

Directors' statement

The Directors are pleased to submit their statement to the Members, together with the audited balance sheet of DBS Group Holdings Ltd (the Company or DBSH) and the consolidated financial statements of the Company and its subsidiaries (the Group) for the financial year ended 31 December 2018. These have been prepared in accordance with the provisions of the Companies Act, Chapter 50 (the Companies Act) and the Singapore Financial Reporting Standards (International).

In the opinion of the Directors, the balance sheet of the Company and the consolidated financial statements of the Group, together with the notes thereon, as set out on pages 103 to 177, are drawn up so as to give a true and fair view of the financial position of the Company and the Group as at 31 December 2018, and the performance, changes in equity and cash flows of the Group for the financial year ended on that date. As at the date of this statement, there are reasonable grounds to believe that the Company and the Group will be able to pay their debts as and when they fall due.

DBSH Share Plan

During the financial year, time-based awards in respect of an aggregate of 4,010,066 ordinary shares were granted pursuant to the DBSH Share Plan to selected employees of the Group. This included 226,509 ordinary shares comprised in awards granted to the executive Director, Mr Piyush Gupta, which formed part of his remuneration for 2017.

Following shareholders' approval for the special dividend of 50 cents per ordinary share at DBSH's annual general meeting held on 25 April 2018, adjustments were made to all unvested share awards granted under the DBSH Share Plan on 26 April 2018. As a result of such adjustments, the total number of ordinary shares comprised in such unvested share awards increased by 286,509 shares.

In addition, during the financial year, certain non-executive Directors received an aggregate of 32,549 share awards, which formed part of their directors' fees. Details are set out below.

Directors of the Company	Share awards granted during the financial year under review	Share awards vested during the financial year under review
Mr Peter Seah ⁽²⁾	18,443	18,443
Mr Piyush Gupta	243,332 ⁽¹⁾	366,676
Ms Euleen Goh ⁽²⁾	3,554	3,554
Mr Ho Tian Yee ⁽²⁾	2,216	2,216
Mr Olivier Lim ⁽²⁾	299	299
Mr Nihal Kaviratne ⁽²⁾	2,468	2,468
Mr Andre Sekulic ⁽²⁾	2,581	2,581
Mr Danny Teoh ⁽²⁾	2,988	2,988

(1) This represents the aggregate of (a) 226,509 share awards which formed part of Mr Piyush Gupta's remuneration for 2017; and (b) the increase in the total number of ordinary shares comprised in Mr Piyush Gupta's unvested share awards by 16,823 shares arising from adjustments made to all unvested share awards granted under the DBSH Share Plan on 26 April 2018.

(2) The awards of these non-executive Directors formed part of their directors' fees for 2017, which had been approved by the shareholders at DBSH's annual general meeting held on 25 April 2018. All the awards granted to these non-executive Directors during the financial year under review vested immediately upon grant.

Information on the DBSH Share Plan is as follows:

- (i) Awards over DBSH's ordinary shares may be granted to Group executives who hold such rank as may be determined by the Compensation and Management Development Committee of DBSH from time to time. Awards may also be granted to (amongst others) executives of associated companies of DBSH who hold such rank as may be determined by the Compensation and Management Development Committee from time to time, and non-executive Directors of DBSH. As at the date of this statement, the members of the Compensation and Management Development Committee are Mr Andre Sekulic (Chairman), Mr Peter Seah, Ms Euleen Goh, Mr Olivier Lim and Mr Nihal Kaviratne.

The participants of the DBSH Share Plan shall not be eligible to participate in the DBSH Employee Share Plan or other equivalent plans.

- (ii) Where time-based awards are granted, participants are awarded ordinary shares of DBSH or, at the Compensation and Management Development Committee's discretion, their equivalent cash value or a combination of both as part of their deferred bonus, at the end of the prescribed vesting periods. Awards are granted under the DBSH Share Plan at the absolute discretion of the Compensation and Management Development Committee. Dividends on unvested shares do not accrue to employees.

- (iii) The DBSH Share Plan shall continue to be in force at the discretion of the Compensation and Management Development Committee, subject to a maximum period of ten years. At an Extraordinary General Meeting held on 8 April 2009, the DBSH Share Plan was extended for another ten years, from 18 September 2009 to 17 September 2019, provided always that the DBSH Share Plan may continue beyond the above stipulated period with the approval of the shareholders of DBSH by ordinary resolution in general meeting and of any relevant authorities which may then be required.
- (iv) Awards under the DBSH Share Plan may be granted at any time in the course of a financial year, and may lapse by reason of cessation of employment or misconduct of the participant, except in cases such as retirement, redundancy, ill health, injury, disability, death, bankruptcy of the participant, or by reason of the participant, being a non-executive Director, ceasing to be a Director, or in the event of a take-over, winding up or reconstruction of DBSH.
- (v) Subject to the prevailing legislation and the rules of the Singapore Exchange, DBSH will have the flexibility to deliver ordinary shares of DBSH to participants upon vesting of their awards by way of an issue of new ordinary shares and/ or the transfer of existing ordinary shares (which may include ordinary shares held by the Company in treasury).
- (vi) The class and/ or number of ordinary shares of DBSH comprised in an award to the extent not yet vested, and/ or which may be granted to participants, are subject to adjustment by reason of any variation in the ordinary share capital of DBSH (whether by way of a capitalisation of profits or reserves or rights issue, reduction, subdivision, consolidation, or distribution) or if DBSH makes a capital distribution or a declaration of a special dividend (whether in cash or in specie), upon the written confirmation of the auditor of DBSH that such adjustment (other than in the case of a capitalisation issue) is fair and reasonable.

Board of Directors

The Directors in office at the date of this statement are:

Mr Peter Seah	-	Chairman
Mr Piyush Gupta	-	Chief Executive Officer
Dr Bonghan Cho	-	(Appointed 26 April 2018)
Ms Euleen Goh		
Mr Ho Tian Yee	-	Lead Independent Director
Mr Olivier Lim		
Mr Nihal Kaviratne		
Mr Andre Sekulic		
Mr Danny Teoh		
Mr Tham Sai Choy	-	(Appointed 3 September 2018)
Mrs Ow Foong Pheng		

Ms Euleen Goh, Mr Danny Teoh and Mr Nihal Kaviratne will retire in accordance with Article 99 of the Company's Constitution at the forthcoming annual general meeting (AGM) and will offer themselves for re-election at the AGM.

Dr Bonghan Cho and Mr Tham Sai Choy will retire in accordance with Article 105 of the Company's Constitution at the forthcoming AGM and will offer themselves for re-election at the AGM.

Arrangements to enable Directors to acquire shares or debentures

Neither at the end of, nor at any time during the financial year, was the Company a party to any arrangement, the object of which is to enable the Directors to acquire benefits through the acquisition of shares in, or debentures of, the Company or any other body corporate, save as disclosed in this statement.

Directors' interests in shares or debentures

Each of the following Directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under Section 164 of the Companies Act, an interest in shares of the Company and related corporations as stated below:

	Holdings in which Directors have a direct interest		Holdings in which Directors are Deemed to have an interest	
	As at 31 Dec 2018	As at 1 Jan 2018 (or date of appointment if later)	As at 31 Dec 2018	As at 1 Jan 2018 (or date of appointment if later)
DBSH ordinary shares				
Mr Peter Seah	220,661	202,218	–	–
Mr Piyush Gupta	1,169,560	802,884	318,000	318,000
Dr Bonghan Cho	–	–	–	–
Ms Euleen Goh	54,414	50,860	–	–
Mr Ho Tian Yee	44,229	32,013	–	–
Mr Olivier Lim	38,299	10,000	–	–
Mr Nihal Kaviratne	33,768	31,300	–	–
Mr Andre Sekulic	24,575	21,994	–	–
Mr Danny Teoh	41,726	38,738	19,099	19,099
Mr Tham Sai Choy	88,000	88,000	–	–
Mrs Ow Foong Pheng	25,839	25,839	–	–
Share awards (unvested) granted under the DBSH Share Plan				
Mr Piyush Gupta ⁽¹⁾	1,000,845	1,124,189	–	–
DBS Bank 4.7% non-cumulative non-convertible redeemable perpetual preference shares				
Ms Euleen Goh	3,000	3,000	–	–

(1) Mr Piyush Gupta's share awards form part of his remuneration. Details of the DBSH Share Plan are set out in Note 40 of the Notes to the 2018 Company's financial statements

There was no change in any of the above-mentioned interests between the end of the financial year and 21 January 2019.

Audit Committee

The Audit Committee comprises non-executive Directors Mr Danny Teoh (Chairman), Mr Peter Seah, Mr Andre Sekulic, Mrs Ow Foong Pheng, Dr Bonghan Cho and Mr Tham Sai Choy.

The Audit Committee performed its functions in accordance with the Companies Act, the SGX-ST Listing Manual, the Banking (Corporate Governance) Regulations 2005 and the MAS Guidelines for Corporate Governance (which incorporates the Code of Corporate Governance 2012), which include, inter alia, the following:

- (i) reviewing the Group's consolidated financial statements and financial announcements prior to submission to the Board;
- (ii) reviewing the adequacy and effectiveness of the Group's internal controls;
- (iii) reviewing with the external auditor, its audit plan, its audit report, its evaluation of the internal accounting controls of DBS and assistance given by the management to the external auditor;
- (iv) reviewing the internal auditor's plans and the scope and results of audits; and
- (v) overseeing the adequacy and effectiveness of the internal audit function, and the effectiveness, independence and objectivity of the external auditor.

In its review of the audited financial statements for the financial year ended 31 December 2018, the Audit Committee had discussed with management and the external auditor the accounting principles that were applied and their judgement on the items that might affect the financials. Based on the review and discussions with management and the external auditor, the Audit Committee is of the view that the financial statements are fairly presented in conformity with generally accepted accounting principles in all material aspects.

The Audit Committee has received the requisite information from PricewaterhouseCoopers LLP (PwC) and has considered the financial, business and professional relationship between PwC and the Group. It is of the view that such relationship is compatible with maintaining PwC's independence.

The Audit Committee has recommended, to the Board of Directors, the re-appointment of PwC as independent external auditor at the forthcoming AGM of the Company on 25 April 2019.

Independent Auditor

PricewaterhouseCoopers LLP has expressed its willingness to accept re-appointment as independent external auditor.

On behalf of the Directors



Mr Peter Seah



Mr Piyush Gupta

15 February 2019
Singapore