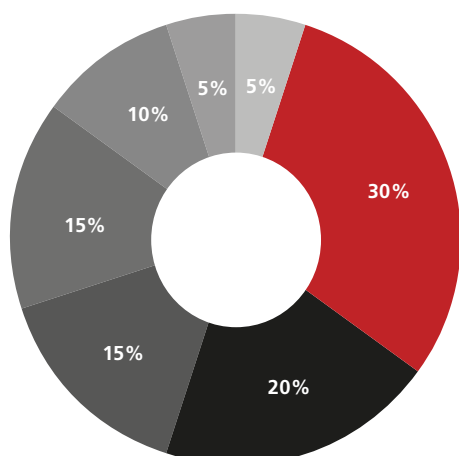


How the board spent its time in 2016



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

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