

# Disclosure Requirements

## 1 Remuneration & Benefits

1.1 Remuneration policies for directors, senior executives and other staff levels.

### 1.2 Remuneration of Directors

Names of directors earning remuneration which falls within bands of S\$250,000. There will be no upper limit. Within each band, there will be a breakdown (in percentage terms) of the average remuneration of directors falling within that band, earned through base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options\* and other long-term incentives. Banks are however encouraged, as best practice, to fully disclose the remuneration of each individual director.

*\* Only share options accorded in the last financial year will be disclosed.*

### 1.3 Remuneration of Directors' Immediate Family

For each director, there should be disclosure (with a similar breakdown) of the remuneration of immediate family members (as defined by CH9A of the Listing Manual) of the director, who are employees of the bank and whose personal annual remuneration exceeds S\$150,000, on an aggregate no-name basis.

### 1.4 Share Options

Details of employee share schemes to enable shareholders to assess the benefits and potential cost to the companies. The important terms of the share schemes, including the potential size of grants, the exercise price, the vesting schedule, and the justifications for the terms adopted, should be disclosed.

Share options accorded as at the end of the financial year should be disclosed.

## 2 Number of Meetings and Attendance Record of Directors

2.1 Number of board meetings held during the year and the attendance record of each director.

The names of committee members, number of board committee meetings held during the year, attendance record of each director for these meetings and details of the committees' roles, functions and activities should also be disclosed.

### 2.2 Key Information

Key information on directors, such as age, academic and professional qualifications, equity interest in the bank and its subsidiaries, board committees served on, directorships in other listed companies and other major appointments.

2.3 Responsibilities, qualifications and experience of senior management staff. At a minimum, this should include the Chief Executive Officer (CEO), Deputy CEO, President, Deputy President, Chief Financial Officer, Executive Vice Presidents, Managing Directors, heads of major functional areas of the bank and any other officer, by whatever name called, who has responsibilities and functions similar to any of the above.

# Disclosure Requirements

## 3 Corporate Governance Practices

- 3.1 Description of the process by which the Nominating Committee (NC) assesses the effectiveness of individual board members and the board as a whole.

## 4 Audit Function

- 4.1 The work undertaken during the year, structure, size and reporting line of the internal audit function and the qualification of the Head of Internal Audit. Such disclosure will highlight the importance of the internal audit function in the bank.
- 4.2 The Audit Committee (AC) should disclose whether or not, with respect to the prior fiscal year,
- (a) management has reviewed the audited financials with the AC, including a discussion of the quality of the accounting principles as applied and significant judgments affecting the bank's financials;
  - (b) the external auditors (EA) have discussed with the AC the EA's judgments of the quality of the above principles and judgements;
  - (c) AC members have discussed among themselves, without management or EA, information disclosed in (a) and (b);
  - (d) AC, in reliance on review and discussions with management and EA, believes the bank's financials are fairly presented in conformity with GAAP in all material aspects.
- 4.3 The board, in consultation with the Audit Committee, should also comment on the adequacy of the bank's internal controls and risk management processes.
- 4.4 External Auditor Independence  
Whether the AC has received the requisite disclosures from the external auditors evidencing the auditors' independence and if it has considered whether the financial, business and professional relationships between the statutory auditors and the bank are compatible with maintaining the independence of the external auditors.

# Disclosure Requirements

## 5 Related Party Transactions

5.1 Policies on related party transactions, which should include the definition of relatedness, limits applied, terms of transactions, and the authorities and procedures for approving and monitoring these transactions.

5.2 **Aggregate** credit facilities outstanding as at the end of the financial year under review to directors\* and director-related entities in the following manner:-

i) **Directors and their related entities**

The aggregate credit facilities to directors and their related entities should be provided on an aggregate, no name basis. This will include directors' personal loans and loans to:-

- immediate family members;
- companies that are majority-owned by the directors or family members;
- companies in which the directors or family members control the composition of the board of directors;
- associate companies of the directors; and
- any individual, company or firm guaranteed by the directors.

*\* This refers to lending of all lending entities in the group to directors of the bank and its bank holding company.*

ii) **Companies, which have directors represented on their boards**

This refers to the bank's aggregate lending to companies, other than those mentioned in part (i) above and bank-related companies, in which bank directors also serve as directors.

5.3 **Aggregate** credit facilities outstanding as at the end of the financial year under review to bank-related companies' engaged in financial and non-financial activities should be separately disclosed.

5.4 **Aggregate** credit facilities or funding received from bank-related companies that are outstanding as at the end of the financial year under review.

5.5 For items 5.2 to 5.4, the following should also be disclosed:-

- i) terms of the transactions if the transactions have taken place at non-commercial terms; and
- ii) components of the reported figures, which would include all forms of credit exposure arising from on and off-balance sheet items (include contingent liabilities but exclude commitments).

5.6 Principal types of income received from and interest expense and commission paid to bank-related companies.

<sup>1</sup> Bank-related companies are:-

- i holding companies, subsidiaries and fellow companies as defined under section 6 of the Companies Act, and;
- ii associates. These refer to companies in which the bank holds between 20% to 50% of the equity.

# Disclosure Requirements

## 6 Risk Exposure and Risk Management Practices

- 6.1 Overview of its risk taking philosophy, its activities and the various risks arising from these activities. With respect to each activity, there should be disclosure on whether the bank is a major player and the extent to which it engages in proprietary or customer-driven activities.
- 6.2 Organisational structure of the risk management function, limit policies and structure (including types of limits and how they are established and reviewed), policies on diversification, and risk measurement and monitoring processes. Material changes to the bank's risk management process should also be disclosed. This overview should be made with respect to credit risk, market risk, liquidity risk and other major risks identified by the bank.

## 7 Credit Risk

- 7.1 Policies for managing cross border risk. The bank should also describe the processes in setting limits and policies to mitigate risks associated with particular countries.
- 7.2 Credit Concentration  
Policies for determining significant concentrations. For each concentration, a description of the shared characteristics that identify the concentration and the magnitude of the exposure should also be provided.
- 7.3 Segmental information
  - a) Credit exposures according to loans, equities, debt securities and contingent liabilities, by geographical area and industrial sector. Equities and debt securities refer to those not held for trading. Banks are encouraged to disclose the individual countries in which it has significant exposures.
  - b) A breakdown of trading and investment securities by issuer type, for example, government, public sector, bank, corporate and others.
- 7.4 Internal Credit Rating System  
Internal credit rating system used, including the parameters and key assumptions of the system, and the process of stress testing and back testing, where models are employed.

# Disclosure Requirements

## 7.5 Problem Loans and Provisioning

Policies on: -

- a) loan classification and the definition of each category of loan classification;
- b) classifying restructured loans. This includes a description of the nature of grants and concessions made on restructured loans;
- c) ceasing accrual of interest income on loans; and
- d) provisioning and write-offs.

## 7.6 To facilitate the assessment of asset quality, the bank should provide breakdowns of classified loans in the following manner: -

- a) classification of “sub-standard”, “doubtful” and “loss” according to MAS Notice to Banks 612, and the provision for loan losses associated with each loan grade;
- b) by geographical area, business line and industry group of the borrower. The amounts of specific and general provisions, if applicable, against each category should also be provided;
- c) amount of restructured loans and their loan classification. The provision for loan losses associated with each classification should be provided; and
- d) ageing analysis of classified loans according to the categories of less than 90 days, 91-180 days and more than 180 days overdue.

To facilitate an assessment of changes in the quality of the bank’s portfolio, information on the above for the past 2 years should be provided.

## 7.7 Value and nature of collateral held against classified loans.

## 8 **Market Risk**

### 8.1 Information on market activity according to maturity buckets. An interest rate sensitivity gap table should be provided.

### 8.2 Currency Exposures

Breakdown of net investments in overseas operations, currency hedges, borrowings taken in the functional currencies of overseas operations to hedge net investments and remaining currency exposures by major currency.

### 8.3 Description of the risk measurement methods including:

- the models used
- the confidence level
- the holding period and other parameters used

### 8.4 Information on market activity should be disclosed according to:-

- a) Instrument category (futures, forwards, swaps, option, debt instruments). The outstanding mark-to-market values of each type of instrument should be provided. The trading and non-trading portfolio should also be differentiated.
- b) Broad risk category (interest rate, exchange rate, precious metals, other commodities and equities). Both on and off-balance sheet mark-to-market amounts outstanding at year-end are to be disclosed according to trading and non-trading portfolios.

# Disclosure Requirements

## 8.5 Value-at-Risk (VaR)

Summary of average, high and low VaR figures for the year for each broad risk category, for example, foreign exchange, interest rate and equities.

In addition, the bank should disclose a distribution of VaR for each trading day of the year.

## 8.6 Daily Trading Income

Distribution of the daily trading income for the year.

## 8.7 Interest Rate Structure

Average interest rates, interest spread and margin, average interest earning assets and average interest bearing liabilities.

## 9 **Liquidity Risk**

9.1 Breakdown of its funding sources by type, for example, retail deposits (comprising savings and current account, fixed deposits) and interbank deposits.

## 9.2 Maturity Mismatch Analysis

To facilitate an evaluation of the bank's maturity mismatches, a detailed maturity or duration analysis of asset, liability and off-balance-sheet items and the net mismatch position should be disclosed over the following time bands: -

- a) less than 7 days;
- b) 1 week to 1 month;
- c) 1 to 3 months;
- d) 3 months to 1 year;
- e) 1 to 3 years; and
- f) over 3 years.

## 10 **Review of Financial Performance**

10.1 Analysis of total assets, revenue, income before tax and other major asset, liability, income and expense items along each of the major business lines. Where appropriate, the financial performance of the bank should also be analysed according to geographical location.

10.2 Analysis of return on equity along each of the major business lines. Where appropriate, it should also be analysed according to geographical location.

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All the above recommendations will be effective from FYE 2002 or earlier. Disclosure items 7.4 and 10.2 will be effective in FYE 2006 in line with Basle Accord II implementation.