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	• Instill and drive a pay-for-performance culture • Ensure close linkage between total compensation and our annual and long-term business objectives as measured through the balanced scorecard • 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 key performance indicators (KPIs)
Provide market competitive pay	• Benchmark our total compensation against other organisations of similar size and standing in the markets we operate in • Drive performance differentiation by benchmarking total compensation for top performing employees against the upper quartile or higher in each market
Guard against excessive risk-taking	• 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 • Design payout structure to align incentive payments with the long-term performance of the company through deferral and clawback arrangements

2 Summary of current total compensation elements

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

	Fixed pay	Variable pay	Variable pay
Total compensation	Salary +	Cash bonus +	Deferred shares/ cash

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
Fixed pay	**Salary**	• Attract and retain talent by ensuring our fixed pay is competitive vis-a-vis comparable institutions	• Set at an appropriate level taking into account market dynamics, skills, experience, responsibilities, competencies and performance of the employee • Paid in cash monthly • Typically reviewed annually
Variable pay	**Cash bonus and deferred shares/ cash**	• Provide a portion of total compensation that is performance-linked • Focus employees on the achievement of objectives which are aligned to value creation for our shareholders and multiple stakeholders • Align to time horizon of risk	• Based on DBS, business or support unit and individual performance • Measured against a balanced scorecard which is agreed to at the start of the year • Awards in excess of a certain threshold are subject to a tiered deferral rate that ranges from 20% to 60% with a minimum deferred quantum. Country variations may apply to the threshold based on statutory requirements • Deferred remuneration is paid in restricted shares and/ or deferred cash and comprises two elements: the main award and the retention award (constituting 20% of the shares and/ or deferred cash given in the main award and designed to retain talent and compensate staff for the time value of deferral) • Deferred awards vest over four years, and will lapse immediately upon termination of employment (including resignation) except in the event of ill health, injury, disability, redundancy, retirement or death • Paid cash bonus, unvested and vested deferred shares/ cash awards are subject to clawback from employees whose bonus exceeds a certain threshold

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.

Determining total variable pool	A function of net profit before tax benchmarked against market and calibrated against the following prisms: • Risk adjustment through review of Returns on Risk-Adjusted Capital (RoRAC) • Distribution of earnings between employees and shareholders	Modulated by our performance against the balanced scorecard • Comprises financial and non-financial metrics encompassing employees, customers, shareholders, risks and compliance objectives • Evaluated by Compensation and Management Development Committee (CMDC), with the pool subsequently endorsed by the Board of Directors (Board)
Allocating pool to business units	Pool allocation takes into account the relative performance of each unit • Measured through each unit's balanced scorecard and evaluated by the Chief Executive Officer (CEO)	Inputs from control functions such as Audit, Compliance and Risk are sought. Country heads are also consulted in the allocation process
Determining individual award	Unit heads cascade their allocated pool to their teams and individuals • Performance measurement through the balanced scorecard	Individual variable pay determined based on individual performance • Linked to achievement of quantitative as well as qualitative objectives as set out in individual's KPIs

The performance of 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 Board Risk Management Committee and Audit Committee 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 Deferred share incentives

Plan objectives	Award types
• Foster a culture that aligns employees' interests with shareholders • Enable employees to share in DBS' performance • Talent retention	• Annual Deferred Remuneration – DBSH Share Plan (Share Plan) for Vice President and above – DBSH Employee Share Plan (ESP) for Assistant Vice President and below • Awards as part of talent retention (Special Award)

Award elements

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

Deferred incentive	Main award + Retention award*

** Constitutes 20% of Main Award under the Annual Deferred Remuneration*

Vesting schedule	Malus of unvested awards and clawback of vested awards
Main Award • 33% vest two years after grant date • Another 33% vest three years after grant date • Remaining 34% vest four years after grant date **Retention Award** • 100% vest four years after grant date	**Malus and/ or clawback will be triggered by** • Material violation of risk limits • Material losses due to negligent risk-taking or inappropriate individual behaviour • Material restatement of DBS' financials due to inaccurate performance measures • Misconduct or fraud Awards may be clawed back within the seven years from the date of grant.

Read more about the Share Plan on pages 189 to 190.

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 and quantum of their variable remuneration.

In 2017, we used salary surveys conducted by external compensation consultant, McLagan, as references for employee salary benchmarking purposes. McLagan and its consultants are independent and not related to us or any of our Directors.

Summary of 2017 Remuneration Outcomes

Our remuneration is linked to how we perform against our balanced scorecard (refer to pages 38 to 41).

In 2017, we achieved record earnings from broad-based growth in loans and fee income as well as productivity gains from digitalisation and cost management initiatives. The results were achieved even as we took higher allowances due to the accelerated recognition of residual weak oil and gas support service exposures as non-performing. The year was also a watershed in our digital transformation. Significant progress was made in re-architecting the bank's technology infrastructure, changing culture and forming ecosystem partnerships as we sought to define the future of banking.

Taking these factors into account, the total and deferred compensation for senior management and material risk takers is higher than the year before. The aggregate total remuneration for our Senior Management (including the CEO) in 2017 amounted to SGD 66.7 million.

While corporate governance guidelines recommend that at least the top five key executives' remuneration be disclosed, the Board believes that it would be disadvantageous for us to do so because of the constant battle for talent in a highly competitive industry.

Breakdown of deferred remuneration awards

<table>
<tr><th>Category</th><th>Senior Management[1]</th><th>Material Risk Takers[2]</th></tr>
<tr><td>Total outstanding deferred remuneration[3]:</td><td colspan="2"></td></tr>
<tr><td>Cash</td><td colspan="2">0.2%</td></tr>
<tr><td>Shares and share-linked instruments</td><td colspan="2">99.8%</td></tr>
<tr><td>Other forms of remuneration</td><td colspan="2">-</td></tr>
<tr><td>Total</td><td colspan="2">100.0%</td></tr>
<tr><td>Outstanding deferred and retained remuneration[3] [4]:</td><td colspan="2"></td></tr>
<tr><td>Of which exposed to ex-post adjustments</td><td colspan="2"></td></tr>
<tr><td>Cash</td><td colspan="2">0.2%</td></tr>
<tr><td>Shares and share-linked instruments</td><td colspan="2">99.8%</td></tr>
<tr><td>Other forms of remuneration</td><td colspan="2">-</td></tr>
<tr><td>Total</td><td colspan="2">100.0%</td></tr>
<tr><td>Total amendment during the year due to ex-post explicit adjustments[5]:</td><td></td><td></td></tr>
<tr><td>Cash</td><td>-</td><td>-</td></tr>
<tr><td>Shares and share-linked instruments</td><td>-</td><td>-</td></tr>
<tr><td>Other forms of remuneration</td><td>-</td><td>-</td></tr>
<tr><td>Total</td><td>-</td><td>-</td></tr>
<tr><td>Total amendment during the year due to ex-post implicit adjustments[5]:</td><td></td><td></td></tr>
<tr><td>Cash</td><td>-</td><td>-</td></tr>
<tr><td>Shares and share-linked instruments[6]</td><td>39.1%</td><td>32.9%</td></tr>
<tr><td>Other forms of remuneration</td><td>-</td><td>-</td></tr>
<tr><td>Total</td><td>39.1%</td><td>32.9%</td></tr>
<tr><td>Total deferred remuneration paid out in the financial year:</td><td>29.5%</td><td>26.3%</td></tr>
<tr><td>Headcount</td><td>19</td><td>228</td></tr>
</table>

(1) Senior Management (SM) is defined as the CEO and members of the Group Management Committee who have the authority and responsibility for DBS' overall direction and executing to strategy

(2) Material risk takers (MRTs) are defined as employees whose duties require them to take on material risk on our behalf in the course of their work. These can be either individual employees or a group of employees who may not pose a risk to DBS' financial soundness on an individual basis, but may present a material risk collectively. In 2017, CMDC also reviewed the definition of MRTs, aligning it to market benchmark

(3) Due to data confidentiality, the total amount of deferred and retained remuneration for SM and MRTs have been aggregated for reporting

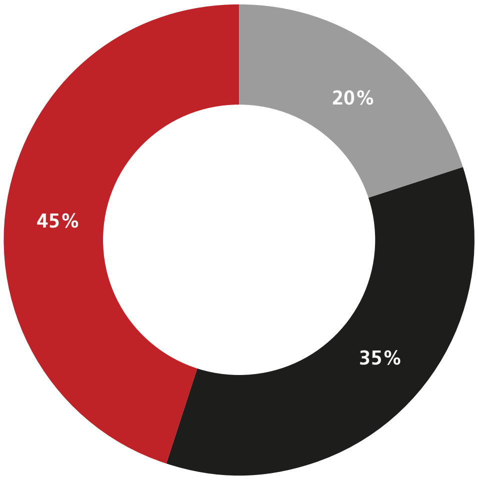
(4) Retained remuneration refers to shares or share-linked instruments that are subject to a retention period under a share retention policy

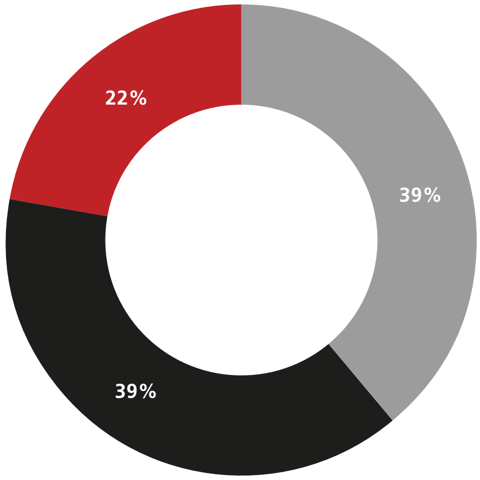
(5) Examples of explicit ex-post adjustments include malus, clawbacks or similar reversal or downward revaluations of awards. Examples of implicit ex-post adjustments include fluctuations in the value of DBSH ordinary shares or performance units

(6) [No. of unvested DBSH ordinary shares as at 31 Dec 17 x share price as at 29 Dec 17] / [No. of unvested DBSH ordinary shares as at 31 Dec 16 x share price as at 30 Dec 16] -1

The following charts show the mix of fixed and variable pay for both groups for performance year 2017:

SM	MRTs





Note:
We do not provide any other forms of fixed and variable remuneration aside from those disclosed in this section

- *Fixed Pay*
- *Variable pay-cash*
- *Variable pay-deferred shares and/ or deferred cash (including retention shares/ cash)*

Guaranteed bonuses, sign-on bonuses and severance payments

Category	SM	MRTs
Number of guaranteed bonuses	0	0
Number of sign-on bonuses	0	6
Number of severance payments	0	0
Total amounts of above payments made during the Financial Year (SGD '000)	**0**	**1,455**

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 entrenched DBS as a leading bank in Asia, with multiple engines across businesses and geographies. This buffers the bank from a slowdown in any single business line, enabling it to turn in creditable results even when not all cylinders are firing. Nowhere was this more apparent than in 2017, when in spite of a steep rise in allowances for the oil and gas portfolio, DBS delivered record earnings amounting to SGD 4.39 billion, up 4%. Total income was SGD 11.9 billion, also a new high.

2017 was also a watershed year in DBS' digital transformation. Whether it was re-architecting the bank's technology infrastructure to be cloud-native, reshaping mindsets and culture, or enabling scalability through ecosystem partnerships, significant progress was made. In November 2017, DBS held its inaugural digital investor day, whereby a comprehensive digital strategy was presented. This strategy, the way it has been executed, and its impact on the bank's bottomline as measured by a proprietary model, won widespread plaudits from the analyst and investor community.

We also successfully integrated ANZ's retail and wealth franchise across five markets, and rolled out digibank, a mobile-only bank, in Indonesia.

Customer satisfaction continues to be strong, with DBS acknowledged as the sector leader for customer service in Singapore for the last decade. The bank also continued to lead the way in employee engagement, taking home the Asia Pacific Regional Best Employer award, as we were recognised across Singapore, Hong Kong, Indonesia and Taiwan.

Taking into account the above, and results of the balanced scorecard, Mr Gupta's remuneration was higher in 2017.

Breakdown of remuneration for performance year 2017 (1 January – 31 December)

	Salary remuneration SGD	Cash bonus(1) SGD	Share Plan(2) SGD	Others(3) SGD	Total(4) SGD
Mr Piyush Gupta	**1,200,000**	**3,845,000**	**5,155,000**	**64,789**	**10,264,789**

(1) The amount has been accrued in 2017 financial statements

(2) At DBS, ordinary 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 1,031,000, 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