

Corporate Governance Report

INTRODUCTION

DBS considers good corporate governance to be the cornerstone of a well-managed organisation. Good corporate governance goes beyond the output of transparent, timely and full financial disclosures to a gamut of decisions and structures manifested by board composition, decision-making powers, internal governance to instilling the right corporate culture across the organisation. DBS aspires to the highest standards of corporate governance, starting with the Board of Directors and continuing throughout the organisation. The promotion of corporate transparency, fairness and accountability is led by a highly qualified independent Board accountable to shareholders, aided by a seasoned and experienced management team.

DBS is guided in its corporate governance practices by the Code of Corporate Governance (“the Code”) issued by the Singapore Council on Corporate Disclosure and Governance and the Banking (Corporate Governance) Regulations issued by the Monetary Authority of Singapore (“the MAS regulations”).

BOARD GOVERNANCE

Board composition

The present board size of 12 members is appropriate for the current size of DBS Group and the scope of its operations. The current size allows for efficiency and encourages active dialogue among its members; however there is room to increase by one or two to accommodate the availability of an outstanding candidate or the Board’s changing needs and circumstances.

Board appointment and independence

DBS has reviewed its policy of appointing directors for a maximum of three two-year terms and considers that the Group’s interests would be better served by moving to a maximum of three three-year terms. The longer period will ensure that the Group can continue to draw on the knowledge, experience and expertise of some of our longer-standing directors.

The existing procedure of directors retiring by rotation and re-election of directors by shareholders at the annual general meeting remains. At the same time, directors may serve on the Board until the age of 70 and once attained, will require shareholders’ approval to serve every year thereafter.

Selection and qualification of Board members

The Board’s Nominating Committee (NC) reviews and recommends all director appointments. The candidates’ qualifications and experience are benchmarked against the criteria set out in statutory regulations and in DBS’ Articles of Association to help the NC make an assessment of the candidates’ suitability and potential contribution to the Group. Any candidate considered by the NC must have extensive experience and hold senior positions, whether in the public or private sector, and must have built a reputation that demonstrates the ability to contribute to discussions and to make decisions at board level. At the same time, the candidate

must have demonstrated that he or she is committed to the highest ethical standards. The NC ensures that the composition of the Board comprises a diverse range of industry expertise and experience that management can benefit from.

The current Board includes industry captains drawn from a wide range of sectors within and outside banking, as well as the public sector. Of the 12-member board, seven are Singapore citizens or permanent residents, and five are non-Singaporeans.

The NC assesses the independence of the directors based on criteria set out in the MAS regulations and the Code. The NC considers a director independent if he is not related to a substantial shareholder or to senior management, and if he does not have significant business relationships with companies in the DBS Group.

Seven directors – Mr Ang Kong Hua, Mr Andrew Buxton, Mr Goh Geok Ling, Mr Leung Chun Ying, Mr Narayana Murthy, Mr John Ross and Mr Wong Ngit Liong (Mr NL Wong) – are considered independent by the NC.

Mr Ang, Mr Buxton, Mr Goh, Mr Leung, Mr Murthy and Mr NL Wong are directors of companies that engage in business dealings with the Group. However, the NC has determined that the nature and scope of the business relationships do not undermine the independence of these directors. Mr Ang, Mr Buxton, Mr Goh and Mr Leung are also directors of companies linked to Temasek Holdings, DBS’ substantial shareholder. Their appointments are non-executive in nature and they are not involved in the day-to-day conduct of these companies’ businesses. The NC has therefore determined that their independence is not compromised by their directorships in these Temasek-linked companies. Mr Ross is not a director of any company having business dealings with the DBS Group. Neither is he a director of any Temasek-linked companies.

The other five directors (Mr Jackson Tai, Mr Frank Wong, Mr Koh Boon Hwee, Mr Kwa Chong Seng and Mr Peter Ong) are considered by the NC to be non-independent under the MAS regulations. Mr Tai and Mr Frank Wong are executive directors. Mr Koh and Mr Kwa are non-executive directors of Temasek Holdings. Mr Ong is a senior civil servant in the Singapore government which is Temasek’s ultimate owner.

Separation of the role of the Chairman and the Chief Executive Officer

In DBS, the Chairman and the Chief Executive Officer (CEO) positions are held by separate individuals. The responsibilities of the Chairman and the CEO have been formalised by the Board.

The Chairman manages and leads the Board in its oversight over management. He ensures that there are active and comprehensive discussions on matters brought up to the Board, and steers the Board in making sound decisions. Members of the Board have free

access to management and vice versa. Members of the Group Management Committee, the highest management decision-making body in the Group, are also invited to attend all Board meetings except those sessions involving only the non-executive Board members. At annual general meetings and other forums, the Chairman plays a pivotal role in fostering constructive dialogue between shareholders, the Board and management. Shareholders' questions and concerns are adequately attended to and addressed at the annual general meetings.

The CEO heads the Group Management Committee. He oversees the execution of the Group's corporate and business strategy, and is ultimately responsible for managing its day-to-day operations.

Board responsibilities and accountability

The Board is responsible for setting the strategic vision, direction, and long-term goals of the Group.

It is responsible for the selection, appointment and annual appraisal of the CEO and other key senior executives and ensuring that a succession and development plan for all key positions is in place to prepare for contingencies, as well as to facilitate a smooth management transition.

Matters that require Board approval include the Group's annual budget and strategic three-year plan, strategic acquisitions and divestments, fund-raising exercises, the Group's risk governance framework and limits and any major decisions that may have an impact on the Group's reputation.

The Board emphasises professionalism, integrity and honesty as being key to the Group's image and reputation. These core values and principles which all DBS staff must adhere to are set out in

the DBS Staff Code of Conduct and govern all dealings by DBS staff with internal and external counterparts.

Board meetings and attendance

Five scheduled Board meetings are conducted a year. At these meetings, the Board reviews the Group's financial performance, corporate strategy, business plans, potential strategic acquisitions or alliances, strategic or significant operational issues and significant matters attended to by Board committees. The Board also reviews the Group's long term corporate strategy and business plans, including principal issues and challenges that the Group may face in the future in at least one of the Board meetings during the year. In addition to the scheduled meetings, ad hoc meetings are also held when necessary.

When exigencies prevent a Board member from attending meetings in person, he can participate by tele- or video-conference. Board approval for less critical matters may be obtained through written resolutions approved by circulation.

In 2006, the Board held one meeting in Hong Kong, underscoring the growing significance of the Group's Hong Kong franchise, and the Group's commitment to Greater China, as a key priority market for growth.

Board directors attend the annual general meeting, Board meetings and meetings of the sub-committees on which they serve, and they spend the time needed to properly discharge their responsibilities. Materials and information important to the understanding of the matters to be reviewed during the meetings are distributed to the directors in advance of the said meetings to provide sufficient time for the directors to prepare.

ATTENDANCE AT BOARD AND COMMITTEE MEETINGS

Name of Director	Board Meetings (Board)		Audit Committee Meetings (AC)		Board Risk Management Committee Meetings (BRMC)		Board Credit Committee Meetings (BCC)		Board Strategy and Planning Committee Meetings (BSPC)		Nominating Committee Meetings (NC)		Compensation and Management Development Committee Meetings (CMDC)	
	No. of Meetings held@	Attendance	No. of Meetings held@	Attendance	No. of Meetings held@	Attendance	No. of Meetings held@	Attendance	No. of Meetings held@	Attendance	No. of Meetings held*@@	Attendance	No. of Meetings held@	Attendance
Koh Boon Hwee	6	6	–	–	4	4	9	4	4	4	0	0	3	3
Jackson Tai	6	6	–	–	–	–	9	9	4	4	–	–	–	–
Frank Wong Kwong Shing	6	6	–	–	–	–	9	6	4	4	–	–	–	–
Ang Kong Hua	6	4	5	5	4	4	–	–	–	–	0	0	–	–
Andrew Buxton <i>(Appointed on 17 Feb 06 Board), 3 Apr 06 (BRMC))</i>	6	4	–	–	3	1	–	–	–	–	–	–	–	–
Goh Geok Ling	6	6	5	5	–	–	9	8	4	3	–	–	3	3

@ the number of meetings held during the period the director was a member of the Board and/or relevant Committee

* There were 7 matters deliberated and approved via circular resolutions.

ATTENDANCE AT BOARD AND COMMITTEE MEETINGS (CONT'D)

Name of Director	Board Meetings (Board)		Audit Committee Meetings (AC)		Board Risk Management Committee Meetings (BRMC)		Board Credit Committee Meetings (BCC)		Board Strategy and Planning Committee Meetings (BSPC)		Nominating Committee Meetings (NC)		Compensation and Management Development Committee Meetings (CMDC)	
	No. of Meetings held@	Attendance	No. of Meetings held@	Attendance	No. of Meetings held@	Attendance	No. of Meetings held@	Attendance	No. of Meetings held@	Attendance	No. of Meetings held*@	Attendance	No. of Meetings held@	Attendance
Kwa Chong Seng	6	5	–	–	4	4	9	5	4	4	–	–	3	3
Leung Chun Ying	6	5	–	–	–	–	–	–	–	–	0	0	3	2
Narayana Murthy	6	4	–	–	–	–	–	–	–	–	0	0	3	2
Peter Ong Boon Kwee	6	5	5	5	4	4	–	–	–	–	–	–	–	–
John Alan Ross	6	4	–	–	4	2	–	–	–	–	–	–	–	–
Wong Ngit Liong	6	5	–	–	–	–	–	–	–	–	0	0	3	2

@ the number of meetings held during the period the director was a member of the Board and/or relevant Committee

* There were 7 matters deliberated and approved via circular resolutions.

Board training and information access

Directors undergo comprehensive orientation and training programmes. A new director, on appointment, is briefed and provided with written guidance on a director's role and responsibilities. The new director is also briefed by the CEO and business and support unit heads on the Group's operations.

Management ensures that the Board receives regular reports on the Group's financial performance and operations, and that the Board is provided with relevant information and comprehensive analysis to facilitate discussions on specific matters and issues. The Board is also regularly briefed on accounting and regulatory changes, as well as major industry and market developments. Training courses were conducted for the Audit Committee on more complex issues pertaining to Business Combinations, Intangible Assets and Impairment. The Audit Committee was also updated on the changes to the Financial Instruments measurement standard as well as the new FRS 107 on Financial Instrument disclosures. Training courses for the Board Risk Management Committee were conducted on Basel II Credit Risk, the Integrated Risk Framework, as well as the Economic Capital Framework.

Each business and support unit head certifies to the CEO and the Chief Financial Officer (CFO) every quarter that, as far as he is aware, there are no circumstances that would render the Group's financial statements misleading. The CEO and CFO in turn provide an official undertaking to the Audit Committee and to the external auditors, Ernst & Young, confirming that the financial statements have been properly drawn up.

Directors have unrestricted access to all DBS employees. The Board has the power to engage outside expert advice from sources independent of management at the expense of the Group.

The Company Secretary attends Board meetings and ensures that all relevant regulations and established procedures regarding the conduct of the Board are complied with.

Board performance

A process is in place to assess the performance and effectiveness of the Board as a whole and of each individual director.

For the collective appraisal, each director assesses the Board's performance and provides feedback to the Chairman of the Board and the Chairman of the Nominating Committee. Both chairmen consolidate the feedback and present the results to the Board annually. The Board has found the collective assessment useful in evaluating its own effectiveness, as directors have provided constructive suggestions for improvement.

Currently, the Board's performance is judged on the basis of accountability for the Group's operations as a whole, rather than solely on financial criteria such as return on equity or return on assets.

For individual assessments, each director is evaluated on the basis of his attendance at meetings and contribution to Board discussions. Each director completes a self and peer evaluation form, which is seen only by the Chairman of the Board. The results of a director's appraisal are communicated to him when feedback indicates that his contribution to the Board could be enhanced.

BOARD COMMITTEES

The Board has established six committees to enhance its effectiveness. Each committee has its terms of reference which set forth the responsibilities of that committee and the qualifications for committee membership, in line with the Code and the MAS regulations. The Board and each committee have the power to hire any independent legal, financial or other advisors as they deem necessary.

Audit Committee

The Audit Committee comprises Mr Ang (Chairman), Mr Goh and Mr Ong, all non-executive Directors.

The Committee reviews the Group's financial statements before submission to the Board. The Committee is briefed on significant changes to accounting standards and policies and its impact on the Group's reported results. The Committee also assesses the effectiveness of the Group's internal controls and procedures.

The Group's external auditors are accountable to the Committee. The external auditors present their audit plan of the Group, their evaluation of the Group's internal accounting controls and their long form audit report to the Committee for approval. The terms of the external auditors' appointment, their effectiveness, independence and objectivity, and the amount of non-audit services provided during the year, are reviewed by the Committee.

The heads of Group Audit and Group Legal, Compliance and Secretariat as well as the Group's external auditors attend all committee meetings. The Committee also holds a separate session with the external auditors without the presence of management at each committee meeting.

The Committee has reviewed the financial statements with management and the external auditors and is of the view that the Group's financial statements for 2006 are presented in conformity with generally accepted accounting principles in all material aspects.

The Committee has considered the business relationship between the Group and the external auditors for 2006, taking into account the amount of non-audit services provided. The Committee is satisfied that the nature and extent of such services have not prejudiced the external auditors' objectivity and that they can be considered independent.

The Committee also performs an annual assessment of the effectiveness of the Group's Internal Audit function and ensures that Internal Audit has adequate resources to fulfill its mandate.

Board Credit Committee

The Board Credit Committee comprises Mr Koh (Chairman), Mr Tai, Mr Frank Wong, Mr Goh and Mr Kwa. All credit exposures exceeding the limit delegated by the Board to management are approved by this Committee.

Board Strategy and Planning Committee

The composition of the Board Strategy and Planning Committee is the same as the Board Credit Committee. This Committee serves as a forum where members deliberate on strategic matters, including potential mergers and acquisitions, alliances and fund-raising exercises, before these matters are raised to the Board for discussion or approval.

Board Risk Management Committee

The Board Risk Management Committee comprises Mr Kwa (Chairman), Mr Ang, Mr Buxton, Mr Koh, Mr Ong and Mr Ross.

The Committee is responsible for oversight of risk governance, risk framework and limits for the Group. It approves the overall risk governance framework as well as the framework for credit, market and operational risks, including the applicable limits. The Committee also monitors the Group's risk profile, including risk trends and concentrations. The Committee is responsible for carrying out specific responsibilities, including approving certain policies, in accordance with regulatory requirements. During the year, the Committee approved the material aspects of the Internal Ratings Based Approach under Basel II, and reviewed the results of independent reviews of the Bank's internal rating systems.

Compensation and Management Development Committee

The Compensation Committee comprises Mr Kwa (Chairman), Mr Goh, Mr Koh, Mr Leung, Mr Murthy and Mr NL Wong.

The Committee reviews and approves the remuneration of each executive director, and the annual aggregate, performance-related cash bonuses and share grants for DBS employees. It also provides oversight on the remuneration of senior executives and oversees the management development and succession planning for key positions.

In 2006, the Committee finalised the Group compensation philosophy and the overall framework. With the compensation philosophy and framework broadly in place, the Committee intends to balance its focus between compensation and people development with the aim of building a talent pipeline for the future. To better reflect the role of the Committee, the Committee has been re-named as the Compensation and Management Development Committee.

Nominating Committee

The Nominating Committee comprises Mr Leung (Chairman), Mr Ang, Mr Koh, Mr Murthy and Mr NL Wong.

Details of the terms of reference of the Committee are discussed in the section under "Selection and qualification of Board members" above. In addition to reviewing board appointments, the Committee also approves the appointments of business and support unit heads and senior positions in major subsidiaries. The Committee also reviews appointments to the Group Management Committee.

REMUNERATION MATTERS

Remuneration policy

The Group's remuneration policy is built on a transparent appraisal system and formulated to drive performance of its employees, who are its most important asset. The remuneration policy is therefore fundamental to achieving the Group's corporate goals.

Employees' remuneration

Employees' remuneration is based on total compensation. An employee's total compensation is benchmarked to the market and consists of three components: fixed pay, cash bonuses and long-term incentives. Each component plays a distinct role in the makeup of the total compensation package. The long-term incentives are share grants and share options.

The Group's approach to rewarding employees not only helps to attract, retain and motivate talented employees but also fosters a performance-oriented culture across the organisation that will help attain the Group's financial objectives.

Directors' remuneration

The remuneration for executive directors and fees for non-executive directors reflect the scope and extent of a director's responsibilities and obligations. They are measured against industry benchmarks and are competitive.

Remuneration of Non-executive Directors

Directors receive basic directors' fees. Additional fees are given to members of certain Board committees.

Directors are encouraged to invest half of their fees in DBSH shares and to hold not less than 50% of these shares for the duration of their terms. Directors' fees are approved by shareholders at the annual general meeting.

The current fee structure is set out below. An increase in the basic retainer paid to Directors is being proposed to bring it more in line with market norms. The Audit Committee Chairman and Audit Committee member fees are also being increased to reflect the increasingly onerous obligations being imposed on the Audit Committee. All increases are subject to shareholders' approval at the forthcoming annual general meeting.

Annual fees for the Board

	Current	New
Board Chairman:	\$85,000	\$105,000
Director:	\$50,000	\$70,000

Additional fees for membership in board committees

Committee	Chairman	Chairman	Committee	Committee
	(Current)	(New)	Member (Current)	Member (New)
Audit Committee	\$35,000	\$50,000	\$20,000	\$35,000
Board Risk Management Committee	\$35,000	No change	\$20,000	No change
Board Credit Committee/Board Strategy and Planning Committee	\$35,000	No change	\$20,000	No change
Compensation and Management Development Committee	\$35,000	No change	\$20,000	No change
Nominating Committee	\$17,500	No change	\$10,000	No change

Remuneration of Executive Directors

Certain principles are adopted by the Compensation and Management Development Committee in determining the remuneration for executive directors. Principally, the remuneration should motivate the executive directors to achieve the Group's annual and long-term goals to ensure that they are aligned with shareholders' interests. Performance-related elements therefore form a significant part of executive directors' total remuneration. The Board endorses the Compensation and Management Development Committee's recommendation for each executive director's remuneration.

Executive directors are appointed under standard employment terms which include provisions for basic salary and performance bonus. There is no special provision for early termination of services.

Breakdown of Directors' remuneration

The following table shows the composition of directors' remuneration for 2006. Directors who were appointed or who resigned or retired during the year are included in the table.

BREAKDOWN OF DBSH DIRECTORS' REMUNERATION FOR PERFORMANCE YEAR 2006⁽¹⁾ (1 JAN 2006 – 31 DEC 2006)

Remuneration Bands	Salary %	Cash Bonus ⁽²⁾ %	Share ⁽³⁾ Plan %	Directors' Fees %	Others %	Total Remuneration %
\$7,500,000 – \$7,749,999						
Jackson Tai	24	32	39	1 ⁽⁴⁾	4	100
Frank Wong Kwong Shing	13	37	44	1 ⁽⁴⁾	5	100
Below \$250,000						
Koh Boon Hwee	–	–	–	84	16	100
Ang Kong Hua	–	–	–	100	–	100
Andrew Buxton ⁽⁵⁾	–	–	–	100	–	100
Goh Geok Ling	–	–	–	100	–	100
Kwa Chong Seng	–	–	–	100	–	100
Leung Chun Ying	–	–	–	100	–	100
Narayana Murthy	–	–	–	100	–	100
Peter Ong Boon Kwee	–	–	–	100	–	100
John Alan Ross	–	–	–	100	–	100
Wong Ngit Liong	–	–	–	100	–	100

(1) Refers to remuneration payable for performance in 2006 – includes fixed pay in 2006, cash bonus received in February 2007 as well as shares granted in 2007

(2) Based on amount accrued in 2006 financial statements. Amount finalised, approved and paid in 2007. As reference, Mr Jackson Tai's remuneration for performance year 2005 was in the range of \$5,750,000 – \$5,999,999 which comprised the following: Salary = 33%, Cash Bonus = 31%, Share Plan = 31%, Directors' Fees = 1%, Others = 4%

Mr Frank Wong's remuneration for performance year 2005 was in the range of \$5,500,000 – \$5,749,999 which comprised the following: Salary = 18%, Cash Bonus = 38%, Share Plan = 38%, Directors' Fees = 1%, Others = 5%

(3) Refers to the estimated value of DBSH shares issued in 2007. This forms part of the variable performance bonus

(4) Fees are not retained by directors

(5) Appointed on 17 February 2006

Key executives' remuneration

Although the Code recommends that at least the top five key executives' remuneration be disclosed within bands of \$250,000, the Board believes such disclosure would be disadvantageous to the Group's business interests, given the highly competitive conditions in the banking industry where poaching of executives is commonplace.

Long-term share incentives – DBSH Share Plan, Share Option Plan and Share Ownership Scheme

As the Group seeks to foster a culture that aligns the interests of employees with those of shareholders, it has put in place share-based plans for employees. These plans allow employees to share in the Group's growth and success. There are three plans – the DBSH Share Plan ("Share Plan", previously known as the DBSH Performance Share Plan), the DBSH Share Option Plan ("SOP") and the DBSH Share Ownership Scheme ("SOS").

Employees holding the corporate rank of Managing Director, Senior Vice President and Vice President are eligible to participate in the Share Plan and SOP.

Rewards made under the Share Plan and SOP form part of an employee's annual performance remuneration, which also includes cash bonuses. The portion of the performance remuneration paid in shares increases with the amount of the performance remuneration.

There are vesting periods for the Share Plan and SOP. The number of shares eventually awarded upon vesting under the Share Plan is based on DBS Group's performance for a three-year performance period as measured by the Group's return on equity. The aggregate total number of new DBSH ordinary shares that may be issued under the Share Plan and SOP at any time may not exceed 7.5% of the issued ordinary shares of DBSH.

Shareholders approved granting time-based awards under the Share Plan at the annual general meeting held in 2006. Such awards operate like restricted share awards and will vest only after an employee completes a satisfactory period of service to the Group. These awards will be granted in 2007 as part of employees' deferred bonuses, as based on the Group's overall performance and the individual's past performance. The allocation

of such awards will be linked to performance metrics designed to deliver shareholder value. Details of the Share Plan and SOP appear in pages 111 to 113 of the Directors' Report.

Employees who are not eligible for the Share Plan or SOP are eligible to participate in the SOS. The SOS is a market purchase

plan administered by DBS Trustee Ltd, a wholly-owned subsidiary of DBS Bank. Under the SOS, all confirmed employees with at least one year of service can subscribe up to 10% of their monthly base pay to buy units of DBSH ordinary shares, with DBS contributing an additional 50% of the amount the employee contributes.

Share Options Issued

In compliance with listing requirements, the following participants in the SOP received the following number of options:

Name of participant*	Options granted during financial year under review	Aggregate options granted since commencement of Plan to end of financial year under review	Aggregate options exercised since commencement of Plan to end of financial year under review	Aggregate options outstanding as at end of financial year under review
Jackson Tai (Director)	Nil	440,175	0	440,175
Frank Wong Kwong Shing (Director)	Nil	448,050	0	448,050

* DBSH has no controlling shareholders and no disclosure is made in this respect

No further share options were issued by the Group in 2006.

The aggregate number of options granted to the directors and the employees of the DBS Group since the commencement of the SOP till the end of 2006 is 62,796,690.

the SGX Listing Manual. New directors are briefed on the relevant provisions that they need to comply with. If necessary, existing credit facilities to related parties are adjusted prior to a director's appointment, and all credit facilities to related parties are monitored on an on-going basis.

RELATED PARTY TRANSACTIONS

The Group has procedures to comply with existing regulations governing related party transactions for banks and listed companies. These regulations include the Banking Act, MAS directives and the guidelines on interested person transactions in

The Group has granted credit facilities to the following related parties in the ordinary course of business on normal terms and conditions. The outstanding amounts of these credit facilities and the estimated values of collaterals as at 31 December 2006 are as follows:

(In \$ millions)	Credit facilities granted to	Contingent credit facilities granted to	Estimated value of collaterals	Deposits received by DBSH Group
Granted to/received from:				
DBSH Directors and their related entities	27	#	121	–
Companies with DBSH Directors represented on their boards	62	70	–	–
Bank-related companies ⁽¹⁾				
– engaged in financial activities	1,463	3	1,696	1,820
– engaged in non-financial activities	276	65	414	3

Notes:

(1) Excludes transactions between subsidiary companies and their own subsidiary companies.

Amount under \$500,000

As required under the SGX Listing Manual, the following are details of interested person transactions in 2006:

Name of Interested Person	Aggregate value of all Interested Person Transactions during 2006 (excluding transactions less than \$100,000)
CISCO Security Pte Ltd Branch cash delivery, collection and processing services, self-service banking cash services, static armed guard services, renovation projects and maintaining of security equipment	\$21,761,619
National Computer Systems Pte Ltd System support/maintenance and other IT related services	\$1,993,171
NETS Credit card and ATM card personalisation	\$360,000
Singapore Airlines Ltd Air tickets	\$4,736,452
Singapore Computer Systems Ltd Procurement operations, document management, imaging and storage and other services	\$4,014,936
Singapore Telecommunications Ltd Subscription for usage-based telecom services	\$13,000,000
SNP Sprint Pte Ltd Personalisation/despatch of cheque books and security documents printing	\$1,669,736
CapitalLand Limited New and renewal of leases for branch premises/ATMs	\$665,111
HSBC Institutional Trust Service (Singapore) Limited as Trustee of CapitaMall Trust New and renewal of leases for branch premises	\$6,177,827
HarbourFront Centre Pte Ltd (a subsidiary of Mapletree Investments Pte Ltd) New and renewal of leases for branch premises	\$3,120,630
SMRT Trains Ltd Renewal of leases for branch premises/ATMs	\$616,150

DEALINGS IN SECURITIES

DBS has adopted more stringent "black-out" policies than prescribed under the Best Practices Guide issued by the SGX. DBS employees are prohibited from trading in DBS shares and securities one month before the release of the half-year and full-year results and three weeks before the release of the first quarter and third quarter results. In addition, directors and employees are prohibited at all times from trading if they are in possession of material non-public information. Employees with access to price-sensitive information in the course of their duties must obtain prior approval to trade in any securities listed in Singapore and Hong Kong. Such employees are also instructed to trade through the Group's stockbroking subsidiaries. In addition, business units and subsidiaries engaging in proprietary trading and discretionary trading of securities on behalf of customers are restricted from trading in DBS securities during the black-out period.

COMMUNICATION WITH SHAREHOLDERS

Dissemination of information

The Group maintains an active dialogue with shareholders. It holds in-person briefing sessions or telephone conference calls with the media and analysts when quarterly results are released. All press statements and quarterly financial statements are published on the DBS and SGX websites. A dedicated investor relations team supports the CEO and CFO in maintaining a close dialogue with institutional investors.

During the year, management met more than 200 local and foreign investors in more than 200 meetings. Management also participated in five non-deal investor conferences and road shows comprising two to the US and one each in Europe, Hong Kong and Singapore.

The Group embraces and commits to fair, transparent and timely disclosure policy and practices. All price-sensitive information or data are publicly released, prior to individual sessions held with investors or analysts.

Shareholder meetings

The Group views the annual general meeting as an opportune forum for retail investors to meet the Board and senior management. The CFO presents the Group's preceding year's financial performance to all shareholders present ahead of formal proceedings of the meeting. The Group's external auditors are also available to answer shareholders' queries.

In accordance with the recommendations of the Code of Corporate Governance, resolutions requiring shareholder approval are tabled separately for adoption at the AGM unless the matters for consideration are closely related and would more appropriately be considered together.

INTERNAL AUDIT AND INTERNAL CONTROLS

Internal Audit

Group Audit is an independent function that reports directly to the Audit Committee and the CEO. Group Audit meets or exceeds the Standards for Professional Practice of the Institute of Internal Auditors in all key aspects. The professional competence of the Group's internal auditors is maintained or upgraded through training programmes, conferences and seminars that provide updates on auditing techniques, regulations and banking products and services.

An annual audit plan is developed under a structured risk assessment approach that examines all of the Group's activities and entities, their inherent risks and internal controls. Audit assignments are identified based on this approach and audit resources are focused on the activities deemed to carry higher risks.

The progress of corrective actions on outstanding audit issues is monitored monthly through a centralised Group-wide tracking system. Information on outstanding issues is categorised according to severity and monthly reports are sent to the Audit Committee Chairman, the Chairman of the Board, senior management and all Group heads.

All audit reports which are rated as requiring attention are copied to the Audit Committee, the external auditors and senior management. The regulators are also apprised of all relevant audit matters and may request for further information on audit matters at any time.

The head of Group Audit is Edmund J Larkin, who has more than 20 years of experience in internal audit, risk management and operations with global financial institutions and public accounting firms. Mr Larkin has full access to the Audit Committee and senior management, and his appointment is approved by the Committee.

Group Audit works closely with the external auditors and meets them regularly to discuss matters of mutual interest, to strengthen working relationships and to co-ordinate audit efforts. The external auditors review the effectiveness of the Group's internal controls and risk management during an annual statutory audit. Material non-compliance with established practices and procedures and regulations, as well as internal control weaknesses noted during the audit, together with recommendations, are reported to the Audit Committee, which ensures that high-risk outstanding issues are dealt with in a timely manner.

Internal controls

A sound system of internal controls requires a defined organisational and policy framework. The Group has a management framework that clearly defines the roles, responsibilities and reporting lines of business and support units. The delegation of authority, control processes and operational procedures are documented and disseminated to staff. The Group Audit, Group Risk and Group Legal, Compliance and Secretariat functions provide independent oversight over controls and risks within the Group.

The Audit Committee and the Board Risk Management Committee have reviewed the adequacy of DBS' control environment. The Board believes that the system of internal controls in place up to the date of this report, is adequate for the current business scope and operations of the Group.

RISK MANAGEMENT APPROACH AND RISK PROFILE

The Group sees strong risk management capabilities as vital to the success of a well-managed bank. The Group Risk Management function is the central resource for driving such capabilities in DBS, and it complements the risk and control activities of other functions including Group Audit and Group Legal, Compliance and Secretariat. More on risk management can be found in the following section.