

# Corporate governance

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#### Compliance and approval

For the financial year ended 31 December 2016, we have complied:

- with the Banking (Corporate Governance) Regulations 2005 (Banking Regulations), and
- 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) (collectively referred to as the Guidelines) to cater to the diverse and complex risks undertaken by financial institutions.

We provide a summary disclosure on our compliance with the Guidelines on pages 70 to 73 of this Annual Report.

#### Where to find key information on each Director?

In this Annual Report:

- Pages 58 to 59 – Directors' independence status, appointment dates, meeting attendance and remuneration details
- Pages 194 to 198 – Directors' length of directorship, academic and professional qualifications and present and past directorships

At our website ([www.dbs.com](http://www.dbs.com)):  
Directors' biodata

## Governance framework

We have a clearly defined governance framework that promotes transparency, fairness and accountability.

The Board believes that corporate governance principles should be embedded in our corporate culture. Our corporate culture is anchored on (a) competent leadership, (b) effective internal controls, (c) a strong risk culture and (d) accountability to shareholders. Our internal controls cover financial, operational, compliance and technology, as well as risk management policies and systems.

We work closely with our regulators to ensure that our internal governance standards meet their increasing expectations. We are committed to the highest standards of corporate governance, and have been recognised for it. We have won SIAS' Corporate Governance Award in the Big Cap category four years in a row (2013 to 2016). We are ranked first runner-up in the Singapore Governance and Transparency Index (SGTI) 2016, moving up two spots from the year before. The SGTI 2016 has been updated based on guidelines from the Code and G20/OECD Principles of Corporate Governance.

### DBS corporate governance framework

Competent leadership

Effective internal controls

Strong risk culture

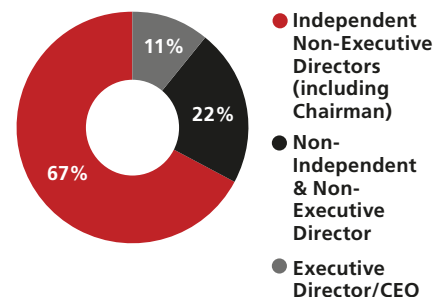
Accountability to shareholders

### Key features of our Board

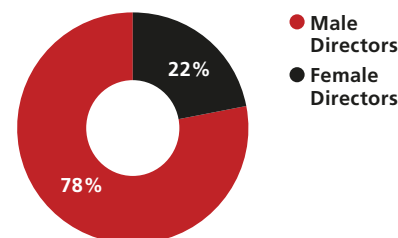
- Separation of the role of Chairman and Chief Executive Officer (CEO)
- Other than the CEO, none of the other Directors is a former or current employee of DBSH or its subsidiaries
- Chairpersons of the Board and all Board committees are Independent Directors
- Remuneration of Non-Executive Directors (including the Chairman) does not include any variable component

- To stimulate fresh thinking, external experts are regularly invited to the annual Board strategy offsite and to conduct Directors' training sessions

#### Independence



#### Gender diversity

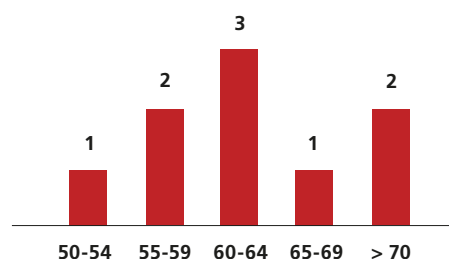


#### Director's length of service

No. of years (Y)



#### Age group of our Directors



## 1 Leadership

### Board composition

The Board has adopted a diversity policy, which recognises the importance of having an appropriate balance of industry knowledge, skills, experience, professional qualifications, gender and nationalities to build an effective and cohesive board. In particular, the Board has set an objective of having female representation.

Board members have a broad range of experience and deep industry expertise. We have a good balance between continuity and fresh perspectives on the Board. We have a high proportion of Independent Non-Executive Directors (six out of nine directors). The size and composition of the Board is appropriate given the current size and geographic footprint of DBS' operations.

### Role of the Chairman and the CEO

There is a very positive and constructive working relationship between our Chairman (Mr Peter Seah) and CEO (Mr Piyush Gupta). Our leadership model ensures an appropriate

balance of power, accountability and independence in decision-making.

The CEO heads the Group Executive Committee and the Group Management Committee. He oversees the execution of DBS' strategy and is responsible for managing the day-to-day operations. The Chairman is responsible for leading the Board and maintaining our corporate governance standards. The Chairman provides clear leadership with respect to DBS' long-term growth and strategy. He guides the Board through its decision-making process and also ensures that the Board operates effectively as a team.

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.

### Time commitment of the Chairman's role

The role of the Chairman of DBSH requires significant time commitment. Mr Peter Seah

sits on all Board committees. He performs a key role as an ambassador for DBS in our dealings with various stakeholders as well as in ensuring effective communication with our shareholders. Mr Peter Seah regularly represents DBS in official external engagements, and he also sets aside time to attend DBS' internal events upon the invitation of management.

The Nominating Committee held an ad-hoc meeting to discuss Mr Peter Seah's ability to commit time to the Board and to DBS generally prior to his appointment as chairman of Singapore Airlines Limited. Before he took on the role as deputy chairman of Singapore Airlines Limited, Mr Peter Seah had stepped down from the boards of CapitaLand Limited and STATS ChipPAC Ltd. He has since also stepped down from the board of StarHub Ltd. The Nominating Committee (other than Mr Peter Seah who recused himself from the decision) agreed that he has sufficient time and bandwidth to discharge his obligations to DBS. The Board (other than Mr Peter Seah who recused himself from the decision) considered the matter and agreed with the Nominating Committee's view.



### Role of the Board

- Directs DBS in conduct of its affairs
  - Ensures that corporate responsibility and ethical standards underpin the conduct of DBS' business
- Provides sound leadership to CEO and management
  - Sets the strategic vision, direction and long-term goals of DBS
  - Ensures that adequate resources are available to meet these objectives
- Bears ultimate responsibility for DBS':
  - Governance
  - Strategy
  - Risk management
  - Financial performance



### Mr Peter Seah's role in our board committees

#### Chairman

- Board Executive Committee
- Compensation and Management Development Committee
- Nominating Committee

#### Member

- Audit Committee (AC)
- Board Risk Management Committee (BRMC)
- *There are separate chairpersons for the Board committees, which oversee the internal controls and risk management functions, namely the AC (Mr Danny Teoh) and the BRMC (Ms Eileen Goh) respectively*
- *Chairpersons of the AC and BRMC are Non-Executive and Independent Directors*



### Securities Investors Association (Singapore) (SIAS) Investors' Choice Awards 2016

- Corporate Governance Award
- Board Diversity Award (Merit)
- Most Transparent Company
  - Financials category
  - Golden Circle Award

### Singapore Governance and Transparency Index 2016

- First runner-up

### Singapore Corporate Awards 2016

- Best Annual Report (Silver)

### Corporate Governance Asia – Asian Excellence Awards 2016

- Best Corporate Social Responsibility (CSR)
- Best Environmental Responsibility
- Best Investor Relations, Singapore

## Board's key areas of focus

- Review DBS' strategic and business plans
- Monitor the responsibilities delegated to the Board committees to ensure proper and effective oversight and control of DBS' activities
- Establish a framework for risks to be assessed and managed
- Review management performance
- Determine DBS' values and standards (including ethical standards) and ensure 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 DBS' strategy

## 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.

### Before meeting

- To facilitate meaningful participation, all Board and Board committee meetings are planned and scheduled well in advance in consultation with the Directors
- The 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

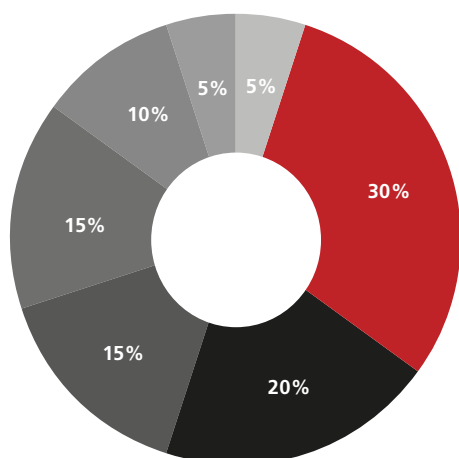
### At every meeting

- 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
- If there are any situations where there is a conflict of interest, the Director in question will recuse him or herself from the discussions and abstain from participating in any Board decision
- 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 highlights
- 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
- 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
- External professionals or in-house subject matter experts are also invited to present key topics identified by the Board as well as updates on corporate governance, risk management, capital, tax, accounting, listing and other regulations, which may have an impact on DBS' affairs

### Frequent and effective engagement with the Board

- The Board is regularly updated on the performance and prospects of DBS
- 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 was no ad-hoc Board meeting held in 2016
- 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 DBS. This allows Directors to have a better understanding of 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 attends all Board meetings and generally assists Directors in the discharge of their duties. The Group Secretary facilitates communication between the Board, its committees and management. The Group Secretary helps with the induction of new Directors. The appointment and removal of the Group Secretary require the approval of the Board

## How the board spent its time in 2016



- **Strategy**
- **Feedback from the board committees**
- **Governance**
- **Business and operations updates, market and competitive landscape review**
- **Financial performance and significant financial updates**
- **Directors' training**
- **Board networking and engagement**

## Board committees

### Delegation by the Board to the Board committees

To discharge its stewardship and fiduciary obligations more effectively, the Board has delegated authority to various Board committees to enable them to oversee certain specific responsibilities based on clearly defined terms of reference. Any change to the terms of reference for any Board committee requires Board approval.

### 5 Board committees

- Constituted in accordance with Banking Regulations
- Comprises Directors only

### Terms of reference

Sets out the:

- Responsibilities of the Board committee
- Conduct of meetings including quorum
- Voting requirements
- Qualifications for Board committee membership

### Nominating Committee (NC)

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

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

### Key responsibilities of the NC

- Review regularly the composition of the Board and Board committees
- Identify, review and recommend 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 an evaluation of the performance of the Board, the Board committees and the Directors on an annual basis
- Determine independence of proposed and existing Directors, and assess 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 recommend 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 skillset
- 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

- In accordance with the requirements of the Guidelines and Banking Regulations, a majority (three out of five members of the NC including the NC Chairperson) are Non-Executive and Independent Directors (INED).
- The NC members who are not INEDs are Mr Ho Tian Yee and Mrs Ow Foong Pheng, who are non-executive directors. Mr Ho and Mrs Ow are considered non-independent by virtue of a substantial shareholder relationship. Mr Ho and Mrs Ow do not have any business or management relationship with DBS.

Highlights of the NC's activities are as follows:

### Selection criteria and 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 oversees a rigorous process for the appointment of Directors. Directors are selected not just for their experience and competencies but also for their fit with DBS. The NC regularly reviews the composition of the Board and Board committees. The NC utilises a skills matrix, which takes into account each Director's skills and experience, to identify the staffing needs of each Board committee.

Before a new Director is appointed, suitable candidates are identified from various sources. Thereafter, the NC conducts an assessment to:

- (i) review the candidate (including qualifications, attributes, capabilities, skills, age, past experience) to determine whether the candidate is fit and proper in accordance with the MAS' fit and proper guidelines; and
- (ii) ascertain whether the candidate is independent from DBSH's substantial shareholder and/or from management and business relationships with DBS.

The NC then interviews the short listed candidates and makes its recommendations to the Board. 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 skillset to the needs of each Board committee.

### Board performance

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.

### Board evaluation process

The NC uses a Board evaluation framework to track and analyse Board performance, which includes an appraisal of Directors. The Board evaluation process promotes Board effectiveness by identifying areas for improvement. A well conducted Board evaluation is vital in helping the Board, Board committees and each individual Director to perform to their maximum capability.

The Board engages an independent external evaluator to facilitate the Board evaluation approximately once every three years. The Board believes that an independent external

Board committee	Composition	Members
<b>Nominating Committee (NC)</b>	<ul style="list-style-type: none"> <li>• Five members: All Non-Executive Directors (NED)</li> <li>• Three out of five members including NC Chairperson are Non-Executive and Independent Directors (INED)</li> </ul>	<ul style="list-style-type: none"> <li>• Mr Peter Seah (Chairperson)</li> <li>• Ms Euleen Goh</li> <li>• Mr Ho Tian Yee</li> <li>• Mrs Ow Foong Pheng</li> <li>• Mr Danny Teoh</li> </ul>
<b>Board Executive Committee (EXCO)</b>	<ul style="list-style-type: none"> <li>• Three members</li> <li>• Two out of three members including EXCO Chairperson are INEDs</li> </ul>	<ul style="list-style-type: none"> <li>• Mr Peter Seah (Chairperson)</li> <li>• Mr Piyush Gupta</li> <li>• Ms Euleen Goh</li> </ul>
<b>Audit Committee (AC)</b>	<ul style="list-style-type: none"> <li>• Five members: All NEDs</li> <li>• Four out of five members including AC Chairperson are INEDs</li> </ul>	<ul style="list-style-type: none"> <li>• Mr Danny Teoh (Chairperson)</li> <li>• Mr Peter Seah</li> <li>• Mr Nihal Kaviratne</li> <li>• Mrs Ow Foong Pheng</li> <li>• Mr Andre Sekulic</li> </ul>
<b>Board Risk Management Committee (BRMC)</b>	<ul style="list-style-type: none"> <li>• Six members:</li> <li>• Five out of six members including BRMC Chairperson are INEDs</li> </ul>	<ul style="list-style-type: none"> <li>• Ms Euleen Goh (Chairperson)</li> <li>• Mr Peter Seah</li> <li>• Dr Bart Broadman</li> <li>• Mr Ho Tian Yee</li> <li>• Mr Nihal Kaviratne</li> <li>• Mr Danny Teoh</li> </ul>
<b>Compensation &amp; Management Development Committee (CMDC)</b>	<ul style="list-style-type: none"> <li>• Four members:</li> <li>• All INEDs including CMDC Chairperson</li> </ul>	<ul style="list-style-type: none"> <li>• Mr Peter Seah (Chairperson)</li> <li>• Dr Bart Broadman</li> <li>• Ms Euleen Goh</li> <li>• Mr Andre Sekulic</li> </ul>

evaluator aids the Board by providing an independent perspective on the Board's performance. It also helps benchmark the Board's performance against peer boards and shares best practices.

#### Annual Board evaluation in 2016

The NC considered the results and action items from the 2015 Board evaluation and decided to use the same evaluation questionnaire for 2016.

Each Director was asked to complete the questionnaire and submit it directly to the Group Secretary who collated the responses and produced a summary report for the NC. The NC analysed the report and submitted its findings to the Board.

Each Director participated actively, giving honest feedback on issues such as Board composition, succession planning and the quality of information provided to the Board.

The Board discussed the findings of the evaluation and agreed to follow-up on certain items.

#### Board diversity

We believe that one of the ways to enhance corporate governance is through having an effective and diverse board of directors.

The NC is responsible for implementing and monitoring the diversity policy.

The make-up of our Board reflects diversity of gender, nationality, skills and knowledge. Such diversity will provide a wider range of perspectives, skills and experience, which will allow Board members to better identify possible risks, raise challenging questions and contribute to problem-solving. This will, in turn, enable the Board to better guide and advise management from this broader perspective and contribute to more effective decision-making to assist DBS in achieving its strategic objectives.

As women represent half of our customer base, the Board believes that it is important to have adequate female representation on the Board. Our commitment to diversity has garnered recognition. DBS won the Board Diversity Award at the SIAS Investors' Choice Awards in 2014 and 2015, and received the Board Diversity Award (Merit) in 2016.

The NC gives due regard to the benefits of all aspects of diversity, including but not limited to those described above, and strives to ensure that the Board is appropriately balanced to support the long-term success of DBS. All Board appointments are based on merit, taking into account the contributions the candidates can bring to the Board to enhance its effectiveness.

#### Annual review of Directors' independence

The NC reviews and determines annually whether each Director is independent. Independence is assessed to comply 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

The Independent Directors are Dr Bart Broadman, Ms Euleen Goh, Mr Nihal Kaviratne, Mr Peter Seah, Mr Andre Sekulic and Mr Danny Teoh.

Ms Euleen Goh, 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 DBS'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 sits on any of the boards of the Temasek portfolio companies as a representative of Temasek and they do not take instructions from Temasek in acting as director.

Mr Ho Tian Yee, who is the Chairman of Fullerton Fund Management Company. Ltd ("Fullerton"), was appointed as interim CEO of Fullerton in November 2016 after its then CEO left. As Fullerton is a wholly-owned subsidiary of Temasek, Mr Ho Tian Yee is considered not independent of Temasek while he is acting as the interim CEO of Fullerton. However, he is considered independent of management and business relationships with the Company. The NC will re-assess the independence status of Mr Ho when he ceases to be interim CEO of Fullerton.

Mrs Ow Foong Pheng, who is the Permanent Secretary for the Ministry of National Development, 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.

Dr Bart Broadman, who was appointed on 17 December 2008, would have served on the Board for nine years by 17 December 2017 and would be deemed non-independent under the Banking Regulations if he continues serving as a DBS director beyond the nine years.

Ms Euleen Goh, who was appointed on 1 December 2008, would have served on the Board as a non-executive independent director for nine years by 1 December 2017 and would be deemed non-independent under the Banking Regulations if she continues serving as a DBS director beyond the nine years.

### Directors' training

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 receives a letter of appointment and a guidebook on Director's duties, responsibilities, and disclosure obligations as a Director of a financial institution. The new Director goes through a comprehensive induction programme. The new Director is introduced to the Group's senior management and briefed on the Group's activities (business, operations and governance practices, among others). The new Director also receives briefings on his/her

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. It monitors the frequency and quality of the training sessions, which are conducted either by external professionals or management. The NC selects topics which are relevant to the Group's activities. Board members also contribute by highlighting areas of interests and possible topics. In 2016, there were 3 training sessions: (i) a briefing on cyber security, (ii) a talk on the technology mega-trends and the future of Fintech, and (iii) a training session on risk stress testing.

### Terms of appointment of Directors

The NC reviews and recommends to the Board the tenure of each Non-Executive Director.

Each Non-Executive Director is appointed for a three-year term. Prior to the end of each three-year term, the NC considers whether to re-appoint the Non-Executive Director for an additional term. Each member of the NC recuses him/herself from deliberations on his/her re-appointment.

### Rotation and re-election of Directors

The NC reviews and recommends to the Board the rotation and re-election of Directors at the 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. Dr Bart Broadman, Mr Ho Tian Yee and Mrs Ow Foong Pheng will be retiring by rotation at the AGM to be held on 27 April 2017 (2017 AGM). At the recommendation of the NC and as approved by the Board, they will be seeking re-election as Director at the 2017 AGM.

### Directors' time commitment

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

The NC has implemented guidelines and a process to assess each Director's ability to commit time to DBS' affairs. 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 s/he is a board member. Additionally, each Director is required to complete a self-assessment of his/her time commitments on annual basis. While the Board has not set a maximum number of listed company board representations a Director may hold, all Directors appreciate the high level of commitment required as a Director. All Directors have met the requirements under the NC's guidelines. The Board is satisfied that each Director has committed sufficient time to DBS and has contributed meaningfully to DBS.

The meeting attendance records of all Directors as well as their list of directorships are fully disclosed in our Annual Report.

### Alternate Directors

DBS has no alternate directors on its Board.

### Board Executive Committee (EXCO)

The EXCO is chaired by Mr Peter Seah and its members are 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 Non-Executive and Independent Directors.

### Key responsibilities of the EXCO

- Review and provide recommendations on matters that would require Board approval, including:
  - acquisitions and divestments exceeding certain material limits
  - delegation of authority stipulated by the Group Approving Authority
  - weak credit cases
- Approve certain matters specifically delegated by the Board such as acquisitions and divestments up to a certain material limit, 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 2016

The EXCO assists the Board to enhance the business strategies and strengthen core competencies of DBS. The EXCO meets frequently (11 meetings in 2016) and is able to offer greater responsiveness in the decision-making process of DBS.

In 2016, the EXCO reviewed proposed divestments and investments, and 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 its members are Mr Nihal Kaviratne, Mr Peter Seah, Mrs Ow Foong Pheng and Mr Andre Sekulic.

Mr Teoh possesses an accounting qualification and was formerly 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.

### Key responsibilities of the AC

#### Financial reporting

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

- In accordance with the requirements of the Guidelines and Banking Regulations, a majority (four out of the five members of the AC including the AC Chairperson) are Non-Executive and Independent Directors (INED).
- The only AC member who is not an INED is Mrs Ow Foong Pheng, who is a Non-Executive Director. Mrs Ow is considered non-independent by virtue of a substantial shareholder relationship, but she does not have any business or management relationship with DBS.

#### 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

#### Internal audit

- Review the adequacy and effectiveness of the Group's internal audit function (Group Audit) and processes, as well as ensure that Group Audit is adequately resourced and set up to carry out its functions, including approving its budget
- Oversee Group Audit
- Review Group Audit's plans, the scope and results of audits, and effectiveness of 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. Make recommendations to the Board on the proposals to shareholders on the appointment, re-appointment and removal of the external auditor and approve 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 ensure 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 keep 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 with a letter of representation attesting to the integrity of the quarterly financial statements.

The AC reviewed the Group's audited consolidated financial statements and discussed with management and the external auditor the significant matters which involved management judgment (see Table 1 below).

The AC is of the view that the Group's consolidated financial statements for 2016 are fairly presented in conformity with relevant Singapore Financial Reporting Standards in all material aspects.

The Board has also received communication from the external auditor that it has nothing to report with reference to any financial or non-financial information in the Annual Report as defined in Singapore Standard of Auditing 720.

The AC reviewed and approved the annual audit plan and the legal and compliance plans.

The AC performed quarterly reviews of reports from Group Audit, Group Legal and Compliance. Key risks concerning legal

**Table 1**  
**Significant matters**      **How the AC reviewed these matters**

<b>Allowance for loans and advances</b>	The AC reviewed the significant non-performing and weak credit exposures periodically and considered management's judgments, assumptions and methodologies used in the determination of the level of specific and general allowances required.
<b>Goodwill impairment assessment</b>	The AC reviewed the methodology and key assumptions, including the macroeconomic outlook and other key drivers of cash flow projections, used in the determination of the value-in-use of cash generating units. It also assessed the sensitivities of the forecasts to reasonably possible changes in the valuation parameters.
<b>Valuation matters</b>	The AC reviewed the quarterly movements in valuation reserves and the fair value of level 3 financial instruments for reasonableness and considered the continued appropriateness of the Group's valuation methodology in light of industry developments.

or compliance matters, and actions taken (including policy and training), are tabled to the AC, which updates the Board as necessary.

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 AC is of the view that Group Audit has performed well. It understands the risks that the Group faces and has aligned its work to review these risks.

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 and 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 2016, and the breakdown of the fees for audit and non-audit services respectively are set out as follows:

Fees relating to PwC services for 2016	SGD m
For Audit and Audit-Related Services	7.7
For Non-Audit Services	1.7
Total	9.4

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 2017 AGM.

### Keeping updated on relevant information

The AC members are regularly kept updated on changes to accounting standards and issues related to financial reporting through quarterly meetings with Group Finance, Group Audit, and internal audit bulletins.

### Board Risk Management Committee (BRMC)

The BRMC is chaired by Ms Euleen Goh and its members are 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.

- Five out of six members (including the BRMC Chairperson) are Non-Executive and Independent Directors (INED)
- The number of INEDs exceeds the requirements of the Guidelines and the Banking Regulations
- The only BRMC member who is not an INED is Mr Ho Tian Yee, who is a Non-Executive Director. Mr Ho is considered non-independent by virtue of a substantial shareholder relationship, but he does not have any business or management relationship with DBS

### Key responsibilities of the BRMC

- Guide the development of and recommend for Board approval the 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 monitor 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 informs DBS of all major risk positions and risk developments. 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 global economic outlook, 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 2016, the BRMC discussed the findings and the impact arising from scenario analyses and portfolio reviews conducted on certain countries and specific sectors. For example:

- the downward trend in global economic growth forecast and the effect of Brexit
- China hard landing and consequences from state-owned enterprise restructuring
- possibility of US interest rate hike and the contagion effect on emerging markets
- weakening of RMB and its effect on our clients' RMB derivatives portfolio
- headwind faced in real estate such as both retail and industrial properties in Singapore
- weak demand in the shipping sector and challenges faced by the contracting services sector



The BRMC also reviewed management's assessment of the impact of a prolonged period of low commodity prices (such as oil, coal, steel and non-ferrous metals) on our commodity customers and portfolios which included the oil and gas support services segment. It was kept informed of the utilisation of market risk limits for commercial banking as well as the trading books and the liquidity risk profile of the Group. In its review of key operational risk profiles and among other updates, the BRMC was advised on the financial crime and cyber security environment and efforts made to address these risks.

The scenario analyses 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. It spent some time during 2016 to deliberate on the calibration of economic capital allocation to the various units and across the different types of risk. The BRMC was appraised of regulatory feedback and developments such as approaches for risk models and capital computation, Basel 3.5 and Qualitative Impact Studies results.

*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 its members are 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 Non-Executive and Independent Directors (INED). The number of INEDs exceeds the requirements of the Guidelines and Banking Regulations.

## Key responsibilities of the CMDC

- Oversee the governance of DBS' 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 DBS' 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 DBS
- Oversee management development and succession planning for management
- Oversee plans to deepen core competencies, bench strength and leadership capabilities of management
- Oversee talent development and talent pipeline

Highlights of the CMDC's activities are as follows:

## Group remuneration policy and annual variable pay pool

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

The CMDC reviews and approves DBS' 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 Financial Stability Board'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 58 to 59 of this Annual Report for details of remuneration of each Non-Executive Director (including the Chairman) for 2016.*

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 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 are based on the volume-weighted average price of the ordinary shares of DBSH over the 10 trading days immediately following the AGM. The actual number of ordinary shares to be awarded are 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 or securities pursuant to any of DBSH's share plans during the financial year.

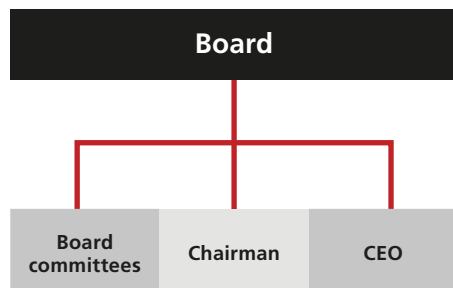
There is no change to the annual fee structure for the Board for 2016 from the fee structure in 2015. As per previous years, remuneration of Non-Executive Directors does not include any variable component. Table 2 at page 57 sets out the proposed annual fee structure for the Non-Executive Directors for 2016. Shareholders are entitled to vote on the remuneration of Non-Executive Directors at the 2017 AGM.

In 2016 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 2016 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 2016.

## Group Approving Authority

An integral part of our corporate governance framework is the Group Approving Authority (GAA).

## Scope of delegation of authority in the GAA



The Board's responsibilities are well defined in the GAA. The Board is the decision-making body for matters with significant impact to DBS as a whole; these include matters with strategic, financial or reputational implications or consequences. The specific matters that require board approval under the GAA includes:

- Group's annual and interim financial statements
- Acquisitions and divestments exceeding certain material limits
- 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

The Board approves the GAA and any change to it. The GAA ensures that appropriate controls and decision-making are consistently applied throughout DBS. The GAA covers internal authority only, and does not override any specific provisions arising from statutory, regulatory, exchange listing requirements, or the DBSH Constitution. It is applied group-wide.

The GAA is regularly reviewed and updated to accommodate changes in the scope and activities of DBS' business and operations.

## Annual Board strategy offsite

Each year, the Board and our senior executives attend a four-day strategy offsite held in one of our markets. In 2016, the Board strategy offsite was held in India.

## Main objectives of our 2016 annual Board strategy offsite

- Opportunity for the Board to focus on DBS' long-term strategy apart from the regular agenda at the quarterly Board meetings
- Dynamic and in-depth strategic discussion to promote deeper understanding of our business environment and our operations, and refine our strategy
- Engagements with our stakeholders in host country
  - Regulators
  - Media
  - Customers, including CEOs and CFOs of our corporate clients in India
  - Staff in local franchise, including the new technology hub in Hyderabad

## Strategic discussions

- Long-term strategy including progress review, refinements based on external developments and competitive analysis, as well as validation against risk appetite and capital availability
- Digitalisation of the bank across the business units, support units and technology, including the value created
- Strategy for our India business, including strategic partnerships with target ecosystems
- Outlook and insights on India, including political and economic developments

**Table 2**  
Annual fee structure for 2016

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

## Key information on each Director

Director independence status	Meetings attendance record (1 January to 31 December 2016)							Total Directors' remuneration for 2016 (SGD)		
	BOD <sup>(1)</sup>	NC <sup>(2)</sup>	EXCO <sup>(3)</sup>	AC <sup>(4)</sup>	BRMC <sup>(5)</sup>	CMDC <sup>(6)</sup>	AGM	Directors' fees <sup>(a)</sup> (SGD)	Share-based remuneration <sup>(b)</sup> (SGD)	Others <sup>(c)</sup> (SGD)
	No. of meetings held in 2016									
<b>Mr Peter Seah, 70</b> Non-Executive and Independent Chairman								<b>Total: 1,840,212</b>		
<ul style="list-style-type: none"> <li>Chairman since 1 May 10</li> <li>Board member since 16 Nov 09</li> <li>Last re-elected on 23 Apr 15</li> </ul>	5	5	11	4	4	4	1	1,252,300	536,700	51,212
<b>Dr Bart Broadman, 55</b> Non-Executive and Independent Director								<b>Total: 209,500</b>		
<ul style="list-style-type: none"> <li>Board member since 17 Dec 08</li> <li>Last re-elected on 28 Apr 14</li> </ul>	5	–	–	–	3	4	1	146,650	62,850	–
<b>Ms Euleen Goh, 61</b> Non-Executive and Independent Director								<b>Total: 344,778</b>		
<ul style="list-style-type: none"> <li>Board member since 1 Dec 08</li> <li>Last re-elected on 28 Apr 16</li> </ul>	5	5	11	–	4	4	1	237,300	101,700	5,778
<b>Mr Ho Tian Yee, 64</b> Non-Executive and Non-Independent Director								<b>Total: 192,500</b>		
<ul style="list-style-type: none"> <li>Board member since 29 Apr 11</li> <li>Last re-elected on 28 Apr 14</li> </ul>	5	5	–	–	4	–	1	134,750	57,750	–
<b>Mr Nihal Kaviratne, 72</b> Non-Executive and Independent Director								<b>Total: 249,500</b>		
<ul style="list-style-type: none"> <li>Board member since 29 Apr 11</li> <li>Last re-appointment on 28 Apr 16</li> </ul>	5	–	–	4	4	–	1	174,650	74,850	–
<b>Mr Andre Sekulic, 66</b> Non-Executive and Independent Director								<b>Total: 266,500</b>		
<ul style="list-style-type: none"> <li>Board member since 26 Apr 12</li> <li>Last re-elected on 23 Apr 15</li> </ul>	5	–	–	4	–	4	1	186,550	79,950	–
<b>Mr Danny Teoh, 61</b> Non-Executive and Independent Director								<b>Total: 279,000</b>		
<ul style="list-style-type: none"> <li>Board member since 1 Oct 10</li> <li>Last re-elected on 28 Apr 16</li> </ul>	5	4	–	4	3	–	1	195,300	83,700	–
<b>Ms Ow Foong Pheng, 53</b> Non-Executive and Non-Independent Director								<b>Total: 206,500<sup>(d)</sup></b>		
<ul style="list-style-type: none"> <li>Board member since 26 Apr 12</li> <li>Last re-elected on 23 Apr 15</li> </ul>	5	5	–	4	–	–	1	206,500	–	–

Director independence status	Meetings attendance record (1 January to 31 December 2016)							Total Directors' remuneration for 2016 (SGD)		
	BOD <sup>(1)</sup>	NC <sup>(2)</sup>	EXCO <sup>(3)</sup>	AC <sup>(4)</sup>	BRMC <sup>(5)</sup>	CMDC <sup>(6)</sup>	AGM	Directors' fees <sup>(a)</sup> (SGD)	Share-based remuneration <sup>(b)</sup> (SGD)	Others <sup>(c)</sup> (SGD)
	No. of meetings held in 2016									
	5	5	11	4	4	4	1			
<b>Mr Piyush Gupta, 57</b> Executive Director/CEO	5	5 <sup>#</sup>	11	4 <sup>#</sup>	4 <sup>#</sup>	4 <sup>#</sup>	1	Please refer to the Remuneration Report on page 69 of this Annual Report for details on the CEO's compensation		

- Board member since 9 Nov 09
- Last re-elected on 28 Apr 16

- **Appointment Dates**
- # Mr Gupta attended these meetings 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 2017, for being a Director in 2016. This is 70% of each Director's total remuneration and is subject to shareholder approval at the 2017 AGM
- (b) This is 30% of each Director's total remuneration and shall be granted in the form of DBSH's ordinary shares. The actual number of DBSH'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 2017 AGM
- (c) Represents non-cash component and comprises (i) for Mr Peter Seah: car and driver, and (ii) for Ms Euleen Goh: carpark charges
- (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)

## 2 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 2016:

- (a) the Group's financial records have been properly maintained, and the financial statements give a true and fair view of DBS 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 internal and external auditors, reviews performed by management and various Board Committees as well as the said CEO and CFO assurance, 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 2016 to address financial, operational, compliance risks 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 judgment in decision-making, human error, fraud or other irregularities.

### Internal controls framework

Our internal controls framework covers 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 has three lines of defence when it comes to risk taking where each line of defence has a clear responsibility.

Board CEO Senior Management Provides oversight of the 3 lines of defence			
	First line of defence	Second line of defence	Third line of defence
Responsibility	Strategy, performance and risk management	Policy and monitoring	Independent assurance
Function	Business units, countries and support units	Corporate oversight and control functions	Group audit
Key activities	Identification and management of risk in the businesses	Framework, risk oversight and reporting	Independent challenge and review of adequacy and effectiveness of processes and controls

Working closely with the support units, our business units are our first line of defence for risk. This includes identification and management of risks inherent in their businesses/countries and ensuring that we remain within approved boundaries of our risk appetite and policies.

Corporate oversight and control functions such as Risk Management Group (RMG), Group Legal and Compliance and parts of Group Technology and Group Finance form the second line of defence. They are responsible for design and maintenance of the internal control frameworks covering financial, operational, compliance and information technology controls as well as risk management policies and systems. In addition, RMG is responsible for identifying individual and portfolio risk, approving transactions and trades and ensuring that they are within approved limits, and monitoring and reporting on the portfolio. These are done in view of current and future potential developments, and evaluated through stress testing.

Group Audit forms the third line of defence. It provides an independent assessment and assurance on the reliability, adequacy and effectiveness of our system of internal controls, risk management procedures, governance framework and processes.

### Assessing the effectiveness of internal controls

DBS has a risk management process that requires all units to perform a half-yearly Risk and Control Self Assessment (RCSA) 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 RCSA and the quarterly and annual attestations, the CEO and CFO provide an annual attestation to the AC relating to adequacy and effectiveness of DBS' risk management and internal control systems. Group Audit performs regular independent reviews to provide assurance on the adequacy and effectiveness of DBS' internal controls on risk management, control and governance processes. The overall adequacy and effectiveness of DBS' internal controls framework is reviewed by the AC and BRMC.

### Group audit

#### Key responsibilities and processes

Group Audit is independent of the activities it audits. Its objectives, scope of authority and responsibilities are defined in the Audit

Charter, which is approved by the AC. Group Audit reports functionally to the Chairperson 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 objective and independent assessment of the Group's credit portfolio quality, the execution of approved credit portfolio strategies and control standards relating to credit management processes;
- (iii) Reviewing whether DBS 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 through which the inherent risk and control effectiveness of each auditable entity in DBS Group is assessed. The assessment also covers risks arising from new lines of business or new products. Audit projects are planned based on the results of the assessment, with priority given to auditing higher risk areas and as required by regulators.

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 head of Group Audit has a seat in the Group Management Committee, and attends 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 adheres to the Code of Conduct and the Code of Ethics established by the Institute of Internal Auditors (IIA). It is also guided by the Mission Statement in the Audit Charter and has aligned its practices with the latest International Professional Practices Framework released in July 2015 by IIA. Group Audit's effectiveness is measured with reference to the IIA's Ten Core Principles for the professional practice of internal auditing.

Audit reports containing identified issues and corrective action plans are reported to the AC and senior management. Progress of the corrective action plans is monitored and past due action plans are included in regular reports to the senior management and the AC.

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

### Quality assurance and key developments

In line with leading practices, Group Audit has a quality assurance and improvement programme (QAIP) that covers all aspects of its audit activity and conforms to the International Standards for the Professional Practice of Internal Auditing. As part of our QAIP programme, external quality assessment reviews are carried out at least once every five years by qualified professionals from an external organisation. Internal quality assurance reviews were conducted quarterly by independent assessor KPMG in 2015 and 2016.

Group Audit has leveraged extensively on the use of data, technology and automation to provide greater insights and timely warnings on emerging risks. In 2016, Group Audit operationalised its Future of Auditing roadmap through the industrialisation of computer-assisted auditing techniques and the continuous auditing (CA) approach – the application of automated audit test scripts to perform control and risk assessments automatically on a frequent basis. To date, Group Audit has amassed significant number of CA test scripts to be used across functional and location audits. These automated test scripts have been made available to key business and support units for them to conduct self-assessments – as part of a group-wide effort to integrate risk and control governance across the three lines of defence.

Group Audit has closely collaborated with Singapore's A\*Star Institute of Infocomm Research (I2R) in developing predictive models to anticipate emerging risks in areas such as branch risk profiling, rogue trading analytics, and credit early warning through network effects. Group Audit's trading analytics model, based on machine learning techniques, has won two awards in 2016: (a) the engineering award by the Institute of Engineers Singapore (IES) and (b) the ASEAN Outstanding Engineering Achievements Award.

Group Audit has further invested in its training programme to upskill auditors in key areas, such as data analytics, coding, and communication in order to move in tandem with DBS' digitalisation strategy. Auditors' IT skillsets are being enhanced through Group Audit's 2-year iTransformation initiative launched in 2015, aimed at transforming business auditors into integrated auditors, to take on more IT application audits. IT auditors will focus in depth on three key areas: Digital Banking, IT Infrastructure and Cyber Security.

Group Audit has also piloted the agile auditing approach in selected audits, aimed at enhancing transparency, increasing collaboration and prioritising focus areas with auditees, while maintaining audit independence.

### Significant incident protocol

DBS has a significant incident protocol that sets out processes and procedures for the escalation of 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.

### Dealings in securities

In conformance with the “black-out” policies prescribed under SGX Listing Rules, the Directors and employees are prohibited from trading in DBS’ 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 DBS’ securities during the black-out period. Group Secretariat informs all Directors and employees of each black-out period ahead of time.

In addition, Group Management Committee members are only allowed to trade in DBS’ securities within specific window periods (15 market days immediately following the expiry of each black-out period) subject to pre-clearance. Group Management Committee members are also required to obtain pre-approval from the CEO before any sale of DBS’ securities. Similarly, the CEO is required to seek pre-approval from the Chairman before any sale of DBS’ 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 DBS’ securities if

**Table 3**

#### Name of interested person

#### Aggregate value of all interested person transactions in 2016 (excluding transactions less than SGD 100,000)

Aetos Holdings Pte Ltd Group	43,586,069
Ascendas-Singbridge Pte Ltd Group	1,742,400
CapitaLand Limited Group	360,000
Certis CISCO Security Pte Ltd Group	20,841,416
Mapletree Investments Pte Ltd Group	388,800
SATS Ltd Group	797,272
Sembcorp Industries Ltd Group	4,549,848
Singapore Telecommunications Limited Group	60,720,933
SMRT Corporation Ltd Group	1,417,565
StarHub Ltd Group	988,692
Temasek Management Services Pte Ltd Group	133,500
<b>Total Interested Person Transactions (SGD)</b>	<b>135,526,495</b>

they are in possession of material non-public information. DBS 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.

### Related party transactions

DBS 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 DBS 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. DBS has robust procedures to manage potential conflict of interest between a Director and DBS. Checks are conducted before DBS enters into credit or other transactions with related parties to ensure compliance with regulations.

As required under the SGX Listing Rules, please refer to Table 3 for details of interested person transactions in 2016. These interested person transactions are for the purpose of carrying out day-to-day operations such as leasing of premises, telecommunication/ data services, IT systems and related services, logistics as well as security services.

### Material contracts

Since the end of the previous financial year, no material contracts involving the interest of any Director or controlling shareholder of DBS has been entered into by DBS or any of its subsidiary companies, and no such contract subsisted as at 31 December 2016, save as disclosed via SGXNET.

## 3 Culture

We believe that effective safeguards against undesired business conduct have to go beyond a “tick-the-box” mentality. In DBS, other than relying on published codes of conduct, we also advocate the following organisational safeguards to maintain a strong risk and governance culture.

- Tone from the top: The tone set by the Board and senior management is vital; it is equivalent to the moral compass of the

organisation. In addition to having in place comprehensive policies, we conduct a robust self-assessment on the Group’s risk culture

- Aligning strategies and incentives via balanced scorecard: Please refer to the section “Our 2016 Priorities” on page 38 of this Annual Report for more information
- Respecting voice of control functions: We believe that respect for the voice of the control functions is a key safeguard. We ensure that control functions are well integrated into our organisational structure so that they can properly discharge their responsibilities

- Risk ownership: Please refer to page 59 of this Annual Report for details on our three lines of defence
- Having established escalation protocols: We designed a notification protocol that makes it mandatory for staff to report significant incidents. This means that the organisation is prepared to receive bad news and take necessary remedial actions without shooting the messengers
- Encouraging constructive challenges at all levels: More fundamentally, we inculcate a culture that encourages constructive challenges and debate, where all views are

evaluated for decision-making. We also operate a culture where we actively engage the Board for their views early

- Reinforcing cultural alignment: Finally, we conscientiously reinforce our cultural norms by rewarding right behaviours and censuring wrong ones

## 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 DBS to report incidents and provides

protection for those staff for these disclosures

All employees of DBS 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 DBS’ website, as well as write in via an electronic feedback form on the website.

The Code of Conduct encourages employees of DBS to report their concerns to DBS’ 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 DBS may write in confidence to Human Resources, Group Audit, or even the CEO or Chairman. In addition, employees of DBS have the option of using the ‘DBS Speak Up’ service.

## Whistle-blowing policy

### DBS Speak Up service

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

## 4 Accountability to our shareholders

### Shareholder rights

DBS promotes fair and equitable treatment of all shareholders. All shareholders enjoy specific rights under the Singapore Companies’ Act and the Company’s Constitution.

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. Pursuant to the introduction of the new multiple proxies regime under the Singapore Companies (Amendment) Act 2014, indirect investors who hold DBSH shares through a nominee company or custodian bank or through a CPF agent bank may attend and vote at the AGM.

DBS 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

Our 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 our website and the SGX website. A dedicated investor relations team supports the CEO and the CFO in maintaining a close and active dialogue with investors. The DBS website provides contact details for

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.

investors to submit their feedback and raise any questions.

During the year, management held 600 debt and equity investor meetings. Management participated in 14 local and overseas investor conferences and non-deal road shows. These meetings provide a forum for management to explain DBS’ strategy and financial performance. Management also uses meetings with investors and analysts to solicit their perceptions of DBS.

DBS has a disclosure policy to ensure that all disclosures of material information are timely, complete and accurate. The policy sets out how material information should be managed to prevent selective disclosure. Our Group Disclosure Committee (GDC) assists the CEO and CFO in implementing DBS’ disclosure policy. The GDC’s objectives are to: (a) periodically review DBS’ disclosure policy and update it as needed, (b) ensure that all material disclosures are appropriate, complete and accurate, and (c) ensure selective or inadvertent disclosure of material information is avoided.

At the IR Magazine Awards and Conference Southeast Asia 2016, DBS was featured and ranked 11<sup>th</sup> among the Global Top 50

companies, an improvement from a ranking of 14<sup>th</sup> a year ago. DBS’ efforts to improve disclosure continued to be recognised at the 2016 SIAS Investors’ Choice Awards where it won the Golden Circle Award for the Most Transparent Company for the second 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. Our external auditor is available to answer shareholders’ queries.

At the AGM, DBS’ 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. DBS encourages and values shareholder participation at its general meetings.

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.

Since 2015, the minutes of our AGM and Extraordinary General Meeting (EGM) may be accessed via our website. We have disclosed the names of the Directors and senior executives who attended the 2016 AGM as well as detailed records of the proceedings including the questions raised by the meeting attendees.



### Electronic poll voting process

To enhance shareholder participation, DBS 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.

DBS appoints an independent external party as scrutineers for the electronic poll voting process. Prior to the commencement of the AGM/EGM, the scrutineers would review the proxies and the proxy process. DBS also has a

proxy verification process which has been agreed upon with the scrutineers.

At the DBS AGM/EGM, mobile devices are used for poll voting. When shareholders register their attendance at the meeting, they are handed the mobile device with details of their shareholding registered to the device. The shareholder is able to view his or her name and shareholding details which are clearly displayed on the device.

When the Chairman opens the poll on a resolution, the shareholder presses the relevant voting button on the

device. Upon vote submission, the shareholder will receive a vote response acknowledgment on the device.

The results of the electronic poll voting are announced immediately after each resolution has been put to a vote, and the number of votes cast for and against and the respective percentage are displayed in real-time at the AGM/EGM. DBS maintains an audit trail of all votes cast at the AGM/EGM. The outcome of the AGM/EGM (including detailed results of the poll vote for each resolution) is promptly disclosed on SGXNET after the meetings, on the same day of the AGM/EGM.



# Remuneration report

**We believe that our long-term success depends in large measure on the contributions of our employees. Our remuneration framework is designed to be consistent with market best practices while driving business strategy and creating long-term shareholder value. Remuneration policies and practices as set out in the following report are governed by a set of sound principles which are in compliance with various regulatory requirements.**

## 1 Objectives of DBS remuneration strategy

DBS’ remuneration policy, which is applicable to DBS Bank and all our subsidiaries and overseas offices, seeks to ensure that we are able to attract, motivate and retain employees to deliver long-term shareholder returns taking into consideration risk management principles and standards set out by the Financial Stability Board (FSB) and the Code.

When formulating our remuneration strategy, consideration was given to aligning our remuneration approach with DBS PRIDE! values in order to drive desired behaviours and achieve the objectives set out in our balanced scorecard.

The following shows the three main thrusts of our remuneration strategy and how they are implemented within DBS:

Main thrusts	How
Pay for performance measured against the balanced scorecard	<ul style="list-style-type: none"> <li>• Instill and drive a pay-for-performance culture</li> <li>• Ensure close linkage between total compensation and our annual and long-term business objectives as measured through the balanced scorecard</li> <li>• Calibrate mix of fixed and variable pay to drive sustainable performance and alignment to DBS PRIDE! values, taking into account both the “what” and “how” of achieving KPIs</li> </ul>
Provide market competitive pay	<ul style="list-style-type: none"> <li>• Benchmark our total compensation against other organisations of similar size and standing in the markets we operate in</li> <li>• Drive performance differentiation by benchmarking total compensation for top performing employees against the upper quartile or higher in each market</li> </ul>
Guard against excessive risk-taking	<ul style="list-style-type: none"> <li>• Focus on achieving risk-adjusted returns that are consistent with our prudent risk and capital management, as well as emphasis on long-term sustainable outcomes</li> <li>• Design payout structure to align incentive payments with the long-term performance of the company through deferral and clawback arrangements</li> </ul>

## 2 Summary of current total compensation elements

An employee’s total compensation is made up of the following elements:

Total compensation	Fixed pay	Variable pay	Variable pay
	Salary	+	Cash bonus + Long-term incentive

The table below provides a breakdown of total compensation elements, their purpose and link to our compensation strategy, and the policy governing their execution.

Elements	What	Why and linkages to strategy	How
<b>Fixed pay</b>	<b>Salary</b>	<ul style="list-style-type: none"> <li>Attract and retain talent by ensuring our fixed pay is competitive vis-a-vis comparable institutions</li> </ul>	<ul style="list-style-type: none"> <li>Set at an appropriate level taking into account market dynamics, skills, experience, responsibilities, competencies and performance of the employee</li> <li>Paid in cash monthly</li> <li>Typically reviewed annually</li> </ul>
<b>Variable pay</b>	<b>Cash bonus and long-term incentive</b>	<ul style="list-style-type: none"> <li>Provide a portion of total compensation that is performance-linked</li> <li>Focus employees on the achievement of objectives which are aligned to value creation for our shareholders and multiple stakeholders</li> <li>Align to time horizon of risk</li> </ul>	<ul style="list-style-type: none"> <li>Based on overall Group, business or support unit and individual performance</li> <li>Measured against a balanced scorecard which is agreed to at the start of the year</li> <li>Awards in excess of a certain threshold are subject to a tiered deferral rate that ranges from 20% to 60%</li> <li>Deferred remuneration is paid in restricted shares and comprises two elements: the main award and the retention award (constituting 20% of the shares given in the main award and designed to retain talent and compensate staff for the time value of deferral)</li> <li>Deferred awards vest over four years</li> <li>Paid cash bonus, unvested and vested deferred share awards are subject to clawback from employees whose bonus exceeds a certain threshold</li> </ul>

### 3 Determination of variable pay pool

The variable pay pool is derived from a combination of a bottom-up and top-down approach. It is underpinned by our aim to drive a pay-for-performance culture which is aligned to our risk framework.

<b>Determining total variable pool</b>	<p>A function of net profit before tax benchmarked against market and calibrated against the following prisms:</p> <ul style="list-style-type: none"> <li>Risk adjustment through review of Returns on Risk-Adjusted Capital (RoRAC)</li> <li>Distribution of earnings between employees and shareholders</li> </ul>	<p>Modulated by our performance against balanced scorecard</p> <ul style="list-style-type: none"> <li>Comprises financial and non-financial metrics encompassing employees, customers, shareholders, risks and compliance objectives</li> <li>Evaluated by CMDC, with pool subsequently endorsed by the Board</li> </ul>
<b>Allocating pool to business units</b>	<p>Pool allocation takes into account the relative performance of each unit</p> <ul style="list-style-type: none"> <li>Measured through each unit's balanced scorecard and evaluated by the CEO</li> </ul>	<p>Inputs from control functions such as Audit, Compliance and Risk are sought. Country heads are also consulted in the allocation process</p>
<b>Determining individual award</b>	<p>Unit heads cascade their allocated pool to their teams and individuals</p> <ul style="list-style-type: none"> <li>Performance measurement through balanced scorecard</li> </ul>	<p>Individual variable pay determined based on individual performance</p> <ul style="list-style-type: none"> <li>Linked to achievement of quantitative as well as qualitative objectives as set out in individual's key performance indicators (KPIs)</li> </ul>

Control functions (Risk, Finance, Compliance and Audit) are measured independently from the business units they support to prevent any conflicts of interests. The remuneration of the Chief Risk Officer (CRO) and Group Head of Audit are endorsed by the Chairman of BRMC and AC respectively and subsequently approved by the Board.

Sales employees are incentivised to promote the development of mutually beneficial long-term relationships with their customers, rather than a sole focus on short term gains. Non-financial metrics such as customer satisfaction and compliance with fair dealing principles are incorporated into their KPIs.

## 4 Long-term share incentives

Plan objectives	Award types
<ul style="list-style-type: none"> <li>Foster a culture that aligns employees' interests with shareholders</li> <li>Enable employees to share in the bank's performance</li> <li>Talent retention</li> </ul>	<ul style="list-style-type: none"> <li>Annual Deferred Remuneration               <ul style="list-style-type: none"> <li>DBSH Share Plan ("Share Plan") for Vice President &amp; above</li> <li>DBSH Employee Share Plan ("ESP") for Assistant Vice President &amp; below</li> </ul> </li> <li>Awards as part of talent retention ("Special Award")</li> </ul>

### Award elements

- Long-term share incentives are delivered in the form of restricted share awards ("Share Awards") which comprise two elements:

<b>Long-term incentive</b>	<b>Main Award</b>	<b>+</b>	<b>Retention Award*</b>
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\* Constitutes 20% of Main Award under the Annual Deferred Remuneration

Vesting schedule	Malus of unvested awards & Clawback of vested awards
<p><b>Main Award</b></p> <ul style="list-style-type: none"> <li>33% vest two years after grant date</li> <li>Another 33% vest three years after grant date</li> <li>Remaining 34% vest four years after grant date</li> </ul> <p><b>Retention Award</b></p> <ul style="list-style-type: none"> <li>100% vest four years after grant date</li> </ul>	<p>Malus and/or Clawback will be triggered by</p> <ul style="list-style-type: none"> <li>Material violation of risk limits</li> <li>Material losses due to negligent risk-taking or inappropriate individual behaviour</li> <li>Material restatement of DBS' financials due to inaccurate performance measures</li> <li>Misconduct or fraud</li> </ul> <p><i>Prior to 2016 Performance Year, only unvested awards are subject to malus. Starting from 2016 Performance Year onwards, unvested and/or vested awards are subject to malus/clawback. Such awards may be clawed back during the seven years period from the date of grant.</i></p>

Details of the Share Plan appear on pages 183 to 184 of the Annual Report.

## 5 Senior management and material risk takers

The balance between fixed and variable elements of total compensation changes according to performance, rank and function. This is in line with the FSB principle of ensuring that employee incentives remain focused on prudent risk-taking and effective control, depending on the employee's role.

It is aimed at incentivising employees whose decisions can have a material impact on DBS to adopt appropriate risk behaviours. These employees include senior management, key personnel at business units and senior control staff. We define this group of staff based on their roles, quantum of their variable remuneration and the ratio of their variable to fixed pay.

In 2015/2016, an external management consulting firm, Oliver Wyman, was engaged to provide an independent review of the Group's compensation system and processes to ensure compliance with the FSB Principles for Sound Compensation Practices. Oliver Wyman and its consultants are independent and not related to us or any of our Directors.

## Summary of 2016 Remuneration Outcomes

At DBS, performance and remuneration are tracked against a balanced scorecard, which measures progress in a number of areas that are important to our stakeholders, namely shareholders, customers, employees, regulators and the community. The scorecard comprises many qualitative dimensions including the quality of our results, the effectiveness of our risk management and compliance efforts as well as the progress on our strategic initiatives.

Reflecting the lower balanced scorecard rating in 2016, the total and deferred compensation for senior management and material risk takers is lower than the year before. The aggregate total remuneration for our Senior Management (including the CEO) in 2016 amounts to SGD 58.2 million, down from SGD 66.8 million in 2015. Although the Code and the Guidelines recommend that at least the top five key executives' remuneration be disclosed within bands of SGD 250,000 and in aggregate, the Board believes that such disclosure would be disadvantageous to our business interests, given the highly competitive conditions in the banking industry where poaching of executives is commonplace.

The deferred compensation for senior management was down by 18% whilst that of material risk takers was down 2%.

## Breakdown of long-term remuneration awards

Category	SM	MRTs
Change in deferred remuneration awarded in current financial year <sup>(1)</sup>	-18(-20) <sup>(4)</sup> %	-2 (-4) <sup>(4)</sup> %
Change in amount of outstanding deferred remuneration from previous financial year <sup>(2)</sup>	21 <sup>(3)</sup> (20) <sup>(4)</sup> %	22 <sup>(3)</sup> (22) <sup>(4)</sup> %
<b>Outstanding deferred remuneration (breakdown):</b>		
Cash	–	–
Shares & share-linked instruments	100%	100%
Other forms of remuneration	–	–
<b>Total</b>	<b>100%</b>	<b>100%</b>
<b>Outstanding deferred remuneration (performance adjustments):</b>		
Of which exposed to ex-post adjustments	100%	100%
Reductions in current year due to ex-post adjustments (explicit)	–	–
Reductions in current year due to ex-post adjustments (implicit) <sup>(2)</sup>	–	–
<b>Outstanding retained remuneration (performance adjustments):</b>		
Of which exposed to ex-post adjustments	–	–
Reductions in current year due to ex-post adjustments (explicit)	–	–
Reductions in current year due-to ex-post adjustments (implicit)	–	–
<b>Headcount</b>	<b>19</b>	<b>270</b>

(1) Value of DBSH ordinary shares (including retention shares) granted in respect of performance year 2016 vs. value of DBSH ordinary shares (including retention shares) granted in respect of performance year 2015. Share price taken at date of grant

(2) [No. of unvested DBSH ordinary shares as at 31 Dec 16 x share price as at 30 Dec 16] / [No. of unvested DBSH ordinary shares as at 31 Dec 15 x share price as at 31 Dec 15]

(3) The increase is mainly due to the difference in share prices as at 30 Dec 2016 and 31 Dec 2015 and the higher number of shares granted in 2016 relative to shares vested in 2016

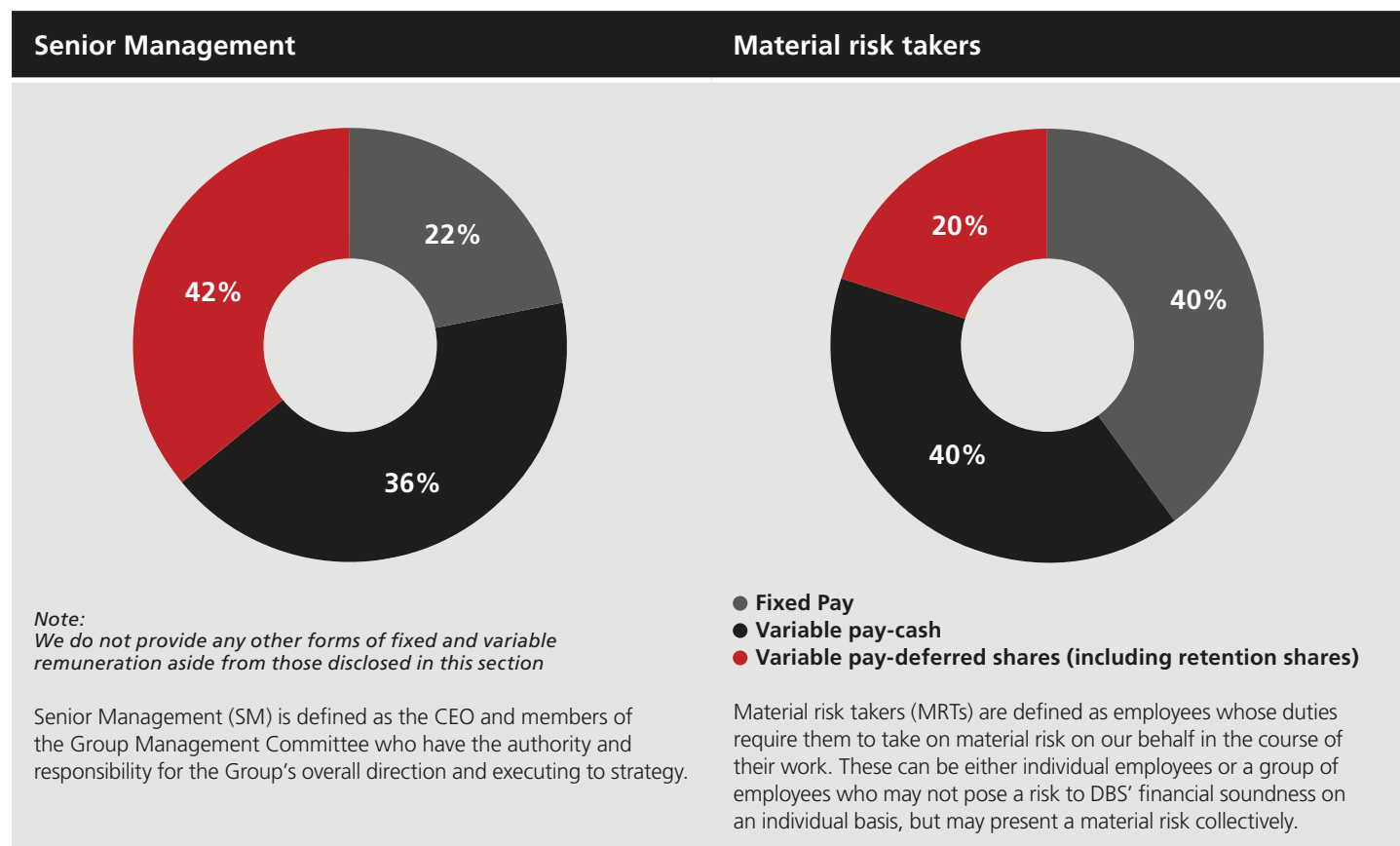
(4) Figures in parentheses show the change in deferred remuneration awarded if the same population of staff that fulfils the definition of SM and MRTs for both performance year 2016 and 2015 is used

Examples of explicit ex-post adjustments include malus, clawbacks or similar reversal or downward revaluations of awards.

Examples of implicit ex-post adjustments include fluctuations in the value of DBSH ordinary shares or performance units.

Retained remuneration refers to shares or share-linked instruments that are subject to a retention period under a share retention policy.

The following charts show the mix of fixed and variable pay for both groups for performance year 2016.



### Guaranteed bonuses, sign-on bonuses and severance payments

Category	SM	MRTs
Number of guaranteed bonuses	0	0
Number of sign-on bonuses	1	4
Number of severance payments	0	0
<b>Total amounts of above payments made during the Financial Year (SGD '000)</b>	2,159*	

\* Due to data confidentiality, the total amount of payments for SM and MRTs have been aggregated for reporting

#### Other Provisions

We do not allow accelerated payment of deferred remuneration except in cases such as death in service or where legally required.

There are no provisions for:

- Special executive retirement plans;
- Golden parachutes or special executive severance packages; and/or
- Guaranteed bonuses beyond one year

## Chief Executive Officer

Since becoming CEO in November 2009, Piyush Gupta has grown DBS into a leading bank with multiple growth engines. This has built resiliency into the franchise, enabling DBS to withstand a slowdown in any single line of business and still turn in a sustainable performance.

In 2016, DBS delivered a strong operating performance with total income and net profit before allowances rising to new highs despite challenging economic conditions. This enabled the bank to absorb higher allowances due to stresses in the oil & gas support services sector and still maintain net profit at SGD 4.24 billion.

DBS continued to position itself well against the coming digital onslaught, shaping a culture of innovation within the bank, re-inventing systems and processes and reimagining banking. The traction it is making on these fronts is showing up in expanded customer reach and acquisition, and improved productivity and efficiency. In 2016, DBS successfully launched digibank, India's first mobile-only bank, in a game-changing initiative that allowed it to break into the retail banking segment of a large geography without the need for expensive physical infrastructure. DBS is heartened that its efforts towards digital transformation have been recognised, having bagged a number of prestigious accolades including "World's Best Digital Bank" by Euromoney in the course of the year.

Notwithstanding the above, Mr Gupta's remuneration was adjusted down, reflecting the lower balanced scorecard rating in 2016.

### Breakdown of remuneration for performance year 2016 (1 January – 31 December)

	Salary remuneration SGD	Cash bonus <sup>(1)</sup> SGD	Share Plan <sup>(2)</sup> SGD	Others <sup>(3)</sup> SGD	Total <sup>(4)</sup> SGD
Mr Piyush Gupta	1,200,000	3,117,000	4,063,000	61,132	8,441,132

(1) The amount has been accrued in 2016 financial statements

(2) At DBS, dividends on unvested shares do not accrue to employees. For better comparability with other listed companies, this figure excludes the estimated value of retention shares amounting to SGD 812,600, which serve as a retention tool and compensate staff for the time value of deferral. This is also similar in nature to practices in those companies which provide accrual of dividends for deferred awards

(3) Represents non-cash component and comprises club, car and driver

(4) Refers to current year performance remuneration – includes fixed pay in current year, cash bonus received in following year and DBSH ordinary shares granted in following year

# Summary of disclosures

**Express disclosure requirements in the Guidelines on Corporate Governance for Financial Holding Companies, Banks, Direct Insurers, Reinsurers and Captive Insurers which are incorporated in Singapore (which comprises the Code of Corporate Governance 2012), and the applicable disclosures pursuant to the Corporate Governance Disclosure Guide issued by the Singapore Exchange on 29 January 2015.**

Principle and guidelines	Page reference in DBS Annual Report 2016
<b>Guideline 1.3</b> Delegation of authority, by the Board to any Board committee, to make decisions on certain Board matters	Pages 51 to 57
<b>Guideline 1.4</b> The number of meetings of the Board and Board committees held in the year, as well as the attendance of every Board member at these meetings	Pages 58 to 59
<b>Guideline 1.5</b> The type of material transactions that require Board approval under guidelines	Page 57
<b>Guideline 1.6</b> The induction, orientation and training provided to new and existing Directors	Page 53
<b>Guideline 1.16</b> An assessment of how these programmes meet the requirements as set out by the NC to equip the Board and the respective Board committees with relevant knowledge and skills in order to perform their roles effectively	Page 53
<b>Guideline 2.1</b> Compliance with the guideline on proportion of independent Directors on the Board	Pages 52 to 53
<b>Guideline 2.3</b> The Board should identify in the Company's Annual Report each Director it considers to be independent. Where the Board considers a Director to be independent in spite of the existence of a relationship as stated in the Code that would otherwise deem a Director not to be independent, the nature of the Director's relationship and the reasons for considering him as independent should be disclosed	Pages 52 to 53
<b>Guideline 2.4</b> Where the Board considers an independent Director, who has served on the Board for more than nine years from the date of his first appointment, to be independent, the reasons for considering him as independent should be disclosed	Not applicable

Principle and guidelines	Page reference in DBS Annual Report 2016
<p><b>Guideline 2.6</b></p> <p>(a) The Board’s policy with regard to diversity in identifying Director nominees</p> <p>(b) Whether current composition of the Board provides diversity on skills, experience, gender and knowledge of the Company, and elaborate with numerical data where appropriate</p> <p>(c) Steps that the Board has taken to achieve the balance and diversity necessary to maximise its effectiveness</p>	Pages 48, 49, 51 and 52
<p><b>Guideline 2.13</b></p> <p>Names of the members of the EXCO and the key terms of reference of the EXCO, explaining its role and the authority delegated to it by the Board</p>	Pages 53 to 54
<p><b>Guideline 3.1</b></p> <p>Relationship between the Chairman and the CEO where they are immediate family members</p>	Not applicable
<p><b>Guideline 4.1</b></p> <p>Names of the members of the NC and the key terms of reference of the NC, explaining its role and the authority delegated to it by the Board</p>	Page 51
<p><b>Guideline 4.4</b></p> <p>(a) The maximum number of listed company Board representations which Directors may hold should be disclosed</p> <p>(b) Reasons for not determining maximum number of listed company Board representations</p> <p>(c) Specific considerations in deciding on the capacity of Directors</p>	Page 53
<p><b>Guideline 4.6</b></p> <p>Process for the selection, appointment and re-appointment of new Directors to the Board, including the search and nomination process</p>	Pages 51 to 53
<p><b>Guideline 4.7</b></p> <p>Key information regarding Directors, including which Directors are executive, non-executive or considered by the NC to be independent</p>	Pages 52, 58 and 59
<p><b>Guideline 4.13</b></p> <p>Resignation or dismissal of key appointment holders</p>	Not applicable
<p><b>Guideline 4.14</b></p> <p>Deviation and explanation for the deviation from the internal guidelines on time commitment referred to in Guidelines 4.4 and 4.10</p>	Page 53
<p><b>Guideline 5.1</b></p> <p>The Board should state in the Company’s Annual Report how assessment of the Board, its Board committees and each Director has been conducted. If an external facilitator has been used, the Board should disclose in the Company’s Annual Report whether the external facilitator has any other connection with the Company or any of its Directors. This assessment process should be disclosed in the Company’s Annual Report</p>	Pages 51 to 52
<p><b>Guideline 6.1</b></p> <p>Types of information which the Company provides to independent Directors to enable them to understand its business, the business and financial environment as well as the risks faced by the Company, and how frequent is such information provided.</p>	Pages 50, 53, 55, 56 and 59



Principle and guidelines	Page reference in DBS Annual Report 2016
<p><b>Guideline 7.1</b> Names of the members of the Remuneration Committee (RC) and the key terms of reference of the RC, explaining its role and the authority delegated to it by the Board</p>	Page 56
<p><b>Guideline 7.3</b> Names and firms of the remuneration consultants (if any) should be disclosed in the annual remuneration report, including a statement on whether the remuneration consultants have any relationships with the Company</p>	Page 66
<p><b>Principle 9</b> Clear disclosure of remuneration policies, level and mix of remuneration, and procedure for setting remuneration</p>	Pages 64 to 68
<p><b>Guideline 9.1</b> Remuneration of Directors, the CEO and at least the top five key management personnel (who are not also Directors or the CEO) of the Company. The annual remuneration report should include the aggregate amount of any termination, retirement and post-employment benefits that may be granted to Directors, the CEO and the top five key management personnel (who are not Directors or the CEO)</p>	For the CEO and management: Page 67 For the Company's other Directors: Page 58
<p><b>Guideline 9.2</b> Fully disclose the remuneration of each individual Director and the CEO on a named basis. There will be a breakdown (in percentage or dollar terms) of each Director's and the CEO's remuneration earned through base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives</p>	For the CEO: Page 69 For the Company's other Directors: Page 58
<p><b>Guideline 9.3</b> Name and disclose the remuneration of at least the top five key management personnel (who are not Directors or the CEO) in bands of SGD 250,000. There will be a breakdown (in percentage or dollar terms) of each key management personnel's remuneration earned through base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives. In addition, the Company should disclose in aggregate the total remuneration paid to the top five key management personnel (who are not Directors or the CEO). As best practice, companies are also encouraged to fully disclose the remuneration of the said top five key management personnel</p>	Page 67
<p><b>Guideline 9.4</b> Details of the remuneration of employees who are immediate family members of a Director or the CEO, and whose remuneration exceeds SGD 50,000 during the year. This will be done on a named basis with clear indication of the employee's relationship with the relevant Director or the CEO. Disclosure of remuneration should be in incremental bands of SGD 50,000</p>	Page 56
<p><b>Guideline 9.5</b> Details and important terms of employee share schemes</p>	Pages 66, 183 and 184
<p><b>Guideline 9.6</b> For greater transparency, companies should disclose more information on the link between remuneration paid to the executive Directors and key management personnel, and performance. The annual remuneration report should set out a description of performance conditions to which entitlement to short-term and long-term incentive schemes are subject, an explanation on why such performance conditions were chosen, and a statement of whether such performance conditions are met</p>	Pages 64 to 69

Principle and guidelines	Page reference in DBS Annual Report 2016
<p><b>Guideline 11.3</b> The Board should comment on the adequacy and effectiveness of the internal controls, including financial, operational, compliance and information technology controls, and risk management systems. The commentary should include information needed by stakeholders to make an informed assessment of the Company's internal control and risk management systems. The Board should also comment on whether it has received assurance from the CEO and the CFO: (a) that the financial records have been properly maintained and the financial statements give true and fair view of the Company's operations and finances; and (b) regarding the effectiveness of the Company's risk management and internal control systems</p>	Pages 59 to 60
<p><b>Guideline 11.14</b> Names of the members of the Board risk committee and the key terms of reference of the Board risk committee, explaining its role and the authority delegated to it by the Board</p>	Pages 55 to 56
<p><b>Guideline 12.1</b> Names of the members of the AC and the key terms of reference of the AC, explaining its role and the authority delegated to it by the Board</p>	Pages 54 to 55
<p><b>Guideline 12.6</b> Aggregate amount of fees paid to the external auditors for that financial year, and breakdown of fees paid in total for audit and non-audit services respectively, or an appropriate negative statement</p>	Page 55
<p><b>Guideline 12.7</b> The existence of a whistle-blowing policy should be disclosed in the Company's Annual Report</p>	Page 62
<p><b>Guideline 12.8</b> Summary of the AC's activities and measures taken to keep abreast of changes to accounting standards and issues which have a direct impact on financial statements</p>	Pages 54 to 55
<p><b>Guideline 13.1</b> Whether the Company has an internal audit function</p>	Pages 54, 55, 59, 60 and 61
<p><b>Guideline 15.4</b> The steps the Board has taken to solicit and understand the views of the shareholders e.g. through analyst briefings, investor roadshows or Investors' Day briefings</p>	Pages 62 to 63
<p><b>Guideline 15.5</b> Where dividends are not paid, companies should disclose their reasons</p>	Not applicable
<p><b>Guideline 17.4</b> Material related party transactions</p>	Page 61