each director has to personally determine the demands of his or her competing directorships and obligations and assess how much time he or she has to serve on the Board effectively. Accordingly, the Board has not set the maximum number of listed company board representations a director may hold.

Board Executive Committee (Exco)

The Exco is chaired by Mr Peter Seah and comprises Ms Euleen Goh and Mr Piyush Gupta.

In accordance with the requirements of the Guidelines and Banking Regulations, a majority (two out of three members of the Exco including the Exco Chairperson) are independent directors.

KEY RESPONSIBILITIES OF THE EXCO

- Review and provide recommendations on matters that would require Board approval, including:
 - ▶ strategic matters such as country and business strategies
 - ▶ business plans, annual budget, capital structure and dividend policy
 - ▶ strategic investments or divestments
 - ▶ delegation of authority stipulated by the GAA
 - ▶ weak credit cases
- Approve certain matters specifically delegated by the Board such as non-strategic investments and divestments, credit transactions, investments, capital expenditure and expenses that exceed the limits that can be authorised by the CEO

Highlights of the Exco's activities are as follows:

KEY MATTERS REVIEWED BY EXCO IN 2014

The Exco assists the Board to enhance the business strategies and strengthen core competencies of the Group. The Exco meets frequently (11 meetings in 2014) and is able to offer greater responsiveness in the decision-making process of the Group.

In 2014, the Exco reviewed the potential impact on the Group's operations arising from changes in regional and global market conditions to ensure that the Group's strategy remains relevant and responsive to changes in business conditions. It also reviewed

the acquisition of Societe Generale's private banking business in Asia, setting up of a new branch in Qingdao, proposed divestments and investments (such as the acquisition of Hutchinson's 50% stake in the Hutchinson-DBS credit card joint venture in Hong Kong), matters related to capital planning and expenditure as well as corporate actions. It also reviewed weak credit cases every quarter.

Audit Committee (AC)

The AC is chaired by Mr Danny Teoh and comprises Mr Nihal Kaviratne, Mr Peter Seah, Mrs Ow Foong Pheng and Mr Andre Sekulic.

Mr Teoh possesses an accounting qualification and was the managing partner of KPMG, Singapore. All members of the AC are non-executive directors, and have recent and relevant accounting or related financial management expertise or experience.

In accordance with the requirements of the Guidelines and Banking Regulations, a majority (four out of five members of the AC including the AC Chairperson) are independent directors.

KEY RESPONSIBILITIES OF THE AC**Financial reporting**

- Monitor the financial reporting process and ensuring the integrity of the Group's consolidated financial statements
- Review the Group's consolidated financial statements prior to submission to the Board and in particular reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the consolidated financial statements of the Group and any announcements relating to the Group's financial performance
- Ensure that the consolidated financial statements of the Group are prepared in accordance with Singapore Financial Reporting Standards

Internal controls

- Review the adequacy and effectiveness of internal controls, such as financial, operational, compliance and information technology controls, as well as accounting policies and systems
- Review the policy and arrangements by which DBS staff and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters and to ensure that arrangements are also in place for such concerns to be raised and independently investigated and for appropriate follow-up action to be taken
- Approve changes to the Group Disclosure Policy

KEY RESPONSIBILITIES OF THE AC (continued)**Internal audit**

- Review the adequacy and effectiveness of the Group's internal audit function (Group Audit) and processes, as well as ensuring that Group Audit is adequately resourced and set up to carry out its functions, including approving its budget
- Oversee Group Audit
- Review the Group Audit's plans, the scope and results of audits, and effectiveness of the Group Audit
- Approve the hiring, removal, resignation, evaluation and compensation of Head of Group Audit

External auditor

- Determine the criteria for selecting, monitoring and assessing the external auditor. Making recommendations to the Board on the proposals to shareholders on the appointment, re-appointment and removal of the external auditor of DBS and approving the remuneration and terms of engagement of the external auditor

- Review the scope and results of the external audits and the independence and objectivity of the external auditor, and ensuring that the external auditor promptly communicates to the AC any information regarding internal control weaknesses or deficiencies, and that significant findings and observations regarding weaknesses are promptly rectified
- Review the assistance given by management to the external auditor

Related party transactions

- Review all material related party transactions (including interested person transactions) and keeping the Board informed of such transactions, and the findings and conclusions from its review

Highlights of the AC's activities are as follows:

OVERSIGHT OF FINANCIAL REPORTING AND OTHER KEY MATTERS

The AC performed quarterly reviews of consolidated financial statements and made recommendations to the Board for approval. The CEO and CFO provided the AC and the external auditor with a letter of representation attesting to the integrity of the quarterly financial statements.

The AC reviewed the Group's audited consolidated financial statements with management and the external auditor. The AC is of the view that the Group's consolidated financial statements for 2014 are fairly presented in conformity with relevant Singapore Financial Reporting Standards in all material aspects.

The AC reviewed the annual audit plan and the legal and compliance plans, and approved any changes as necessary.

The AC performed quarterly reviews of reports from Group Audit, Group Legal and Compliance.

The AC reviewed the Group's progress on the implementation of the Fair Dealing Outcomes across the Group, in line with the principles issued by MAS.

The AC has the authority to investigate any matter within its terms of reference, and has full access to and cooperation by management.

OVERSIGHT OF GROUP AUDIT

The AC has direct oversight of Group Audit. Please refer to the section on 'Internal Controls' for details on Group Audit's key responsibilities and processes.

The AC assessed the effectiveness of Group Audit in compliance with Paragraph 12.4(c) of the Code. The 2014 annual assessment of Group Audit was facilitated by an independent assessor, KPMG Services Pte Ltd, Risk Consulting. The AC concluded that Group Audit continues to:

- be independent of the activities it audits
- perform to a very high standard
- adopt effective communication to stakeholders

- place high importance on staff, including maintaining adequate training programmes for all its internal auditors and continuously investing to enhance its benchstrength
- stay relevant and competent to keep up with changes in the Group's risk and regulatory environment

There is at least one scheduled private session annually for the Head of Group Audit to meet the AC. The chair of the AC meets the Head of Group Audit regularly to discuss its plan, current work, key findings and other significant matters.

REVIEWING INDEPENDENCE & OBJECTIVITY OF EXTERNAL AUDITOR

The AC makes recommendations to the Board for the appointment, re-appointment and dismissal of the external auditor including the remuneration and terms of engagement. Upon Board approval, the re-appointment of the external auditor is subject to shareholder approval at the AGM.

The AC has unfettered access to the external auditor. During the financial year, separate sessions were held for the AC to meet with the external auditor without the presence of management at each AC meeting to discuss matters that might have to be raised privately.

The Group has complied with Rule 712 and Rule 715 of the SGX Listing Rules in relation to its external auditor. The total fees due to the Group's external auditor, PricewaterhouseCoopers LLP (PwC), for the financial year ended 31 December 2014, and the breakdown of the fees for audit and non-audit services respectively are set out as follows:

Fees relating to PwC services for 2014	SGD million
For Audit and Audit-Related Services	7.2
For Non-Audit Services	2.0
Total	9.2

The AC reviewed the non-audit services provided by the external auditor during the financial year and the associated fees. The AC is satisfied that the independence and objectivity of the external auditor has not been impaired by the provision of those services. The external auditor has provided a confirmation of their independence to the AC. At the recommendation of the AC and as approved by the Board, the re-appointment of the external auditor is subject to the shareholders' approval at the 2015 AGM.

KEEPING UPDATED ON RELEVANT INFORMATION

The AC attended a training session on the updates to accounting requirements as well as related market developments and emerging trends.

In addition, AC members are regularly kept updated on changes to accounting standards and issues related to financial reporting through quarterly meetings with Group Audit, and via internal audit bulletins, among others.

Board Risk Management Committee (BRMC)

The BRMC is chaired by Ms Euleen Goh and comprises Dr Bart Broadman, Mr Ho Tian Yee, Mr Nihal Kaviratne, Mr Peter Seah and Mr Danny Teoh.

All BRMC members are appropriately qualified to discharge their responsibilities, and have the relevant technical financial expertise in risk disciplines or businesses.

All BRMC members (including the BRMC Chairperson) are independent directors. The number of independent directors exceeds the requirements of the Guidelines and Banking Regulations.

KEY RESPONSIBILITIES OF THE BRMC

- Establish risk appetite for various types of risk and exercise oversight on how this is operationalised into individual risk appetite limits
- Monitor risk exposures and profile against risk limits and risk strategy in accordance with approved risk appetite and/or guidelines
- Review the risk dashboard to keep track of major risk positions and risk developments
- Monitor the quarterly portfolio reviews of total exposures as well as large exposures and asset quality
- Discuss large risk events and subsequent remedial action plans
- Monitor market developments, such as macro-economic, credit, industry, country risk and stress tests related to these developments
- Approve the Group's overall and specific risk governance frameworks
- Have direct oversight of the Chief Risk Officer
- Review (in parallel with the AC) the adequacy and effectiveness of the Group's internal control framework
- Approve risk models which are used for capital computation and monitoring the performance of previously approved models
- Oversee an independent Group-wide risk management system and adequacy of resources to monitor risks
- Exercise oversight of the Internal Capital Adequacy Assessment Process (ICAAP) including approval of stress scenarios and commensurate results for capital, risk-weighted assets, profit and loss and liquidity
- Approve the Business Continuity Management attestation and Group-wide Recovery Plan

Highlights of the BRMC's activities are as follows:

REVIEWING THE RISK LANDSCAPE

The risk dashboard (introduced in 2011) informs DBS of all major risk positions and risk development. During discussions, the BRMC monitored the global economic environment and, in particular, paid close attention to developments which could have material consequences for the key Asian countries where DBS operates. The BRMC also provided guidance, where appropriate, to management. The BRMC considered vulnerabilities such as the political landscape, liquidity tightening, risk of rising interest rates and currency volatility as well as the outlook on commodity prices, all of which could impact DBS' strategy and portfolios in these countries. Through the course of 2014, the BRMC discussed the findings and the impact arising from scenario analyses and portfolio reviews conducted on specific sectors (e.g. real estate,

shipping, commodities) and vulnerable customer segments. These are in addition to the review of various stress testing results required by the regulators and under ICAAP. The BRMC also approved and monitored the performance of various risk models. The BRMC received regular updates on risk appetite and economic capital utilisation. The BRMC was apprised of regulatory developments such as approaches for risk models, Basel III and papers from the Financial Stability Board (FSB).

Please refer to the section on 'Risk Management' in this Annual Report for more information on the BRMC's activities.

Compensation and Management Development Committee (CMDC)

The CMDC is chaired by Mr Peter Seah and comprises Dr Bart Broadman, Ms Euleen Goh and Mr Andre Sekulic.

The CMDC has direct access to senior management and works closely with the BRMC and the AC when performing its role. Dr Bart Broadman, Ms Euleen Goh and Mr Peter Seah are also members of the BRMC while Mr Peter Seah and Mr Andre Sekulic are members of the AC. As a result of their membership in other Board committees, the members of the CMDC are able to make strategic remuneration decisions in an informed and holistic manner.

All CMDC members (including the CMDC Chairperson) are independent directors. The number of independent directors exceeds the requirements of the Guidelines and Banking Regulations.

KEY RESPONSIBILITIES OF THE CMDC

- Oversee the governance of the Group's remuneration policy (including design, implementation and ongoing review) and the annual bonus pool (Board endorsement also required) in accordance with the corporate governance practices as stipulated under the Guidelines and the Banking Regulations
- Oversee the remuneration of senior executives, including reviewing and approving the remuneration of the executive director/CEO
- Oversee the Group's principles and framework of compensation to ensure alignment with prudent risk-taking principles (deferral mechanism is adequate as a risk management process) in order to build a sustainable business in the long term
- Ensure alignment between reward and the Group Talent Management initiatives with particular focus on attraction and retention of talent including current and future leaders of the Group

Highlights of the CMDC's activities are as follows:

GROUP REMUNERATION POLICY & ANNUAL VARIABLE PAY POOL

Please refer to the section on 'Remuneration Report' for details on remuneration of the CEO and on the DBS Group remuneration strategy.

The CMDC reviews and approves the Group's remuneration policy and the annual variable pay pool which are also endorsed at the Board level.

The CMDC provides oversight of the remuneration of the CEO, senior executives and control functions in line with the FSB's guidelines. The CMDC also reviews cases where total remuneration exceeds a pre-defined threshold, or where a deferral mechanism is implemented as a risk control process.

REMUNERATION OF NON-EXECUTIVE DIRECTORS

Please refer to Pages 61 to 62 of this Annual Report for details of remuneration of each non-executive director (including the Chairman) for 2014.

The CMDC reviews and recommends a framework to the Board for determining the remuneration of non-executive directors, including the Chairman.

The remuneration of non-executive directors, including the Chairman, has been benchmarked against global, regional and local financial institutions. Non-executive directors will receive 70% of their fees in cash and the remaining 30% in share awards. The share awards are not subject to a vesting period, but are subject to a selling moratorium whereby each non-executive director is required to hold the equivalent of one year's basic retainer fees for his or her tenure as a director and for one year after the date he or she steps down. The fair value of share grants to the non-executive directors shall be based on the volume-weighted average price of the ordinary shares of the Company over the 10 trading days immediately following the

AGM. The actual number of ordinary shares to be awarded will be rounded down to the nearest share, and any residual balance will be paid in cash. Other than these share awards, the non-executive directors did not receive and are not entitled to receive any other share incentives pursuant to any of the Company's share plans during the financial year.

There is no change to the annual fee structure for the Board for 2014 from the fee structure in 2013. As per previous years, remuneration of non-executive directors does not include any variable component. The table below sets out the proposed annual fee structure for the non-executive directors for 2014. Shareholders are entitled to vote on the remuneration of non-executive directors at the 2015 AGM.

ANNUAL FEE STRUCTURE FOR 2014		SGD
BASIC ANNUAL RETAINER FEES		
Board		80,000
ADDITIONAL CHAIRMAN FEES FOR:		
Board		1,350,000
Audit Committee		75,000
Board Risk Management Committee		75,000
Compensation and Management Development Committee		65,000
Executive Committee		75,000
Nominating Committee		35,000
ADDITIONAL COMMITTEE MEMBER FEES FOR:		
Audit Committee		45,000
Board Risk Management Committee		45,000
Compensation and Management Development Committee		35,000
Executive Committee		45,000
Nominating Committee		20,000

In 2014 there was one employee of DBS Bank Ltd, Ms Lesley Teoh, who is an immediate family member (daughter) of a director, Mr Danny Teoh. Ms Lesley Teoh's remuneration for 2014 falls within the band of SGD 50,000 to 100,000. Mr Teoh is not involved in the determination of his family member's remuneration. Apart from Ms Lesley Teoh, none of the Group's employees was an immediate family member of a director in 2014.

INTERNAL CONTROLS

BOARD'S COMMENTARY ON ADEQUACY AND EFFECTIVENESS OF INTERNAL CONTROLS

The Board has received assurance from the CEO and CFO that, as at 31 December 2014:

- (a) the Group's financial records have been properly maintained, and the financial statements give a true and fair view of the Group's operations and finances; and
- (b) the Group's risk management and internal control systems were adequate and effective to address financial, operational, compliance and information technology risks which the Group considers relevant and material to its operations.

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, reviews performed by management and various Board committees and assurances received from the CEO and CFO, the Board, with the concurrence of the AC, is of the opinion that the Group's internal controls and risk management systems were adequate and effective as at 31 December 2014 to address financial, operational, compliance and information technology risks which the Group considers relevant and material to its operations.

The Board notes that the internal controls and risk management systems provide reasonable, but not absolute, assurance that the Group will not be affected by any event that could be reasonably foreseen as it strives to achieve its business objectives. In this regard, the Board also notes that no system can provide absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, fraud or other irregularities.

FRAMEWORK

The Group has an internal controls framework covering financial, operational, compliance and information technology controls, as well as risk management policies and systems. The Board, supported by the AC and BRMC, oversees the Group's system of internal controls and risk management. DBS' risk governance structure includes three lines of defence with clear roles and responsibilities. The business management, in partnership with support functions, is the first line of defence and is primarily responsible for identification, assessment and management of risk within approved risk appetite and policies. They are required to develop and maintain appropriate risk management controls including self-assurance processes. As the second line of defence, corporate oversight functions (such as Risk Management Group and Group Legal and Compliance) are responsible for establishment and maintenance of risk management frameworks as well as monitoring and reporting of key risk issues. Group Audit, as the third line of defence, provides assurance on the reliability, adequacy and effectiveness of the Group's system of internal controls, risk management procedures, governance framework and processes, and the quality of performance in carrying out assigned responsibilities.

Risk management

Please refer to the section on 'Risk Management' in this Annual Report which sets out the overall risk governance and various risk management frameworks covering credit, market, liquidity, operational and reputational risks.

ASSESSMENT

The Group has a risk management process that requires all units to perform a half-yearly Control Self Assessment (CSA) to assess the effectiveness of their internal controls. In addition, all units of the Group are required to submit quarterly attestations on their controls relating to the financial reporting process, and annual attestations on their compliance with the overall internal controls framework. Based on the CSA and the quarterly and annual attestations, the CEO and CFO provide an annual attestation to the AC relating to adequacy and effectiveness of the Group's risk management and internal control systems. Group Audit performs regular independent reviews to provide assurance on the adequacy and effectiveness of the Group's internal controls on risk management, control and governance processes. The overall adequacy and effectiveness of the Group's internal controls framework is reviewed by the AC and BRMC.

GROUP AUDIT

KEY RESPONSIBILITIES & PROCESSES

Group Audit is a function that is independent of the activities it audits. The objective, scope of authority and responsibilities of Group Audit are defined in the Group Audit charter, which is approved by the AC. Group Audit reports functionally to the Chairman of the AC and administratively to the CEO.

Group Audit's responsibilities include:

- (i) Evaluating the reliability, adequacy and effectiveness of the Group's risk management and internal controls systems, including whether there is prompt and accurate recording of transactions and proper safeguarding of assets;

- (ii) Providing an independent assessment of the Group's credit management processes, portfolio strategies and portfolio quality;
- (iii) Reviewing whether the Group complies with laws and regulations and adheres to established policies; and
- (iv) Reviewing whether management is taking appropriate steps to address control deficiencies.

Group Audit adopts a risk-based approach in its auditing activities. An annual audit plan is developed using a structured risk and control assessment framework, where Group Audit assesses the inherent risk and control effectiveness of each auditable entity in the Group. The assessment also covers risks arising from new lines of business or product. Audit projects are planned based on the results of the assessment, with priority given to auditing higher risk areas. Consideration is also given to conducting audit projects required by regulators. Appropriate resources are deployed to complete the plan, which is reviewed and approved by the AC.

Group Audit has unfettered access to the AC, the Board and management, as well as the right to seek information and explanation. Group Audit has an organisational and strategic alignment to the Group. The positioning of Group Audit is such that the Head of Group Audit has a seat in the Group Management Committee attending all the business reviews and strategic planning forums. In each of the five key locations outside Singapore, the country head of audit also sits in the country management team.

Group Audit staff are required to adhere to the Code of Conduct as well as the Code of Ethics established by the Institute of Internal Auditors (IIA), from which the principles of objectivity, competence, confidentiality and integrity are based.

Audit reports containing identified issues and corrective action plans are reported to the AC and senior management. The progress of the corrective action plans is monitored through a centralised issue management system. Information on outstanding issues is included in regular reports to the AC, the Chairman, senior management and business and support unit heads.

Group Audit apprises the regulators and external auditors of all relevant audit matters. It works closely with the external auditor to coordinate audit efforts.

QUALITY ASSURANCE & KEY DEVELOPMENTS

In line with leading practices, Group Audit has a quality assurance and improvement programme that covers all aspects of its audit activity and conforms to the International Standards for the Professional Practice of Internal Auditing. The programme includes periodic internal quality assurance reviews, self-assessments based on standards established by the IIA and internal audit methodologies, stakeholder surveys and industry benchmarking surveys. External quality assessments are also carried out at least once every five years by qualified professionals from an external organisation. The most recent assessment was conducted in 2013 by KPMG. KPMG was also the independent assessor for Group Audit's quarterly internal quality assurance review in 2014.

Group Audit achieved another significant milestone during its participation in the 2014 Securities Investors Association of Singapore (SIAS) Investors' Choice Awards, jointly organised by the SIAS, IIA Singapore and Singapore Management University. Group Audit emerged as the runner-up for the Internal Audit Excellence Award, and top among banks for the fourth year running. These achievements are significant for the Group as the SIAS Investors' Choice Awards is one of only few awards in the market that recognises public-listed companies for their exemplary corporate governance and transparency practices.

Group Audit continues to improve on its approach towards the internal audit function. One of its initiatives is the use of computer-assisted audit techniques as well as more complex data analytics, for greater efficiency and effectiveness, as well as to enhance productivity. Technology will continue to play a central role in driving innovation and process automation to improve the quality and efficiency in performing audits and managing internal department processes. As part of its Future of Audit initiative, Group Audit has embarked on a collaborative effort with A*Star-I2R (Agency for Science, Technology and Research - Institute for Infocomm Research) researchers to develop predictive models in anticipating emerging risks.

Significant incident protocol and Code of Conduct

The Group has a significant incident protocol that sets out processes and procedures for incidents according to the level of severity. In this way, appropriate levels of management are made aware of such incidents and can take action accordingly. There are also well-defined procedures for the escalation, investigation and follow up of any reported wrong-doing by a DBS employee, customer, vendor or third party.

The DBS Code of Conduct ("Code of Conduct"):

- sets out the principles and standards of behaviour that are expected of employees of the Group (including part-time and temporary employees) when dealing with customers, business associates, regulators and colleagues. The principles covered in the Code of Conduct include professional integrity, confidentiality, conflicts of interests, fair dealings with customers and whistle-blowing.
- defines the procedures for employees of the Group to report incidents and provides protection for those staff for these disclosures.

All employees of the Group are required to read and acknowledge the Code of Conduct on an annual basis. Members of the public may access the Code of Conduct on the Group's website, as well as write in via an electronic feedback form on the website.

The Code of Conduct encourages employees of the Group to report their concerns to the Group's dedicated, independent investigation team within Group Compliance which handles whistle-blowing cases according to a well defined protocol. Alternatively, in case of actual or potential conflict of interest or fear of retribution, employees of the Group may write in confidence to Human Resources, Group Audit, or even the CEO or Chairman. In addition, employees of the Group now have the option of using the 'DBS Speak Up' service.

DBS SPEAK UP

DBS Speak Up is a hotline service run by an independent external party that gives employees of the Group the opportunity to speak up on misconduct and/or wrong-doing by a DBS employee, customer, vendor or third party.

DBS Speak Up service includes:

- a dedicated hotline number, website, email address, fax number and postal address for reporting of suspected incidents of misconduct and wrongdoing
- specialist call centre operators with knowledge of individual organisations
- expert forensic investigators to analyse reports
- timely reporting of incidents to dedicated representatives within an organisation
- recommendations on corrective action

Related party transactions

The Group has embedded procedures to comply with all regulations governing related party transactions, including those in the Banking Act, MAS directives and the SGX Listing Rules. The Banking Act and MAS directives impose limits on credit exposures by the Group to certain related entities and persons, while the SGX Listing Rules cover interested person transactions in general.

All new directors are briefed on all relevant provisions that affect them. If necessary, existing credit facilities to related parties are adjusted prior to a director's appointment, and all credit facilities to related parties are continually monitored. Checks are conducted before the Group enters into credit or other transactions with related parties to ensure compliance with regulations.

As required under the SGX Listing Rules, the following are details of interested person transactions in 2014.

Name of Interested Person	Aggregate value of all Interested Person Transactions in 2014 (excluding transactions less than SGD 100,000)
Aetos Security Management Pte Ltd Group	1,531,488
CapitaLand Limited Group	332,400
Certis CISCO Security Pte Ltd Group	29,585,530
MediaCorp Pte Ltd Group	259,000
Sembcorp Industries Ltd Group	2,647,200
Singapore Airlines Limited Group	451,848
Singapore Telecommunications Limited Group	61,624,166
SMRT Corporation Ltd Group	3,885,646
StarHub Ltd Group	5,422,033
Temasek Management Services Pte Ltd Group	288,896
Total Interested Person Transactions (SGD)	106,028,207

Material contracts

Since the end of the previous financial year, no material contracts involving the interest of any director or controlling shareholder of the Group has been entered into by the Group or any of its subsidiary companies, and no such contract subsisted as at 31 December 2014, save as disclosed via SGXNET.

Dealings in securities

In conformance with the "black-out" policies prescribed under SGX Listing Rules, the Group's directors and employees are prohibited from trading in the Group's securities one month before the release of the full-year results and two weeks before the release of the first, second and third quarter results. In addition, business units and subsidiaries engaging in proprietary trading are restricted from trading in the Group's securities during the black-out period.

Prior to the commencement of each black-out period, Group Secretariat will send an email to all directors and employees to inform them of the duration of such period.

In addition, Group Management Committee members are only allowed to trade in the Group's securities within specific window periods (15 market days immediately following the expiry of each black-out period) subject to pre-clearance. With effect from February 2015, Group Management Committee members are also required to obtain pre-approval from the CEO before any sale of the Group's securities. Similarly, the CEO is required to seek pre-approval from the Chairman before any sale of the Group's securities. As part of our commitment to good governance and the principles of share ownership by senior management, the CEO is expected to build up and hold at least the equivalent of three times his annual base salary as shareholding over time.

Directors and officers are prohibited at all times from trading in the Group's securities if they are in possession of material non-public information. The Group has put in place a personal investment policy which prohibits employees with access to price-sensitive information in the course of their duties from trading in securities in which they possess such price-sensitive information. Such employees are also required to seek pre-clearance before making any personal trades in securities, and may only trade through the Group's stockbroking subsidiaries and bank channels for securities listed in Singapore and Hong Kong. The personal investment policy discourages employees from engaging in short-term speculative trading, and states that investment decisions should be geared towards long-term investment.

FOCUS ON OUR SHAREHOLDERS

Shareholder rights

The Group's robust corporate governance culture and awareness promote fair and equitable treatment of all shareholders. All shareholders enjoy specific rights under the Singapore Companies' Act and the Company's Articles of Association. All shareholders are treated fairly and equitably.

These rights include, among others, the right to participate in profit distributions and the right to attend and vote at general meetings. Ordinary shareholders are entitled to attend and vote at the AGM by person or proxy. A shareholder may appoint up to the maximum of two proxies, who need not be shareholders. Notwithstanding the two-proxy rule, investors who hold ordinary shares through CPF or custodian banks, but have not been appointed as proxies, are also allowed to attend the AGM as observers.

The Group respects the equal information rights of all shareholders and is committed to the practice of fair, transparent and timely disclosure. All price-sensitive information is publicly released prior to any sessions with individual investors or analysts.

Communication with shareholders

The Board provides shareholders with quarterly and annual financial reports. In presenting these statements, the Board aims to give shareholders a balanced assessment of the Group's financial performance and position. The Board also ensures timely and full disclosure of material corporate developments to shareholders.

The Group's investor relations activities promote regular, effective and fair communication with shareholders. Briefing sessions for the media and analysts are conducted when quarterly results are released. All press statements and quarterly financial statements are published on www.dbs.com and the SGX website. A dedicated investor relations team supports the CEO and the CFO in maintaining a close and active dialogue with institutional investors. The Group's website provides contact details for investors to submit their feedback and raise any questions.

During the year, management met with more than 350 investors at more than 230 investor meetings. The management participated in 12 local and foreign investor conferences and non-deal road shows. These meetings provide a forum for management to explain the Group's strategy and financial performance. Management also uses meetings with investors and analysts to solicit their perceptions of the Group.

The Group has a formal disclosure policy to ensure that all disclosures of material information are timely, complete and accurate. The policy also spells out how material information should be managed to prevent selective disclosure. In 2012, the Group Disclosure Committee (GDC) was formed to assist the CEO and CFO in implementing the Group's disclosure policy. The GDC comprises the CFO, members of the Group Executive Committee as well as various department heads. The GDC's objectives are to periodically review the Group's disclosure policy and update it as needed; ensure that all material disclosures are appropriate, complete and accurate; and ensure the avoidance of selective or inadvertent disclosure of material information.

At the IR Magazine Awards and Conference South East Asia 2014, the Group won the Grand prix for Best Overall Investor Relations (large cap), and was named the Best Investor Relations by a Singaporean company, and Best Investor Relations in the Financial (excluding Real Estate) Sector. The Group's efforts to improve disclosure were recognised at the 2014 SIAS Investors' Choice Awards, where it won the Most Transparent Company Award in the finance category for the third consecutive year.

Conduct of shareholder meetings

The AGM provides shareholders with the opportunity to share their views and to meet the Board, including the chairpersons of the Board committees and certain members of senior management. The Group's external auditor is available to answer shareholders' queries. At the AGM, the Group's financial performance for the preceding year is presented to shareholders.

At general meetings, the Chairman plays a pivotal role in fostering constructive dialogue between shareholders, Board members and management.

The Group encourages and values shareholder participation at its general meetings. To enhance shareholder participation, the Group puts all resolutions at general meetings to vote by electronic poll and announces the results by showing the number of votes cast for and against each resolution and the respective percentage.

In accordance with the recommendations contained in the Code and the Guidelines, resolutions requiring shareholder approval are tabled separately for adoption at the Company's general meetings unless they are closely related and are more appropriately tabled together.