

Dated 29 April 2010

**MS LINDA WONG'S RESPONSE TO LEGCO SUBCOMMITTEE
LETTER DATED 26 APRIL 2010**

To the Subcommittee to Study Issues Arising from
Lehman Brothers-related Minibonds
and Structured Financial Products of the Legislative Council

Unless otherwise stated, capitalised terms in this response have the meanings ascribed in the Written Submissions of Ms Amy Yip, Chief Executive Officer of DBS Bank (Hong Kong) Ltd. dated 26 March 2010 (the "Submissions").

1 Regarding the so-called "Q12" questionnaire to collect feedbacks from staff members on their level of job satisfaction, please advise whether staff members were asked to rate their level of satisfaction on the job requirement of achieving certain sales revenue; if yes, what was the average score rated by the staff?

1.1 The questionnaire did not have a question in relation to the achievement of sales targets. The document enclosed as Appendix 1 shows the twelve questions which staff were asked to answer. The overall results of the questionnaire since its implementation in 2006 in respect of CB as a whole and S&D are set out below. The maximum score is 5.

	2006	2007	2008	2009
CB	3.58	4.18	4.27	4.35
S&D	3.67	4.38	4.38	4.47
- Sales	3.60	4.36	4.21	4.27

2 Regarding the mystery shopper exercises conducted from 2004 to 2007,

(a) Please advise on the minimum score(s) (if applicable) that the staff must achieve in the exercises in order that they could be considered fit and proper to engage in the sale of investment products.

2.1 The primary purpose of the mystery shopper exercise is to assess whether sales staff comply with the internal sales procedures, and to monitor changes in performance over time. The study was conducted on a sampling basis.

2.2 The Bank does not set a "minimum score" or a passing rate. As stated in paragraph 5.3 of the Response to Legco Subcommittee Letter dated 20 April 2010, the Bank takes steps to enhance internal policies and supervision if irregularities are identified.

(b) Please provide relevant findings showing details of the best and the worst performance identified in the mystery shopping exercises. (Personal data such as names of individuals may be blacked out if necessary.)

2.3 As explained in paragraph 2.2 above, the purpose of the mystery shopper exercise is not to evaluate individual sales staff in the Bank. The requested information, therefore, does not exist.

3 Out of the complaints received after the collapse of Lehman Brothers (i.e. complaints from 2,775 customer accounts as mentioned in paragraph 44.2 of W26(C)), please advise:

(a) the number of complaints related to the staff member with the highest number of complaints; and

3.1 58

(b) the number of complaints related to the bank branch with the highest number of complaints.

3.2 223

4 Please inform the Subcommittee of the highest number of transactions successfully completed by an individual sales staff member in a single day?

4.1 The Bank did not seek to measure the number of CLN Notes transactions completed by each sales staff on a daily basis. However, if one takes the total number of CLN Notes sold by each individual sales person during the peak period (i.e. from 2006 to 2007), divides each of those numbers by the total number of days during which the relevant CLN Notes series could be sold and one then identifies from that analysis the sales staff with the highest apparent number of sales transactions per day, then the highest theoretical number of CLN Notes transactions completed by a single sales staff member during the peak sale period of CLN Notes would be approximately 0.6 transactions per day.

5 In the periodic performance appraisal of sales staff, please advise on:

(a) the respective weighting of the four key aspects of performance, namely financial performance (revenue target), compliance, service and people (team work). If the weighting had changed over time, please give the details for each period in chronological order; and

5.1 Since 2005, the Key Performance Indicator (KPI) has been used as a tool to appraise all staff of DBSHK. The categories and the respective weighting applicable to frontline sales staff during 2005-2007 are as follows:

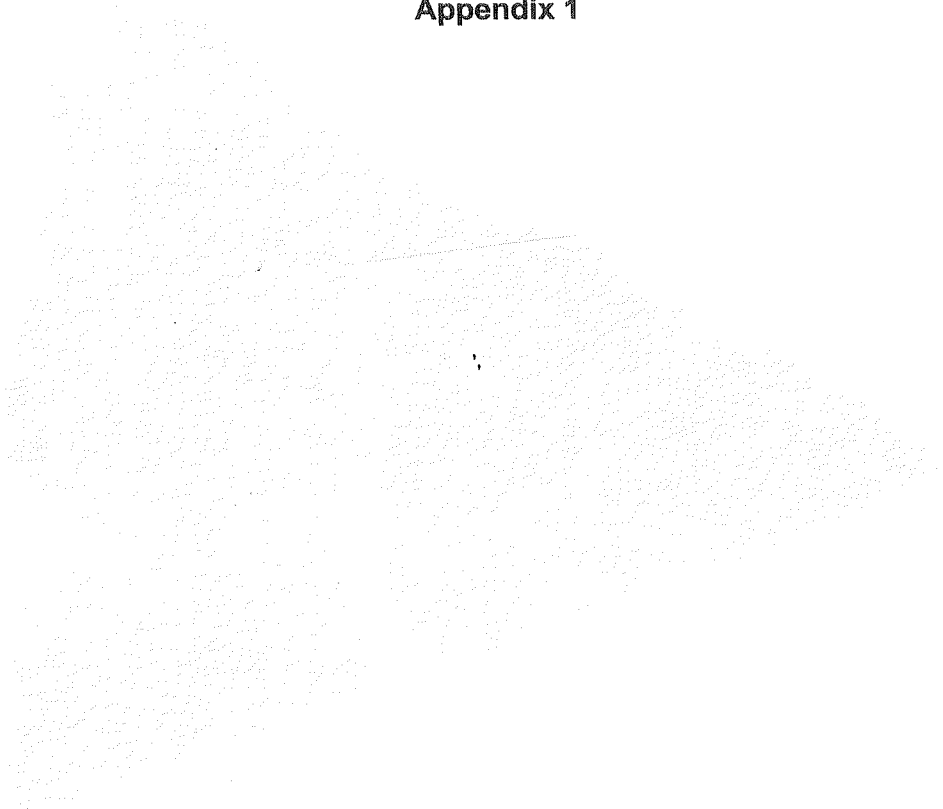
	2005	2006	2007
Sales Achievement	60%	50%	50%
Customer Services	10%	20%	20%
Control & Compliance	30%	30%	30%

5.2 We should note that any significant breach of compliance requirements by sales staff may result in the total forfeiture of their variable income irrespective of their ratings in other categories.

(b) whether there had been cases in which any sales staff was terminated by DBSHK for the reason that he/she had failed to achieve the revenue target.

5.3 None.

Appendix 1



The 12 Conditions that Matter

In the last 12 months, I have had opportunities at work to learn and grow.

In the last six months, someone at work has talked to me about my progress.

I have a best friend at work.

My associates (fellow employees) are committed to doing quality work.

The mission/purpose of my company makes me feel my job is important.

At work, my opinions seem to count.

There is someone at work who encourages my development.

My supervisor, or someone at work, seems to care about me as a person.

In the last seven days, I have received recognition or praise for doing good work.

At work, I have the opportunity to do what I do best every day.

I have the materials and equipment I need to do my work right.

I know what is expected of me at work.

