DBS Group Holdings Ltd | Annual Report 2014

#ignitingpossibilities
#creatingvalue
#sparkingjoy

Living, Breathing Asia

DBS

#ignitingpossibilities

As the bank that helped to spark the development of Singapore, DBS is privileged to have brought many ideas into reality and businesses to life.

'Igniting Possibilities, Sparking Joy' represents what we at DBS stand for. A 'spark' is a thought or idea coupled with a positive action. The spark has always been a part of DBS' DNA, and is our legacy, our potential, as well as our belief that we can create impact beyond banking and change lives for the better.

We recognise we have obligations to multiple stakeholders – shareholders, customers, employees, regulators and society – and will continue to strive to deliver value to all, igniting possibilities and making a difference.

About Us

DBS is a leading financial services group in Asia, with over 280 branches across 17 markets. Headquartered and listed in Singapore, DBS has a growing presence in the three key Asian axes of growth: Greater China, Southeast Asia and South Asia.

Our "AA-" and "Aa1" credit ratings are among the highest in Asia. We have been recognised for our leadership in the region, having been named "Bank of the Year, Asia" by The Banker, and "Best Bank in Asia-Pacific" by Global Finance. We have also been named "Safest Bank in Asia" by Global Finance for six consecutive years from 2009 to 2014.

About This Report

We have applied the Guiding Principles of the International Integrated Reporting Framework issued in December 2013 to the compilation of this report. Integrated reporting is a multi-year journey and we continue to make progress in enhancing our communication around value creation for our multiple stakeholder groups.

This report also complies with the Banking (Corporate Governance) Regulations 2005, and all material aspects of the Guidelines on Corporate Governance for Financial Holding Companies, Banks, Direct Insurers, Reinsurers and Captive Insurers issued on 3 April 2013 by the Monetary Authority of Singapore. We have also implemented most of the Enhanced Disclosure Task Force recommendations for improved bank disclosures.

View our Report Online

Our Annual Report, Accounts and other information about DBS can be found at: **www.dbs.com**

OVERVIEW

This section provides information on who we are, our leadership team and value creation model. It also contains key messages from our Chairman and CEO.

2 Igniting Possibilities for Our Key Stakeholders
10 Who We Are
12 Board of Directors
14 Group Management Committee
16 Letter from the Chairman and CEO
20 Interview with CEO
24 How We Create Value
26 How We Engage Our Stakeholders

PERFORMANCE

This section provides information on our key priorities and performance for each stakeholder group in 2014.

27 Our 2014 Priorities
28 Shareholders
34 Customers
- 37 Institutional Banking
- 40 Consumer Banking/Wealth Management
- 44 Countries

46 Employees
51 Regulators
52 Society
56 Value Distribution

GOVERNANCE

This section details how we manage ourselves, outlining our commitment to sound and effective governance.

57 Corporate Governance Report
- 77 Remuneration Report
- 83 Summary of Disclosures

87 Risk Management
118 Capital Management and Planning

Financial Reports

123 Financial Statements
185 Directors' Report
189 Statement by the Directors
190 Independent Auditor's Report
191 Five-year Summary

Annexure

192 Further information on Board of Directors
197 Further information on Group Management Committee
199 Main Subsidiaries and Associated Companies
200 International Banking Offices
202 Awards and Accolades

Shareholder Information

206 Share Price
207 Financial Calendar
208 Shareholding Statistics
210 Notice of Annual General Meeting
Proxy Form

From Impossible Dream to Dream Come True

Andy Chaw's love of shoes sparked a business that today spans 17 countries. He started Star 360 Holdings, marketing and distributing more than 20 brands of shoes around the globe, fulfilling a childhood love affair with sports and shoes. A self-confessed foodie, Andy also expanded into the food business in Singapore recently by securing the franchise for Krispy Kreme donuts.

He believes in staying focused and committed to his passions, and in valuing relationships and the people around him. "This is why I value the relationships I have with DBS, which I've been banking with for a long time," he says.

Andy has been a DBS customer for more than 10 years. From his first loan to funding his foray into the food business, DBS is proud to have played a role in helping to make Andy's dream come true.

#startsmall

#lifeissweet

#kremecometrue

#growingmybiz

#likeaboss

#proudSME

From Postal Bank to People's Bank

From providing banking facilities to individuals to helping lay the foundation for modern Singapore, POSB has served generations of Singaporeans since 1877. Our neighbourhoods may have changed with the times but we remain the "People's Bank", innovating to make banking simpler and lives better. Whether it is financing the purchase of HDB homes or teaching children the value of savings, igniting possibilities and helping Singaporeans achieve their dreams are at the heart of who we are.

#servingcommunities

#everydaybanking

#nextgeneration

#bankingforthepeople

#neighboursfirst

#bankingmadesimpler

From Everything Done to Everything Fun

We believe that people are our greatest asset. While technology has transformed the business of banking, banking is ultimately still a people-driven business. Our goal is to imbue in our 21,000 employees a strong sense of purpose and pride. We want our people to be known for their commitment, teamwork, ability to innovate and high levels of engagement. At DBS, we work hard and play hard!

#can'tfeelmyarms

#cool

#morefun@work

#dreamteam

#weekendwarriors

#paddlesup

PHOTO ON RIGHT: Every weekend, the DBS Asia Dragons, comprising more than 70 employees, get together to train for the annual DBS Marina Regatta, the largest water sports festival in Singapore. The team has won numerous medals in various dragon boating competitions in recent years.

From Making Loans to Making a Difference

Social enterprise Bettr Barista Coffee Academy not only trains marginalised women and youth to brew coffee so they can find jobs, it also coaches them in emotional resilience and empowers them to lead better lives. Since its inception in 2011, the academy has trained over 1,800 people in all things coffee. More than 60% of the baristas from its social programme are still employed in the industry.

Bettr Barista has benefitted from the DBS Social Enterprise Package. Designed to address the needs of social enterprises, the first-of-its-kind package provides low-cost banking to social entrepreneurs. The bank also makes available project grants to support meaningful social enterprise initiatives.

We are privileged to be a part of Bettr Barista's journey to becoming financially sustainable and creating ongoing social impact.

#forceforgood

#givingback

#sparksmiles

#changinglivesthroughcoffee

#betternotbitter

#energised

Who We Are

DBS provides a full range of services in consumer banking, wealth management and institutional banking. As a bank born and bred in Asia, we understand the intricacies of doing business in the region's most dynamic markets. DBS is committed to building lasting relationships with customers.

TOTAL ASSETS

SGD 441 billion

INCOME

SGD 9.62 billion

NET PROFIT

SGD 4.05 billion

BRANCHES* ACROSS ASIA

OVER 280

includes sub-branches and centres

EMPLOYEES

OVER 21,000

INSTITUTIONAL BANKING CUSTOMERS

OVER 200,000

CONSUMER BANKING/WEALTH MANAGEMENT CUSTOMERS

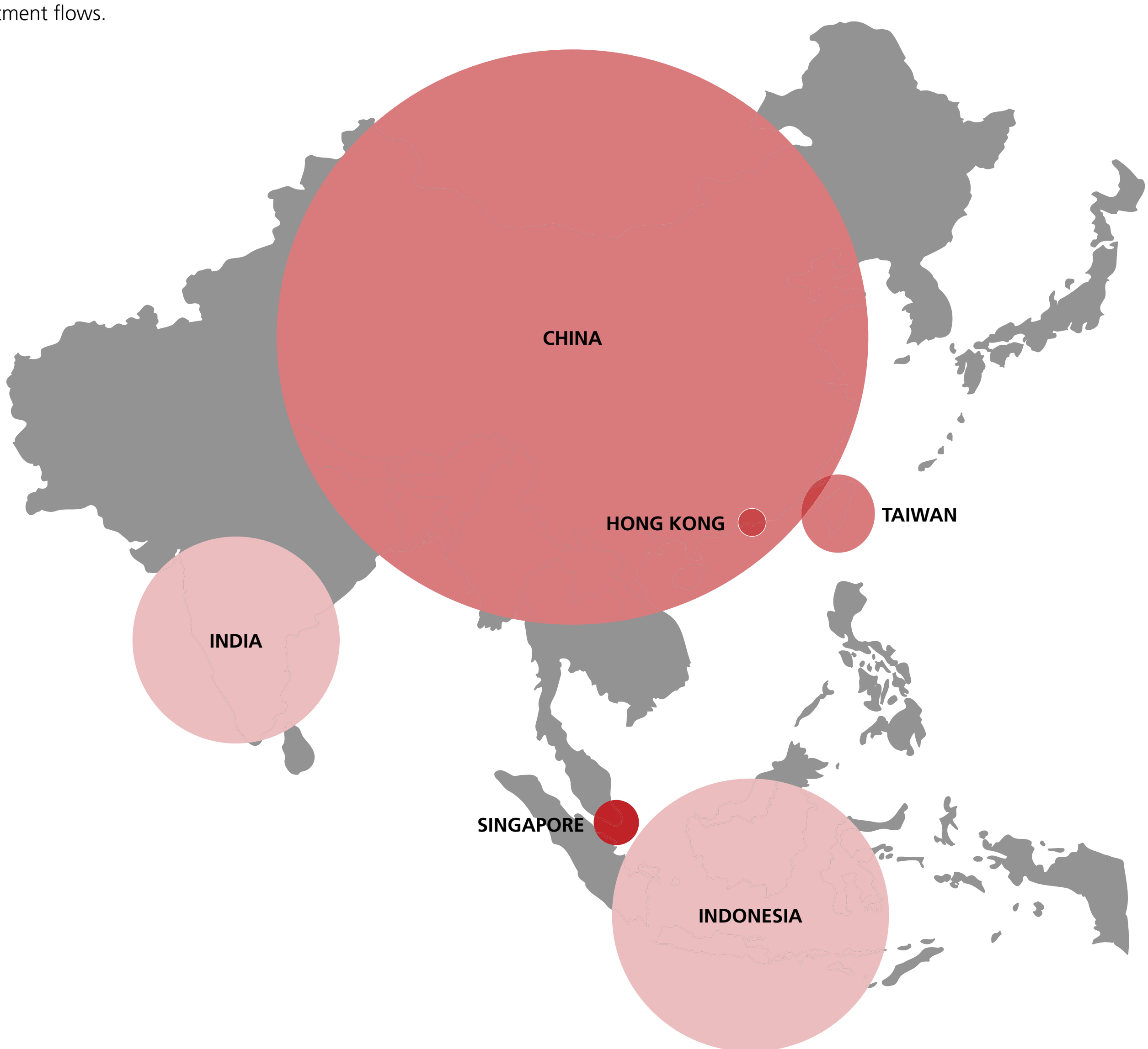
OVER 6 million

Safest Bank in Asia
by Global Finance
2009 – 2014

Best Bank in Asia-Pacific
by Global Finance

Most Valuable Banking Brand
in ASEAN and Singapore
by Brand Finance

The map highlights our six priority markets, across which we seek to intermediate trade and investment flows.



SINGAPORE

- Our home market
- Extensive network of more than 2,500 touchpoints†
- Leader in consumer banking, wealth management, institutional banking, treasury and capital markets

GREATER CHINA

- Hong Kong: Anchor of our Greater China franchise with 49 branches
- China: Locally incorporated in 2007, first Singapore bank to do so; 31 branches and one representative office in 11 major cities today
- Taiwan: Locally incorporated in 2012, first Singapore bank to do so; 43 branches today

SOUTH AND SOUTH EAST ASIA

- India: 12 branches in 12 major cities, largest network for a Singapore bank
- Indonesia: 40 branches in 11 major cities
- Presence in Malaysia, Philippines, Thailand and Vietnam

REST OF THE WORLD

- Presence in Japan, Korea, UAE, UK and US to intermediate business and investment flows into Asia

62%
of Group Income

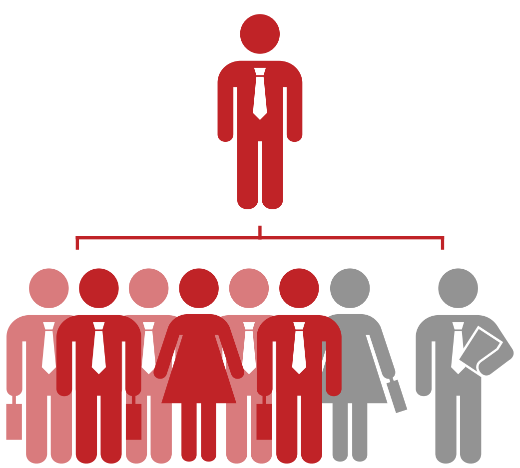
30%
of Group Income

8%
of Group Income

† *Touchpoints include DBS/POSB branches, self-service banking machines, AXS terminals and strategic partnerships*

Board of Directors

The Board of Directors is committed to achieving long-term success. The Board ensures that the Group is well-positioned for growth, taking into consideration risks. The Board also provides direction to management by setting, reviewing and overseeing the implementation of the Group's strategy. The Board is accountable to shareholders for the Group's financial and operational performance, and seeks to balance the interests of all stakeholders.



BOARD INDEPENDENCE
Out of nine directors, seven (including the Chairman) are independent directors, one is a non-executive and non-independent director and one is an executive director (CEO).

DEEP BANKING KNOWLEDGE AND EXPERIENCE
Two-thirds of the Board were bankers and the rest are industry leaders.

For profiles of our directors, please refer to page 192.

Group Management Committee

The Group Management Committee sets the strategy and direction of the Group. The Committee drives business performance and synergies across the organisation. The Committee is also responsible for protecting and enhancing our brand and corporate reputation.

1 **Piyush Gupta***
Chief Executive Officer

2 **Sanjiv Bhasin**
DBS India

3 **Jerry Chen**
DBS Taiwan

4 **Chng Sok Hui***
Chief Financial Officer

5 **Eng-Kwok Seat Moey**
Capital Markets

6 **Domenic Fuda**
Consumer Banking/
Wealth Management Group

7 **Neil Ge**
DBS China

8 **David Gledhill***
Group Technology
& Operations

9 **Sue Lynn Koo**
Group Legal & Secretariat

10 **Lam Chee Kin**
Group Compliance

11 **Lee Yan Hong**
Group Human Resources

12 **Andrew Ng***
Treasury & Markets

13 **Jimmy Ng**
Group Audit

14 **Karen Ngui**
Group Strategic Marketing
& Communications

15 **Sebastian Paredes***
DBS Hong Kong

16 **Elbert Pattijn***
Chief Risk Officer

17 **Sim S Lim***
DBS Singapore

18 **Paulus Sutisna**
DBS Indonesia

19 **Tan Su Shan***
Consumer Banking/
Wealth Management Group

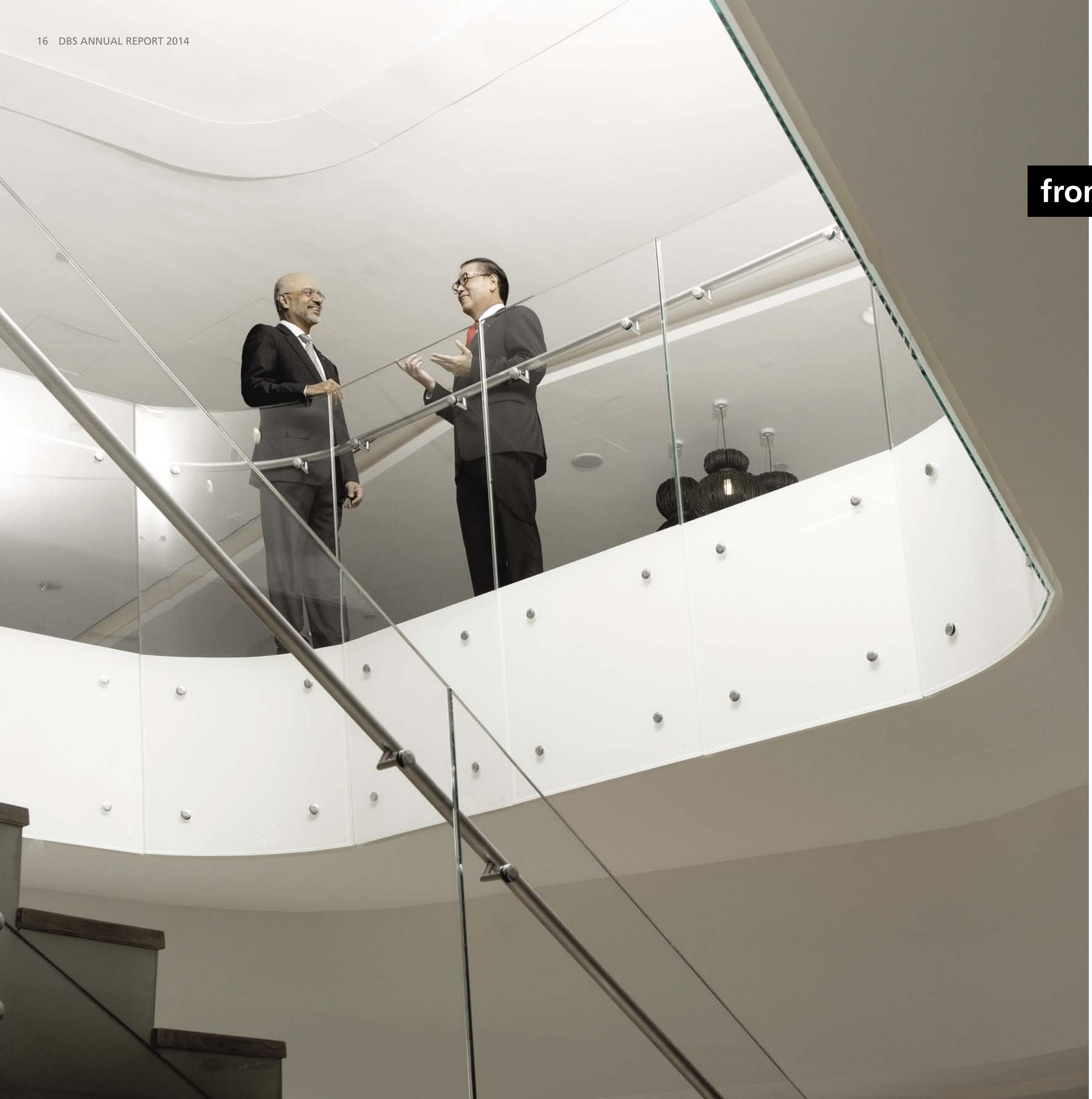
20 **Jeanette Wong***
Institutional Banking Group

Those marked by * are also in the Group Executive Committee.

Average number of years of experience for each Group Management Committee member

Over a third of our Group Management Committee members are women

For more information on the Group Management Committee, please refer to page 197.



Letter from the Chairman and CEO

The global economy continued to run at a below-average pace in 2014. Five years since the launch of quantitative easing, the US economy finally showed some signs of life, though growth of 2.4% was still weak. Europe fared worse, with GDP growth of 0.9% amid fears that it might fall into recession for the third time since 2008.

China, which is in a structural downshift, saw growth easing to 7.4% from 7.7% previously. This had some spillover effect on the rest of Asia. Singapore's GDP growth eased to 2.9% from 4.4% in 2013, and Hong Kong's growth slipped to 2.3% from 2.9% the year before.

Commodity prices saw large swings, with oil prices collapsing to USD 50 per barrel towards the end of the year, the lowest since the 2009 global financial crisis. While lower oil prices are a boon for oil-importing countries including our two biggest markets, Singapore and Hong Kong, the sharpness of the drop created uncertainty in global markets.

EARNINGS AND INCOME AT RECORD HIGHS; MARKET CAPITALISATION HIT SGD 50 BILLION

Five years ago, we unveiled our strategic priorities, with the aim of becoming a leading Asian bank. Through disciplined execution of strategy, DBS is a markedly different bank today.

The bank continued to deliver record top- and bottom-lines. Notably, since 2009, DBS' full-year income has grown by some 50% while net profit has doubled to SGD 4.05 billion. The structural improvements we have made to our franchise over the past five years continue to pay off. We have entrenched our market leadership in Singapore, re-positioned ourselves in Hong Kong and extended our regional businesses. Our balance sheet is healthy, with capital, liquidity and asset quality remaining strong.

The market recognises that the bank is now operating on a higher plane, as evidenced by a steadily rising share price in the course of the year. In December, even amid concerns that free-falling oil prices might have a contagion effect in Asia, DBS' share price reached a seven-year high, and our market capitalisation crossed SGD 50 billion, making us the 44th largest bank in the world, up from 55th in 2008. DBS' total shareholder return over a three-year period was 94%.

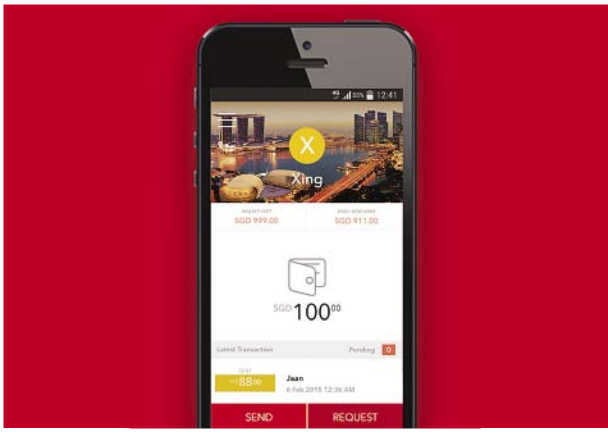
A STRONG, RESILIENT FRANCHISE

2014 was not an easy year with interest rates remaining low. In Singapore, housing has been hit by property cooling measures, and tighter system liquidity resulted in more intense competition for deposits. The regional slowdown also impacted loan growth. In addition, there was continued market volatility. Confidence in the integrity of commodity financing was shaken during the second quarter when fraudulent transactions were discovered at Qingdao port in China's Shandong province.

That DBS was able to navigate these challenges is testament to the resilience of the franchise, and the strong governance and risk management processes we have put in place to undergird our business. Despite slower loan growth – loans grew 9% in constant currency terms – we were able to grow net interest income by 14% as we improved margins. Our strong domestic deposit base, together with our growing cash management, Western MNC and institutional investor franchise, enabled us to attract funding in Singapore dollars, US dollars and other currencies. This proved to be a source of strength, providing us with a cost-effective funding base, and obviating the need to pay up for deposits.

Fee income rose 8% to SGD 2.03 billion as multiple engines of growth, including wealth management, investment banking and credit cards, were firing at the same time.

#customerfirst



#shapingthefuture

Over the course of the year, we successfully completed the acquisition of the Asian private banking business of Societe Generale in Singapore and Hong Kong, as well as selected parts of its trust business. This USD 220 million acquisition not only represents a good deal from a pricing point of view, it also brings accelerated growth opportunities, capacity and scale to our wealth management business. Our assets under management for all wealth customers now top SGD 134 billion, of which SGD 92 billion relate to high net worth customers. This further boosts our position among the top 10 private banks in Asia.

In addition, during the year, we managed to navigate RMB volatility and choppy markets, including the price swings in commodities, rates and credit markets. Despite the difficult market environment, DBS' Treasury franchise outperformed global banks', with income up 8% over the year.

While our India mid-cap book saw some challenges with the sub-par growth in the country, overall, the bank's asset portfolio remains healthy, and our non-performing loan (NPL) ratio is low at 0.9%. This is testament to our focus on managing risks. For example, we came out of the Qingdao port scandal unscathed as the bank had not provided any financing against physical collateral held there. Despite the slowdown in the Singapore property market, we also saw no housing NPL issues as the bulk of our housing loans are for owner occupation.

Our achievements have been recognised. In 2014, DBS was named "Best Bank in Asia-Pacific" by Global Finance, a New York-based magazine. This marked the first time an Asian bank has won this prestigious award since the inception of the accolade 21 years ago. We continued to be named "Safest Bank in Asia" by the same publication for the sixth straight year. In recognition of the bank's strong management, performance and high standards of corporate governance, DBS also picked up the Gold award for Best Managed Board for large-cap companies at the Singapore Corporate Awards 2014.

EMBRACING THE DIGITAL ECONOMY

DBS has been pursuing a strong innovation agenda, driven by a desire to shape the future of banking. We recognise that with changing customer behaviours, rising smart device and social media usage as well as the encroachment into the payments space by non-bank players, the way banking is done is fast changing.

In 2014, we announced plans to invest SGD 200 million over three years to better harness digital technologies. This is on top of the SGD 1 billion we have invested in strategic technology initiatives.

Among our cutting edge initiatives is a partnership with IBM that makes us among the first in the world to use artificial intelligence to provide contextualised and customised wealth advice to high net worth clients. This is currently being piloted in the bank for rollout in 2015. A partnership with Singapore research agency A*STAR to explore emerging technologies that will simplify the lives of customers is also progressing well.

In May 2014, we launched DBS PayLah!. This app allows our customers to transfer funds to others via their mobile phone with a few simple taps, just by knowing the payee's mobile number. Since its launch, we now have more than 200,000 registered users, helping to facilitate over 60,000 payment transactions every month.

To make it easy for owners of small and medium enterprises (SMEs) to open business accounts with the bank, we launched a first-of-its-kind capability that would allow them to do this online. This significantly cuts down the time needed to start a relationship with DBS. During the year, we also rolled out DBS BusinessClass, an app which offers start-ups and SMEs valuable resources, including a unique platform through which they can consult and connect with industry experts, investors and fellow entrepreneurs.

Our mobile banking apps strategy was ranked #1 in the world by Swiss research firm MyPrivateBanking for the second year running.

BUILDING A SUSTAINABLE ORGANISATION

To commemorate Singapore's 50th year in 2015, DBS has committed over SGD 100 million in recognition of our heritage and role in shaping the Singapore story. Reflecting our commitment to being a good corporate citizen, our initiatives will see us giving back to customers, employees and the community. They include the establishment of a SGD 50 million DBS Foundation to strengthen our corporate social responsibility efforts especially in the area of social entrepreneurship. We have gifted SGD 25 million to the National

"We want to be known for igniting possibilities, sparking joy, creating an impact beyond banking and changing lives for the better."
– Chairman Peter Seah

#recordhigh

Gallery Singapore, an institution dedicated to telling the history of Singapore and Southeast Asia through visual arts. In addition, DBS has committed SGD 3.5 million to sponsor the 28th Southeast Asian Games and its dragon boat and sailing races. As the largest bank in Singapore, DBS will help to boost community participation in the biennial Games, making it a truly inclusive event for all in Singapore. We also gave a one-time appreciation award to the majority of our employees in recognition of their hard work and commitment, which have transformed the bank.

DIVIDENDS

The Board has proposed a final dividend of SGD 30 cents per share for approval at the forthcoming annual general meeting. This is unchanged from 2013, and keeps the full-year payout at SGD 58 cents per share.

IGNITING POSSIBILITIES, SPARKING JOY

DBS has come a long way. A decade ago, we first laid claim on ambitions to become a leading Asian bank with our "Living, Breathing Asia" positioning. Since then, our growth and successes have won us numerous accolades, affirming us as a regional banking leader.

We want to be known for igniting possibilities, sparking joy, creating an impact beyond banking and changing lives for the better. As the bank continues to grow from strength to strength, we firmly believe that we have a responsibility to play a purposeful, positive role in the communities we are present in, and to shape the future of banking.

Peter Seah Lim Huat
Chairman
DBS Group Holdings

Piyush Gupta
CEO
DBS Group Holdings

Interview with CEO

Q1 ***With China facing its slowest growth in 25 years, the Singapore property market sputtering, and other emerging macro issues on the horizon, are you comfortable with the quality of your asset book?***

A Yes, we are. Our overall loan book continues to be clean, as demonstrated by our low non-performing loan rate of 0.9%. We have a system to monitor early signs of weakness in our portfolio and the number of such loans remains relatively small.

Having said that, we have been in a very benign part of the credit cycle and a slow reversion to norm is to be expected. While our specific allowances rose from 10 basis points (bp) of loans two years ago to 18bp in 2014, we are still well below the through-cycle average of around 25bp. While we do not expect specific allowances to be significantly higher in 2015, we will continue to be vigilant.

I am less concerned about systemic risks in China as I do not believe that its economy will have a hard landing. However, there could be idiosyncratic counterparty risks as the ongoing anti-corruption drive could create risks for companies related to the affected individuals. We have kept the majority of our China exposure in short-term trade loans; furthermore, most of our trade loan counterparties are the systemically-important China banks. Our non-trade loans are diversified. Our property loans have been made to leading local and international developers at conservative loan-to-value ratios. Overall, we are not seeing any unusual signs of stress at present across our China portfolio.

The Singapore housing market remains subdued after several rounds of cooling measures. We have stress tested our portfolio rigorously and assessed it to be resilient. Our typical Singapore housing loan is only 60% of the current market value of the property, and around 90% of our customers are servicing only one housing loan. We are therefore well-protected against downside risks.

We would not be surprised to find a few casualties in the commodities and energy sector given the sharp deterioration in prices. Again, we have stress tested our portfolio and have found only a handful of potentially weak cases, none of which is likely to be material.

We expect some upside in our India portfolio as the worst of the issues we faced in mid-cap segment are likely to be behind us. We have tightened our lending criteria and strengthened our early warning monitoring. We are encouraged by the government's decisive steps to improve India's economic framework. Together with declining inflation and falling oil prices, we expect the Indian economy to improve in the foreseeable future.

Q2 ***Some of your competitors are seeing funding pressures. Are you facing similar concerns?***

A Funding has never really been a challenge for us, given our very large corpus of SGD savings account balances, for which we have a 52% market share. This steady funding base has allowed us to comfortably grow our loan book. This remains the case even with the recent tightening of domestic liquidity: we continue to have a healthy surplus of SGD deposits, allowing us to remain above the fray in the competition for fixed deposits. Maintaining our deposit franchise leadership of course does not come by easily. We have been continually expanding our distribution channels and improving convenience for customers.

The real story, however, is the strides we have made over the past five years in growing diversified USD funding capabilities. We built out a leading cash management franchise as part of efforts to garner USD deposits. This strategy has proven to be extremely successful. We have made significant inroads with a diverse range of customers including Western MNCs, regional Asian corporates and institutional investors. Over the past five years, our USD deposits have tripled from around SGD 30 billion to SGD 90 billion.

We have also built up wholesale funding programmes, through commercial papers and medium-term notes, to access high-quality funding across a range of tenors. Our strong credit ratings allow us to command excellent pricing in wholesale markets.

Our overall loan-deposit ratio (LDR) of 87% remains very comfortable. The LDR is not necessarily the best way to measure liquidity (for example, a short-term trade asset funded by short-term wholesale funding poses no liquidity risk but has the effect of raising the LDR). That is why the focus has been shifting to alternative measures such as the liquidity coverage ratio. On this

"The Singapore housing market remains subdued after several rounds of cooling measures. We have stress tested the portfolio rigorously and assessed it to be resilient."
– Piyush Gupta, CEO, DBS

DBS has put in place a number of organisational safeguards which help to maintain a strong risk and governance culture in the bank.

measure we are well over 100%, which is the regulatory requirement in 2019.

Q3 ***How do you view the digital revolution? Is it a boon or bane for banks like yourselves?***

A The digital revolution will fundamentally redefine the banking industry in just a few short years. We are perhaps the most digitisable of all industries as we deal only in bits and bytes. It is only a matter of time before the disruption that the retail and telecom industries have experienced befalls banking. Monumental change is just around the corner and Bill Gates will be proven right when he said that people need banking, but not banks.

Three trends will be fundamental to the future of banking. The first is mobile computing, which allows banking to become integral to people's lives instead of a detached activity. The second is big data, which will enable banks to introduce products and services that could not be imagined before. The third is the network economy, which dramatically changes the way economic agents – whether individuals or merchants – interact.

These trends will create a massive discontinuity and threaten traditional banks' existence. An insidious consequence of the recent financial crisis is that our industry has been so preoccupied with the issues of capital, liquidity and ethical conduct that we have been unable to prepare adequately for the digital future. This has allowed non-bank competitors and internet companies to make some of the biggest inroads into financial services in recent times. The biggest payment company in the region today is Alipay, an online payment platform linked to Alibaba, and not a bank.

At the same time, however, the discontinuity will provide a huge opportunity for banks that can get it right. Banks have innate advantages that others don't, such as banking expertise, robust networks and infrastructure, and established risk management frameworks, to name a few. If we can marry these strengths with the agility of internet companies, there is no reason we cannot carve out a befitting space for ourselves in the new world order.

I believe we are nearing a defining moment for traditional banks; some will make the transition, but many may not.

Q4 ***We have seen phenomenal regulatory fines/ sanctions imposed following investigations into the conduct of business and financial crime activities. What safeguards are there within DBS to drive the right behaviour?***

A We believe that effective safeguards against undesired business conduct have to go beyond a "tick-the-box" mentality. We cannot place sole reliance on published codes of conduct. Instead we advocate six organisational safeguards to maintain a strong risk and governance culture:

- **Tone from the top:** The tone set by senior management is important; it is equivalent to the moral compass of the organisation. Beyond having comprehensive policies, we seek positive confirmation that these are being rigorously adhered to.

- **Aligning strategies and incentives via balanced scorecard:** We developed a balanced scorecard, which forms the basis for rewards, in 2009 to align organisational strategies and incentives. The scorecard ensures management delivers shared value to

DBS CEO Piyush Gupta and Bridget van Kralingen, Senior Vice President, IBM Global Business Services, at a DBS-IBM collaboration signing ceremony. DBS is deploying IBM's Watson cognitive computing innovation to deliver a next generation customer experience.

all stakeholders. In particular, business interests are balanced with a focus on risk management and internal controls, which account for one-third of the scorecard scores, reflecting their importance to us.

- **Respecting voice of control functions:** We believe that respect for the voice of the control functions is a key safeguard. Many case studies have shown that control functions that have been marginalised by dominant business units lead to organisational disasters. We ensure that control functions are well integrated into our organisational structure so that they can properly discharge their responsibilities.

- **Having established escalation protocols:** We designed a notification protocol that makes it mandatory for staff to report significant incidents. This means that the organisation is prepared to receive bad news and take necessary remedial actions without shooting the messengers.

- **Encouraging constructive challenges at all levels:** More fundamentally, we inculcate a culture that encourages constructive challenges and debate, where all views are evaluated for decision-making. We also operate a culture where we actively engage the Board of Directors for their views early.

- **Reinforcing cultural alignment:** Finally, we conscientiously reinforce our cultural norms by rewarding right behaviours and censuring wrong ones. It becomes apparent to staff that certain ways of doing things, such as disregarding different viewpoints or reacting with aggression, are not tolerated.

Q5 ***Despite the persistent low interest rate environment, DBS has had successive record earnings over the past five years. What have you done to re-invent yourself and what are the bank's prospects going forward?***

A Over the past five years we have doubled earnings and increased income by almost 50% despite low interest rates. I attribute our success to substantial progress in three broad areas.

First, we developed alignment across the organisation. We ensured everyone had a common understanding of our strategy and worked coherently to achieve objectives. This enabled us to build and transform business lines – such as transaction services, wealth management, small and medium enterprises and capital markets – that today operate on a vastly different scale, one that is truly regional. We re-directed our treasury business to supporting customers' needs. This, in turn, has ensured that our growth is underpinned by recurring income streams and is therefore sustainable.

Second, we made what I call the "plumbing" of the bank robust.

We improved our risk management by defining our risk appetite, drawing up regional frameworks and strengthening our credit risk architecture. We beefed up the resiliency of our technology platforms. We re-architected our management information systems to enable us to measure profitability at granular levels including branch, segment, product, industry and customer profitability, as well as risk-adjusted profitability at the customer level.

Five years ago, we set up a dedicated corporate treasury function that is focused on the stewardship of our capital and balance sheet. We developed various tools that help us steer the balance sheet to the desired asset and liability profile; we built new USD funding capabilities from new customer segments and supplemented this with cost-efficient wholesale funding; and we have a thoughtful approach to management of capital, liquidity and duration.

Third, and perhaps most fundamentally, we embarked on a journey to transform our culture into one that embraces innovation, decisiveness, entrepreneurship and nimbleness, one that places the customer's perspective at the centre.

Our financial success has been corroborated by the numerous awards we have been winning – we have moved beyond domestic awards to attaining regional and global recognition across a wide range of products and services. All these show that the overhaul we have made is deep and extensive. Investors too have recognised the progress we've made. DBS shares reached a multi-year high in 2014. We have seen an increasing number of high-quality, long-term institutional investors among our largest shareholders, which is an encouraging endorsement of our strategy and execution.

We are confident that the multiple business engines we have built are sustainable and scalable. We are convinced about Asia's potential and our ability to capitalise on it. The investments we are making in digital banking will enable us to accelerate our access to emerging markets and be a differentiating factor from competitors.

As we deliver earnings growth and better returns, higher interest rates will provide icing on the cake. We estimate that every 1% point change in interest rates affects the return on equity (ROE) we generate for shareholders by 1-2% points. Given that current interest rates are about 2% points below historical norms, we believe our ROE has meaningful upside.

Q6 ***So what's next for the regulatory reform agenda? Is Basel III fully bedded down? We've noticed that DBS is very comfortable with the new capital, liquidity and leverage requirements – can we expect more dividends in view of the strong profitability?***

A Broadly, I think the main pieces are done: higher capital requirements, better capital quality, clear focus on leverage and liquidity. Other reforms, such as central clearing of over-the-counter derivatives, margining requirements and the risk governance of central clearing counterparties, will take longer to work their way through the various jurisdictions, and this aspect of regulatory change is complicated by extra-territorial regulations that are not always aligned. In addition, the increased tendency by national regulators to ring-fence capital and liquidity remains on my radar screen.

On the capital aspects of Basel III, attention has shifted to risk-weighted assets (RWA) computation. The use of internal models has come under closer scrutiny as the outcome of internal modelling excesses becomes apparent. The RWA density (RWA to total assets) of banks can vary widely, and not all of this can be attributed to a difference in risk profile. Indeed, regulators have realised through quantitative studies that the extent of modelling latitude within banks often results in unwarranted variations in the RWA that they compute for similar exposures – and this has been observed for both credit and market risks.

The regulatory community has initiated consultations on how a more basic RWA computation framework (what the industry terms standardised approaches) could be put in place for credit, market and operational risks. More importantly, the output of these methodologies would be used to determine how much benefit banks should be given from using internal models. If you will, it looks like there is a Basel IV on the horizon that pays a fair degree of homage to Basel I. Based on current calibrations, an increase in RWA is a very likely outcome, although the anticipated impact for DBS would be more moderate in view of our high RWA density. Pending further clarity on these developments, while we are cognisant that higher dividends do improve shareholders' returns, I think a watch-and-see stance is appropriate for the moment.

"We are convinced about Asia's potential and our ability to capitalise on it. The investments we are making in digital banking will enable us to accelerate our access to emerging markets and be a differentiating factor from competitors."
– Piyush Gupta, CEO, DBS

How We Create Value

As the leading bank in Asia, DBS seeks to provide banking that is joyful and trustworthy. We help individuals prosper, enable businesses to grow and play a role in the development of Asia's financial markets.

OUR RESOURCES

FINANCIAL STRENGTH
Funds available to the Group obtained from diverse sources.

SKILLS AND KNOWLEDGE
The skills, knowledge and abilities of our people.

BRAND STRENGTH
Our brand is a key intangible asset that gives the Group a competitive advantage.

BANKING NETWORK
The licences we have that allow us to build a strong banking franchise.

TECHNOLOGY PLATFORM
Our resilient technology platform supports our operations across the region.

HOW WE USE OUR RESOURCES

Our Strategy
We are an Asian bank, seeking to make banking joyful for our customers.

We intermediate trade and investment flows across Greater China, South Asia and Southeast Asia.

In Singapore, we are a universal bank serving all customer segments.

In other markets, we have traditionally focused on affluent individuals, large corporates, small and medium enterprises (SMEs) and institutional investors. Going forward we will leverage digital technologies to extend our reach to individuals.

What We Offer

Consumer Banking/Wealth Management
We serve individuals, from mass market to affluent, at every stage of their lives: from saving at a young age to buying a home as they start their own families to investing for retirement.

We offer a diverse range of banking products and services, including deposits, loans, cards, payments, investment and insurance products.

For more information, see page 40

Institutional Banking
We serve large corporates, SMEs and institutional investors: from helping them finance their business activities to managing their financial risks.

We offer a full range of credit facilities from short-term working capital financing to specialised lending. We also provide transaction services such as cash management, trade finance and securities and fiduciary services; treasury and markets products; capital markets and advisory solutions.

For more information, see page 37

HOW WE DIFFERENTIATE OURSELVES

We marry the professionalism of a world-class bank with the cultural nuances that are important in Asia – what we call Banking the Asian Way.

Asian Relationships
We strive to embody the elements of what relationships are about in Asia. We recognise that relationships have swings and roundabouts, and that every transaction does not have to be profitable in its own right.

Asian Insights
We know Asia better: we provide unique Asian insights and create bespoke Asian products.

Asian Service
We are respectful, easy to deal with and dependable, with the humility to serve and the confidence to lead.

Asian Innovation
We constantly innovate new ways of banking that are appropriate to our markets as we strive to make banking more intuitive and interactive for our customers.

Asian Connectivity
We work in a collaborative manner across geographies, supporting our customers as they expand across Asia.

HOW WE MANAGE OURSELVES

Corporate Governance
We are committed to the highest standards of integrity, ethics and professionalism. To safeguard stakeholders' interests, the Board of Directors is actively engaged in providing sound leadership on the bank's direction. We believe that sound and effective corporate governance is fundamental to the Group's long-term success and sustainability.

For more information, see page 57

Risk Management
Effective risk management is central to all parts of our organisation. The Board of Directors has overall accountability for ensuring that risk is effectively managed across the group.

For more information, see page 87

Capital Management
As the safest bank in Asia, we maintain a strong capital position well above regulatory requirements.

For more information, see page 118

Our Values
Our organisational values PRIDE! shape the way we do business and work within the Group.

Purpose-driven
We strive to be a long-term Asian partner, committed to making banking joyful and trustworthy, and transforming Asia for the better.

Relationship-led
We build long-lasting relationships and strong teams, and work together to find better solutions.

Innovative
We embrace change and are not afraid to do things differently.

Decisive
Our people are given the freedom to decide, take ownership and make things happen.

E! – Everything Fun!
We have fun and celebrate together!

HOW WE MEASURE OURSELVES

Our Balanced Scorecard
We use a balanced scorecard to track the progress we have made in serving the interests of our multiple stakeholders.

Our scorecard is balanced in the following ways:

- Balanced between financial and non-financial performance indicators; almost a third of the total weighting is focused on control and compliance metrics
- Balanced across multiple stakeholders, and not focused solely on shareholders
- Balanced between short-term and long-term outcomes

The scorecard is updated every year and approved by the Board. It is cascaded throughout the organisation, ensuring that the performance goals of every business, country and support function are aligned to those of the Group.

For more information, see page 27

OUR OUTPUTS

SHAREHOLDERS
We deliver superior and sustainable returns with profits earned in a responsible manner.

For more information, see page 28

CUSTOMERS
We provide our customers with a safe, dependable and joyful banking experience.

For more information, see page 34

EMPLOYEES
We provide our employees with an individual professional development journey and help them progress in their careers.

For more information, see page 46

REGULATORS
We comply with both letter and spirit of the laws and regulations in the countries we operate in.

For more information, see page 51

SOCIETY
We have a social consciousness which is embedded into our business. Through the DBS Foundation, we are dedicated to championing social entrepreneurship across the region.

For more information, see page 52

Our activities generate sustainable returns in a responsible manner and we seek to positively benefit the communities we operate in and deliver value to our stakeholders.

For more information on the value distributed to our stakeholders, see page 56

How We Engage Our Stakeholders

Continual dialogue and collaboration with key stakeholders provide insights into matters of relevance to them.

Our Board and senior leadership have overall responsibility for the Group's stakeholder engagement. They set the tone of engagement across businesses, countries and functions. We engage in an open and transparent manner with our stakeholders and maintain an ongoing dialogue with them.

In doing so, we derive a deeper understanding of the issues that stakeholders are most concerned with. These issues are considered when we determine the material matters that go into the formulation of our balanced scorecard.

SHAREHOLDERS

We communicate with our shareholders through quarterly disclosures and financial performance briefings as well as regular meetings with top management and senior business heads. We organise roadshows and participate in investor conferences. These avenues are used to provide investors with the requisite information to make informed investment decisions about DBS and to seek their perspectives on our financial performance and strategy.

CUSTOMERS

We engage customers through our day-to-day interactions – at branches, through call centres and through our relationship managers. We are also active on social media platforms such as Twitter, Facebook and LinkedIn.

In addition, we seek feedback on our performance through customer surveys to see where we can improve our services. In some cases, we collaborate with our customers to develop new products.

These interactions allow us to better understand our customers' needs, and help us design the right financial solutions for them.

EMPLOYEES

Effective and open communication channels across all levels of DBS give us an updated sense of what is on our employees' mind.

In addition, our senior leaders interact with staff at briefings and townhalls held across the Group on a regular basis. Our CEO hosts an online forum where employees share their ideas, views and questions.

Our employees are actively engaged in innovation programmes, for example, via our Dragons' Den initiatives where cross-functional teams tackle real business challenges.

We conduct an annual Gallup survey to obtain feedback on our employee engagement levels. Our Gallup Q^{12} score forms part of the employee KPIs in our balanced scorecard.

SOCIETY

Being actively engaged in the community is an effective way to hear from the people that we serve.

Under our "People of Purpose" staff volunteer movement, some 3,500 of our staff across Asia reached out to over 5,800 underprivileged individuals in 2014.

We engage young adults to understand how DBS can help them build their communities' future. In Singapore, India, Indonesia and China, we work with universities and high schools by supporting their incubation programmes in social innovation and entrepreneurship. We also mentor young changemakers as they tackle difficult social issues.

Across our key markets, we work with social enterprises to help them be commercially viable as they pursue their social objectives. Such interactions help us better understand what role we can play to support them.

In Singapore, we have partnerships with Community Development Councils and People's Association which strengthen our outreach to the community.

REGULATORS

Our engagement with the regulators in the markets we operate in is broad and deep, involving our Board of Directors as well as all business and control units. In addition to frequent meetings and consultations, we provide them with reports and data to help support their roles in ensuring financial system stability.

ENGAGEMENT HIGHLIGHTS

Communicating with shareholders through:	Actively seeking feedback from customers through:	Reaching out to employees through:	Hearing from society through:	Interactions with regulators through:
• Quarterly briefing sessions with media and analysts • Investor meetings • Local and foreign investor conferences • Non-deal roadshows	• Face-to-face customer interactions by our relationship managers • Direct feedback via branches, call centres and emails • Customer satisfaction surveys • Focus groups • Daily management and monitoring of social media sentiments	• Open culture where employees are encouraged to reach out to our senior leaders • Staff briefings and townhalls across business functions and countries • Blog posts and online forum hosted by CEO • Weekly news bulletin	• Active volunteerism • Supporting social enterprises • Research and educational programmes • Community partnerships	• Frequent meetings and consultations • Providing regular reports and data

Our 2014 Priorities

We are guided by a long-term perspective in line with the interests of our multiple stakeholders. Our balanced scorecard is used to set objectives, drive behaviours, measure performance and determine the remuneration of our people.

Our scorecard is based on our strategy, underpinned by the opportunities, risks and material matters that we have identified. The scorecard is divided into two parts of equal weighting. The first part of the scorecard comprises KPIs and strategic objectives set for the current year. The second part of the scorecard sets out the initiatives we intend to complete in the current year as part of our longer-term journey towards achieving our strategic objectives.

TRADITIONAL KPIs

SHAREHOLDERS

Achieve Sustainable Growth
Shareholder metrics measure both financial outcomes achieved for the year as well as risk-related KPIs to ensure that the Group's income growth is balanced against the level of risk taken, including control and compliance.

For more information, see page 28

CUSTOMERS

Position DBS as Bank of Choice
Customer metrics measure the Group's achievement in increasing customer satisfaction and depth of customer relationships.

For more information, see page 35

EMPLOYEES

Position DBS as Employer of Choice
Employee metrics measure the progress made in being an employer of choice, including employee engagement and people development.

For more information, see page 46

STRATEGIC PRIORITIES

GEOGRAPHIES

- **Entrench leadership in Singapore**
- **Continue to expand Hong Kong franchise**
- **Rebalance geographic mix of our business**

For more information, see page 44

REGIONAL BUSINESSES

- **Build a leading small and medium enterprise (SME) banking business**
- **Strengthen wealth proposition**
- **Build out transaction banking and treasury customer business**

For more information, see page 36

ENABLERS

- **Place customers at the heart of the banking experience**
- **Focus on management processes, people and culture**
- **Strengthen technology and infrastructure platform**

OTHER AREAS OF FOCUS

- **Drive digital initiative including building infrastructure to digitise the bank**
- **Cascade and embed our PRIDE! values**
- **Affirm expansion plans for growth markets**

REGULATORS

Contribute to the stability of the financial system

For more information, see page 51

SOCIETY

Enhance the communities we serve

For more information, see page 52

Shareholders

Our net profit rose to a record SGD 4.05 billion for 2014, crossing the SGD 4 billion mark for the first time. Net profit growth was underpinned by an 8% increase in total income. Asset quality remained healthy. There was ample liquidity to support business growth and we remained well capitalised.

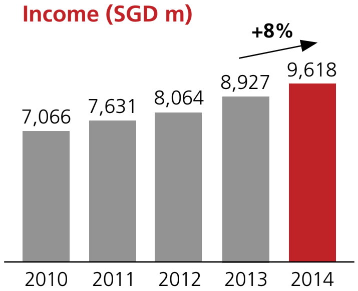
SHAREHOLDER KPIs

1. GROW INCOME

Target: Deliver consistent income growth

Outcome: 8% income growth to record SGD 9.62 billion

Income (SGD m)

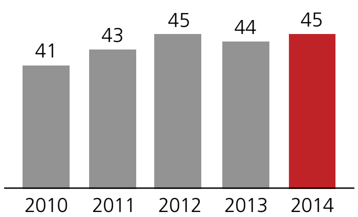


2. MANAGE EXPENSES

Target: Be cost efficient while investing for growth; cost-income ratio target of 45% or better

Outcome: Cost-income ratio in line with target of 45%.
Continue to drive efficiency through strategic cost management efforts. Savings of SGD 500 million over three years reinvested in headcount and new capabilities including digital

Cost/Income (%)



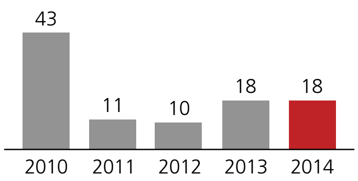
SHAREHOLDER KPIs

3. MANAGE PORTFOLIO RISK

Target: Grow exposures prudently, aligned to risk appetite. Expect specific allowances to average 25 basis points (bp) of loans through the economic cycle

Outcome: Specific allowances as a percentage of loans maintained at 18 bp

Specific Allowances/Average Loans (bp)

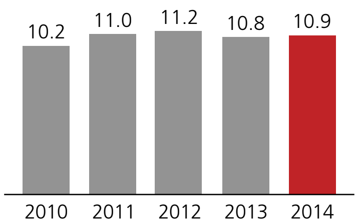


4. IMPROVE RETURNS

Target: Return on equity of 12% or better in a normalised interest rate environment

Outcome: Double-digit return on equity in a low interest rate environment

Return on Equity (%)



FINANCIAL PERFORMANCE HIGHLIGHTS

	2014	2013	% chg
Selected income statement items (SGD m)			
Total income	**9,618**	8,927	8
Expenses	**4,330**	3,918	11
Profit before allowances	**5,288**	5,009	6
Allowances for credit and other losses	**667**	770	(13)
Net profit	**3,848**	3,501	10
One-time items	**198**	171	16
Net profit including one-time items	**4,046**	3,672	10
Selected balance sheet items (SGD m)			
Customer loans	**275,588**	248,654	11
Customer deposits	**317,173**	292,365	8
Shareholders' funds	**37,708**	34,233	10
Key financial ratios (%)			
Return on equity [1/]	**10.9**	10.8	–
NPL ratio	**0.9**	1.1	–
Allowance coverage	**163**	135	–
Common Equity Tier 1 Capital Adequacy Ratio	**13.1**	13.7	–

1/ *Excluding one-time items and calculated based on net profit attributable to shareholders net of dividends on preference shares and other equity instruments. Non-controlling interests, preference shares and other equity instruments are not included as equity in the computation of return on equity*

"DBS hit a new milestone with full-year profit exceeding SGD 4 billion in 2014. This is testament to the strength and resilience of the franchise. We believe that the multiple business engines we've built are sustainable and scalable."
– Piyush Gupta, CEO, DBS

FINANCIAL PERFORMANCE HIGHLIGHTS

We reported net profit of SGD 4.05 billion, a 10% increase over the previous year. Excluding one-time items, net profit rose 10% to SGD 3.85 billion. Total income rose 8% to SGD 9.62 billion led by growth in the Consumer Banking/Wealth Management (CBG) and Institutional Banking (IBG) businesses. Return on equity was slightly higher at 10.9% in a low interest rate environment.

We ensured that our balance sheet remained strong. Asset quality was healthy with the non-performing loan ratio at 0.9% and the allowance coverage of non-performing assets reaching a new high of 163%. We maintained ample liquidity from diversified sources of funding. Our all-currency and Singapore-dollar liquidity coverage ratios were both above 100%, putting us in full compliance with final rules effective 2019. Our Common Equity Tier 1 ratio, a measure of the highest-quality capital, based on final rules effective 2018 was 11.9% and above the stringent requirements imposed by our regulator.

Shareholder value was enhanced by a 9% increase in net book value per diluted share to SGD 14.74 as well as dividends per share of SGD 58 cents. Total shareholder returns comprising share price accretion and dividends during the calendar year amounted to 24%.

BUSINESS UNIT PERFORMANCE

(SGD m)	Consumer Banking/ Wealth Management (CBG)	Institutional Banking (IBG)	Treasury	Others	Total
Selected income items					
2014					
Total income	**2,882**	**4,967**	**1,102**	**667**	**9,618**
Profit before tax	**876**	**2,891**	**593**	**340**	**4,700**
2013					
Total income	**2,538**	**4,676**	**1,034**	**679**	**8,927**
Profit before tax	**710**	**2,755**	**559**	**294**	**4,318**

CBG and IBG drove the improved performance, accounting for 92% of the Group's income growth.

CBG's total income rose 14% to SGD 2.88 billion. Loans grew 16% to SGD 82 billion as housing loans were drawn down in Singapore and secured consumer loans were made to high net worth individuals across the region. Net interest margin also improved from better housing loan pricing. Pretax profit increased 23% to SGD 876 million. Earnings grew at a faster rate than income as a result of productivity gains and stable credit costs.

The Wealth Management customer segment grew income by 19% to SGD 1.10 billion as we acquired new customers and deepened relationships. The growth was underpinned by a 25% increase in the earning assets base to SGD 167 billion, as well as by higher customer demand for bancassurance and investment products such as unit trusts and treasury products. The acquisition of Societe Generale's Asian private banking business was completed in October and did not have a material impact on performance.

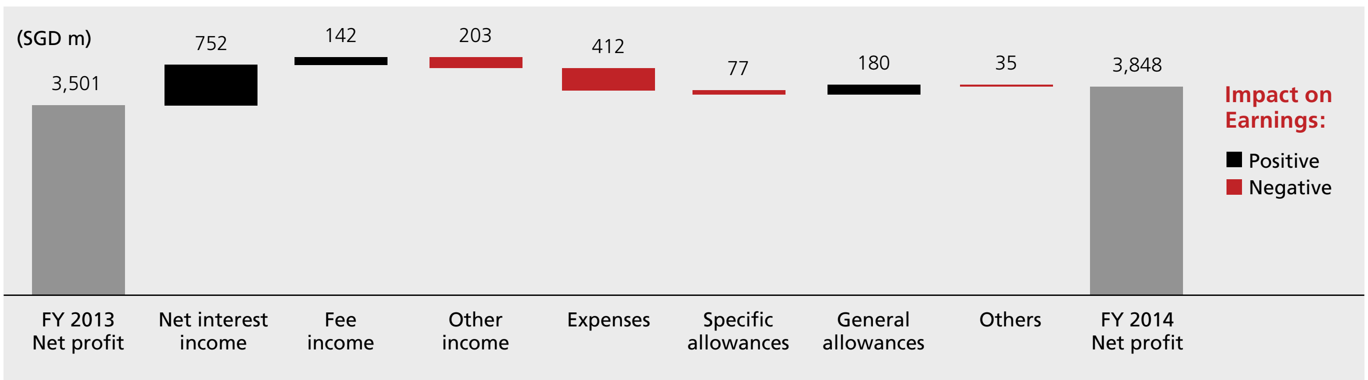
IBG's total income increased 6% to SGD 4.97 billion. Loans grew 9% to SGD 195 billion, led by higher borrowing from Singapore and Hong Kong corporates and SMEs. Trade loans were flat during the year. Non-interest income was boosted by higher capital market activities and treasury customer flows. The cost-income ratio rose moderately to 31% while total allowances declined due to lower general allowances. Pretax profit increased 5% to SGD 2.89 billion.

The Treasury segment reflects only market-making and warehousing activities. Income from customer flows is booked in the CBG and IBG business segments. On this basis, Treasury's total income rose 7% to SGD 1.10 billion while pretax profit increased 6% to SGD 593 million. Treasury segment income and earnings have been generally flat in recent years as emphasis has been placed on growing customer flows.

The Others segment comprises income and expenses from activities not attributed to the three business segments, such as balance sheet management. It also includes our stockbroking business.

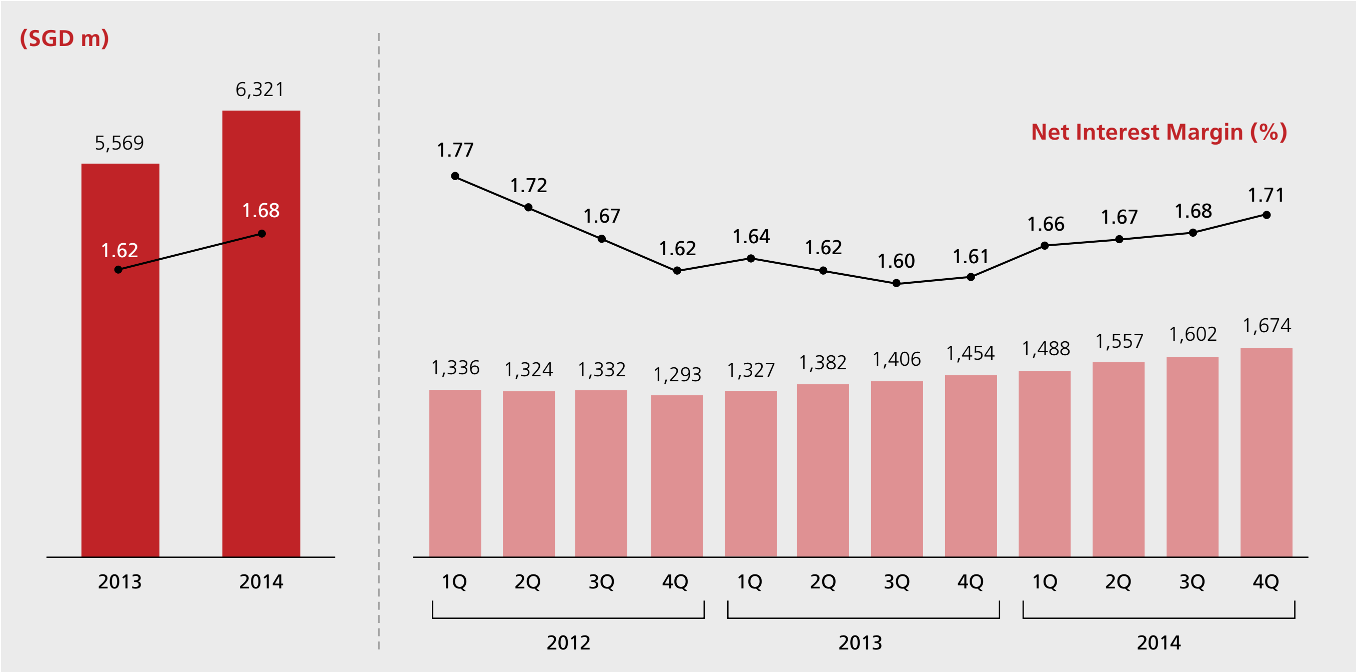
Please refer to page 44 for more information on the performance of our countries

EARNINGS DRIVERS

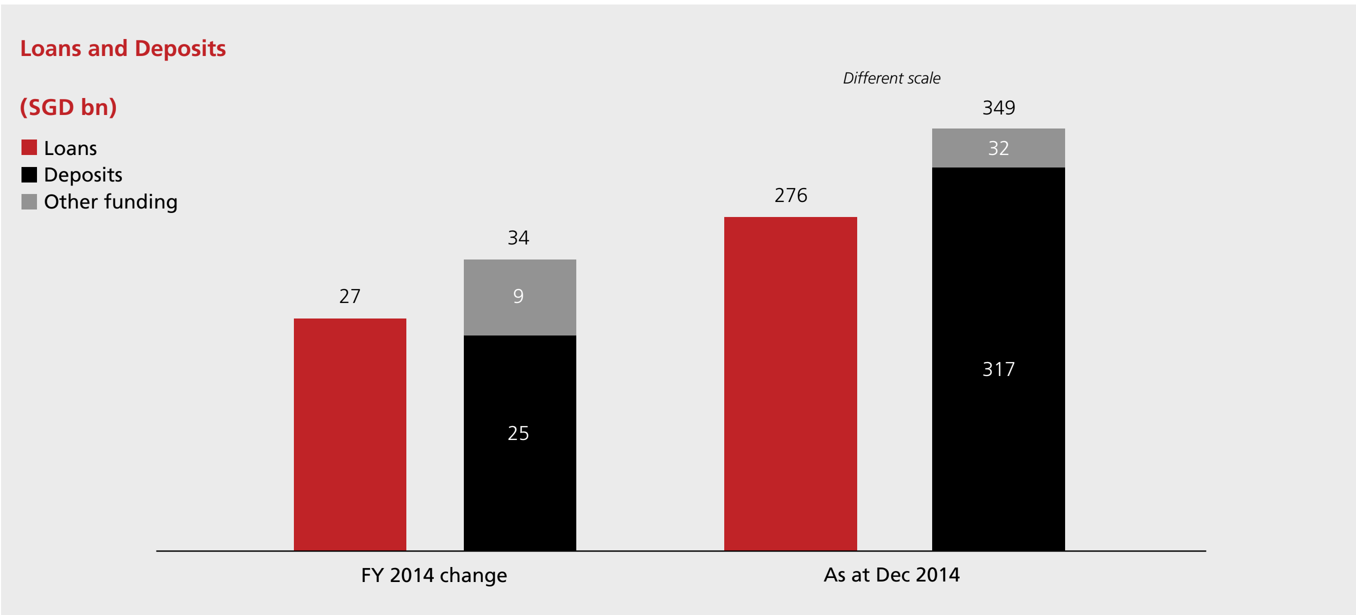


The increase in the Group's net profit was the result of higher net interest income and fee income and lower general allowances. These improvements were partially offset by a decline in other income and higher expenses.

NET INTEREST INCOME



Net interest income increased 14% to SGD 6.32 billion as loans grew and net interest margin improved. Net interest margin for the full year increased six basis points to 1.68% as trade loan pricing was higher and yields on securities and interbank assets rose. Deposit and other funding costs were stable. Net interest margin progressively increased during the course of the year and reached 1.71% in the fourth quarter, the highest in 10 quarters.



Loans rose 11% or SGD 27 billion to SGD 276 billion. Excluding currency effects, loan growth was 9%. The growth was spread between CBG and IBG customers. All geographical regions contributed to the increase, with the growth led by Singapore and Hong Kong.

Deposits grew 8% or SGD 25 billion to SGD 317 billion. Excluding currency effects, deposit growth was 7%. Most of the increase was in US dollars as we attracted deposits from a growing customer base of institutional investors and Western MNCs. We maintained leadership in SGD deposits with a 52% market share of savings accounts.

Our deposits were supplemented by wholesale funding through issuance of commercial papers, medium-term notes and other debt securities. Wholesale funding grew SGD 9 billion to SGD 32 billion, with more than half of the increase in senior medium-term notes. The total funding base of deposits and other sources increased SGD 34 billion, more than the SGD 27 billion increase in loans. We continued to have sufficient liquidity to support growth and meet contingencies.

NON-INTEREST INCOME

Fee Income

(SGD m)	2014	2013	% change
Brokerage	**173**	214	(19)
Investment banking	**243**	191	27
Trade and transaction services	**515**	531	(3)
Loan-related	**385**	367	5
Cards	**369**	337	9
Wealth management	**507**	412	23
Others	**83**	69	20
Fee and commission income	**2,275**	2,121	7
Less: fee and commission expense	**248**	236	5
Net fee and commission income	**2,027**	1,885	8

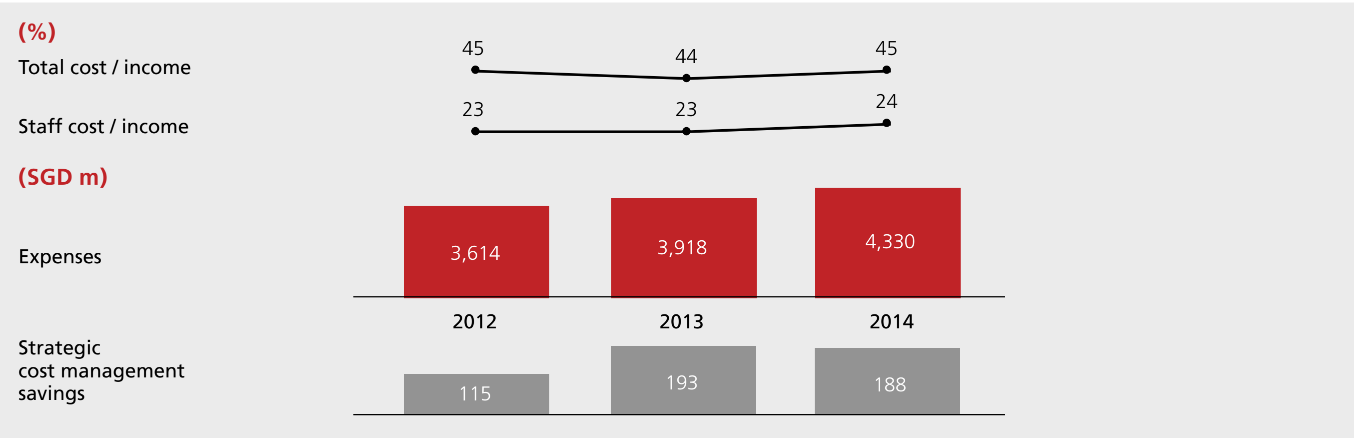
Other Non-interest Income

(SGD m)	2014	2013	% change
Net trading income	**901**	1,095	(18)
Net income from investment securities	**274**	276	(1)
Net gain on fixed assets	**43**	44	(2)
Others (includes rental income)	**52**	58	(10)
Total	**1,270**	1,473	(14)

Fee income rose 8% to SGD 2.03 billion. Wealth management fees increased 23% from higher unit trust and bancassurance sales, while investment banking fees grew 27% from higher debt capital market activities. Card fees increased 9% from increased credit and debit card transactions and merchant fees. These improvements were offset by a 19% decline in brokerage commissions in line with lower market turnover.

Other income fell 14% to SGD 1.27 billion as non-interest trading income declined 18% to SGD 901 million. Income from treasury customer flows rose 10% to SGD 1.14 billion. Net income on investment securities was stable at SGD 274 million. The available-for-sale investment portfolio had unrealised marked-to-market gains of SGD 284 million at end-2014 compared to a negative SGD 30 million at end-2013.

EXPENSES

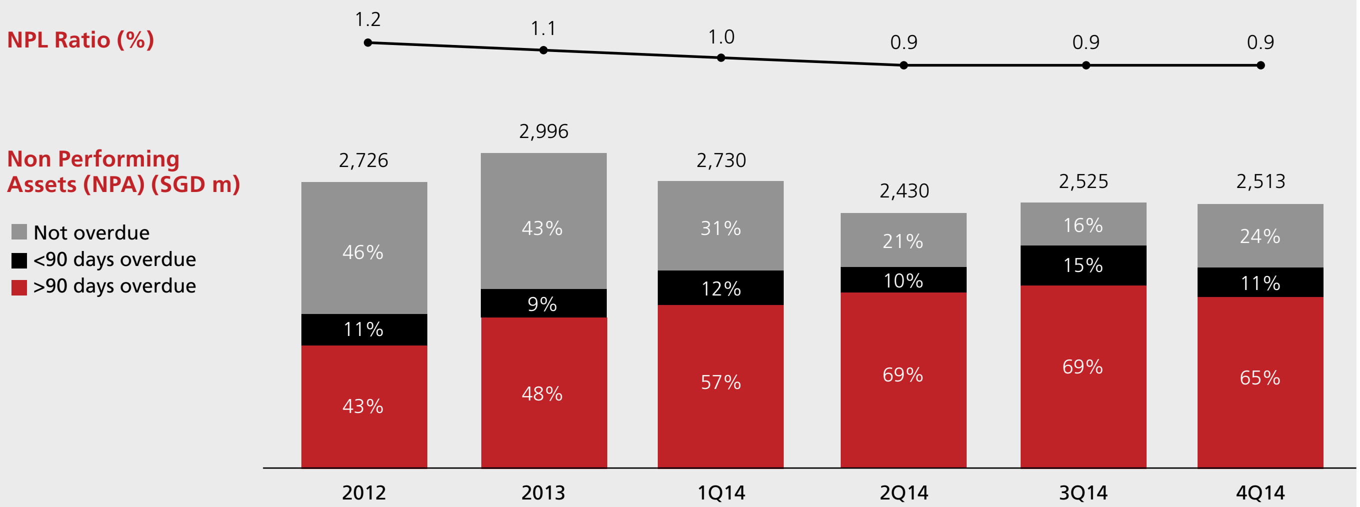


Expenses rose 11% to SGD 4.33 billion, with the cost-income ratio increasing slightly to 45%. The staff cost-income ratio of 24% was at the low end of the range among banks with regional operations in Asia, demonstrating high levels of productivity among our staff.

A strategic cost management programme was instituted in 2012 to improve our operating efficiency by streamlining processes, managing sourcing costs and optimising our technology resources. With the strong progress we achieved across all our regional operations, we have been able to extract productivity gains of 5% of the cost base every year. This has resulted in cumulative cost savings of around SGD 500 million over the three years.

The savings have been reinvested in new staff hiring to support business growth as well as in new capabilities such as digital initiatives, more resilient infrastructure and data analytics. The programme has enhanced our capacity to invest for the future while keeping the cost-income ratio at reasonable levels.

ALLOWANCES AND ASSET QUALITY



	2012	2013	1Q14	2Q14	3Q14	4Q14
Specific Allowances / loans (bp)	10	18	15	14	22	22
Cumulative general and specific allowances as % of:						
NPA	142	135	148	162	160	163
Unsecured NPA	183	204	271	321	324	296

Non-performing assets declined 16% to SGD 2.51 billion due to the resolution of major loans. Specific allowances for loans charged during the year rose 15% to SGD 478 million, but as a percentage of the average loan base they were unchanged at 18 basis points. General allowances declined from SGD 340 million to SGD 160 million as loan growth was lower than in 2013.

The coverage of non-performing assets rose to 163% from 135% at end-2013. If collateral was considered, the coverage was 296%.

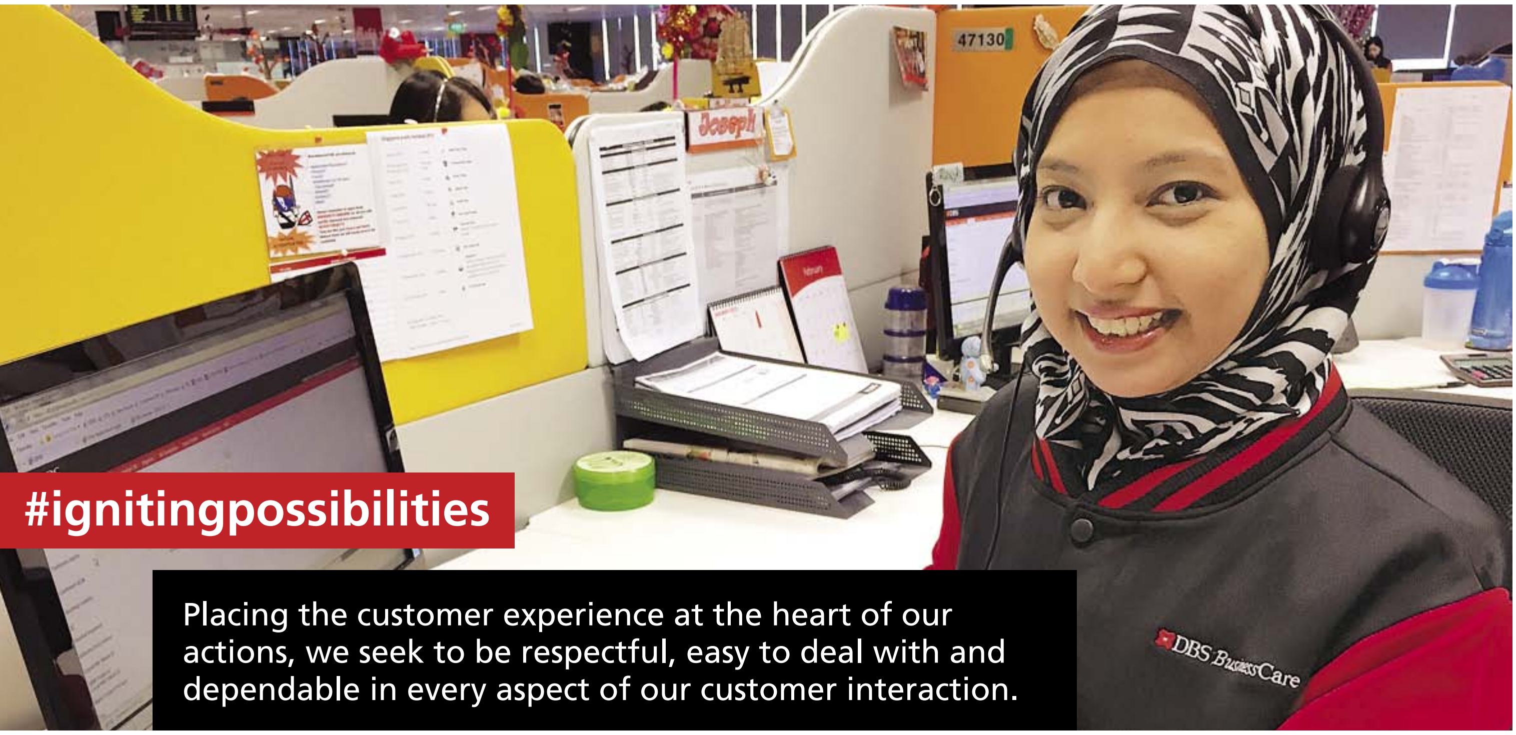
CAPITAL

The Group's capital adequacy ratios were above regulatory requirements. The Common Equity Tier 1 ratio based on transitional arrangements was 13.1%. Based on final arrangements effective 2018, it was 11.9%. The Tier 1 ratio was 13.1% and the total capital adequacy ratio was 15.3%. All the ratios were comfortably above regulatory requirements.

The leverage ratio, a supplementary indicator of capital strength based on the ratio of Tier 1 capital to on- and off-balance sheet exposures, was 7.0%. This was significantly above the 3.0% currently envisaged by the Basel Committee enacting global banking regulatory standards.

A more detailed discussion on capital can be found in the Capital Management and Planning section on pages 118 to 122.

Customers



#ignitingpossibilities

Placing the customer experience at the heart of our actions, we seek to be respectful, easy to deal with and dependable in every aspect of our customer interaction.

AWARDS

DELIVERING SUPERIOR CUSTOMER EXPERIENCE

Retail Banker INTERNATIONAL

- Excellence in Service Innovation, Asia

Asia's Best Branch Banking

- Asia's Best Branch Banking

CSISG Customer Satisfaction Index of Singapore

- Customer Satisfaction Index of Singapore, 1st for Banks

Placing the customer experience at the heart of our actions, we seek to be respectful, easy to deal with and dependable in every aspect of our customer interaction. Instead of tinkering at the edges, we are re-designing our processes and re-engineering our backroom to bring about changes in the way we deliver our products and services. Most crucially, we have an unwavering commitment to doing right by customers by enshrining fair dealing into our code of conduct.

MAKING BANKING JOYFUL FOR CUSTOMERS

We started with a clean slate. We placed ourselves in customers' shoes and focused on their experience or journey with us. A customer's journey encompasses his experience from beginning to end rather than at a single point of transaction. We then adopted human-centred design, a discipline of developing solutions based on our customers' perspective rather than the limitations imposed by our current systems and processes. Human-centred design seeks to answer three questions regarding a journey:

- Who are our customers and what jobs are they trying to get done?
- Do we know what they are currently experiencing and saying to others?
- Do we know how they will respond to our proposed concepts?

The process of seeking answers enables us to build empathy with our customers, understand the highs and lows of their experience with us, and rectify the underlying causes of a customer problem rather than merely the symptoms. Only then are we able to design journeys that customers expect or desire.

Our approach has been delivering results. Customer satisfaction has improved across all customer segments. To underscore the importance we place on it, customer satisfaction metrics are in our Group's balanced scorecard.

We have both expanded and further integrated our physical and electronic distribution channels to enable customers to transact seamlessly across multiple touchpoints. We continued to increase the number of physical outlets during the year for customers to perform transactions such as cash withdrawals. We created new mobile apps enabling individuals to carry out cashless transactions with other individuals or with businesses, and extended our corporate internet banking platform to mobile devices so that executives of our corporate and small and medium enterprise (SME) clients can bank on the go. With these enhancements, our customers can now retrieve updated account balances, make immediate payments securely and approve payments at their fingertips wherever they are, whenever they wish.

CUSTOMER KPIs

INCREASE CUSTOMER SATISFACTION

2014 Priority: Increase customer satisfaction
Outcome: Improved customer satisfaction in Institutional Banking and Consumer Banking based on customer surveys

Customer Satisfaction Scores*

	2013	2014
Wealth Management Customer Engagement Score	4.02	**4.04**
Consumer Bank Customer Engagement Score	3.86	**3.93**
SME Bank Customer Engagement Score	4.05	**4.09**

** Customer engagement scores (1=worst; 5=best based on surveys to measure customers' satisfaction with DBS across markets.*

DOING THE RIGHT THING BY CUSTOMERS

Always doing the right thing by our customers is what will sustain the relationships we have built. Across the organisation – starting with our Chairman, Board and senior management – we are committed to transparency in the way we interact with customers and in delivering fair dealing outcomes.

In applying fair dealing principles, we commit to:

- Only selling products and services that are suitable for our customers
- Ensuring our sales staff are thoroughly trained and equipped with the knowledge and skills to provide quality information to our customers
- Being clear and transparent to our customers
- Being responsive to our customers' needs and requests, and attending to complaints promptly and effectively

Fair dealing is integral to our culture. We have:

- Strengthened our sales process, expanded the customer fact-finding process, enhanced product risk disclosures and instituted additional customer-product suitability checks
- Rolled out 'mystery shopping' and 'health check' exercises to ensure that our sales practices are aligned to our fair dealing commitment
- Ensured that staff remuneration is based on a balanced scorecard approach, which takes into account sales and non-sales performance indicators such as the quality of the advisory and sales process, the suitability of product recommendations and customer satisfaction

In addition, all employees complete training modules on fair dealing every year. Sales staff also undergo comprehensive training on the bank's product suite and compliance guidelines and we test them on their product knowledge and skills regularly.

We are also committed to conducting our business ethically, based on trust and integrity, without the use of corrupt practices, acts of bribery or illicit means. We take a zero-tolerance approach towards bribery and corruption. While no rulebook can anticipate every situation, we have a staff code of conduct that sets out the principles and standards of behaviour that we expect of all our staff. These principles define us and are the standards by which we deal with our customers, business associates, other stakeholders and each other. All our staff are required to read and acknowledge the code of conduct on an annual basis, as well as familiarise themselves with anti-money laundering and combating financing of terrorism policies.

BRINGING "ONE BANK" TO CUSTOMERS

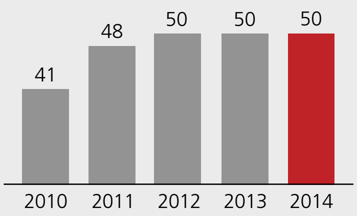
To comprehensively serve customers' needs, we created a 'one bank' model. We built multiple linkages within the bank between customer segments (consumer, wealth, corporate, SME) and our product groups (treasury, transaction banking, capital markets and research). This enables us to offer the most relevant products and services to every customer. By breaking down product and customer segment silos, we are able to manage customer relationships holistically. We seamlessly serve customers who are both a business owner and an affluent individual with the most suitable range of products for his personal and business needs. For individual customers, we consider their banking requirements at each life stage and offer the most relevant solutions. We also design bespoke solutions for corporates to help them grow and manage their financial risks.

CUSTOMER KPIs

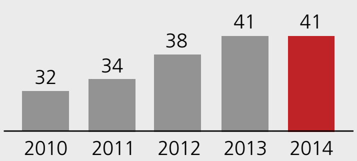
INCREASE WALLET SHARE

2014 Priority: Deepen wallet share of individual and corporate customers
Outcome: Institutional Banking (IBG) non-loan to total income ratio and Consumer Banking/Wealth Management (CBG) non-interest income ratio were maintained

IBG Non-loan Income Ratio (%)



CBG Non-interest Income Ratio (%)



Regional Business

KPIs

We seek to build regional franchises in Wealth, Small and Medium Enterprise (SME) Banking, Transaction Banking and Treasury Customer business as we grow in Asia.

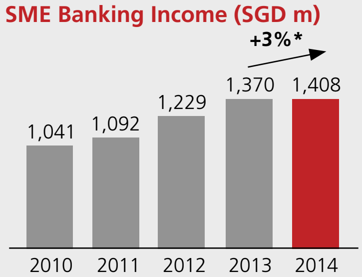
REGIONAL BUSINESS KPIs

1. BUILD A LEADING SME BANKING BUSINESS

2014 Priority: Grow SME franchise by driving client acquisition and deepening existing relationships to offer a differentiated client experience

Outcome: Against the backdrop of an uncertain economic climate, we treaded cautiously in growing our SME business. As such, our SME income growth of 8%* was below target.

SME Banking Income (SGD m)



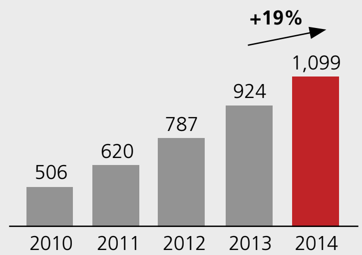
** Up 8% on comparable basis that excludes the impact of customer up-tiering*

2. STRENGTHEN WEALTH PROPOSITION

2014 Priority: Grow Wealth franchise by driving client acquisition and assets under management market share, and leveraging digital innovation to offer a differentiated client experience

Outcome: Wealth income was at a record. While acquiring new customers proved more challenging than expected, we more than made up for it by deepening customer relationships.

Wealth Income (SGD m)



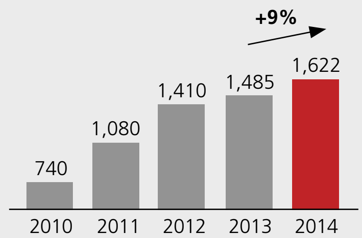
3. BUILD OUT TRANSACTION BANKING AND TREASURY CUSTOMER BUSINESS

2014 Priority: Leverage our trade, cash and treasury expertise to offer customers differentiated financial solutions

Outcome: Transaction banking income was at a record. Despite lower China-related trade volumes, our franchise was sufficiently broad-based and we grew in areas such as import financing, guarantees and open account trade. Our cash and custody business across the region also continued to expand.

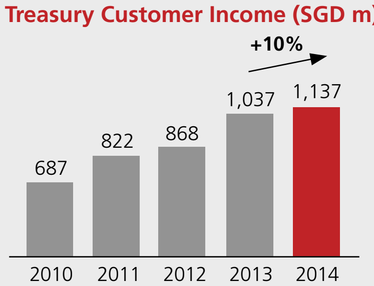
Treasury customer income achieved a new high. While RMB volatility affected demand for RMB-related products, we continued to grow treasury customer flows in other areas including debt capital market activities.

Transaction Banking Income (SGD m)*



** Includes income from trade, cash management and security and fiduciary services*

Treasury Customer Income (SGD m)



% of total Treasury income **36%** → **51%**

Institutional Banking

We bank over 200,000 institutional clients, including large corporates, small and medium enterprises (SMEs) and institutional investors.

AWARDS

The Banker
TRANSACTION BANKING AWARDS 2014

- Best Transaction Bank for Securities Services, Global
- Best Transaction Bank for Supply Chain Finance, Global
- Best Transaction Bank in Asia-Pacific

IFR ASIA AWARDS 2014

- Singapore Loan House

ASSET ASIAN AWARDS – The Asset – TRIPLE A

- Specialist Award: Best for SMEs, Asia-Pacific
- Editor's Triple Star – Working Capital Advisory, Asia-Pacific
- Best Debt House, Asia
- Best REIT House, Asia
- Best in Working Capital & Trade Finance in Southeast Asia

AsiaRisk

- Regional Derivatives House of the Year

Global Finance

- Best Invoice Discount Management, Global
- Best Foreign Exchange Provider, Southeast Asia

We place the customer at the centre of all we do, and offer a complete suite of products and services to help institutional clients with their financial needs.

We are focused on building a sustainable annuity business to supplement our core lending business and have continued to drive initiatives to add value to our customers in various ways.

PROVIDING ACCESS TO CAPITAL

It is often said that in banking, the top 20% of customers contribute 80% of income. This incentivises some financial institutions to bank only the biggest corporates. Not DBS. We have consistently demonstrated a willingness to support SMEs so that they have the financing to expand. In 2014, working with Spring Singapore, a government statutory body, we made the highest number of loans under SGD 50,000 to companies incorporated less than three years and with fewer than 10 employees.

At the other end of the spectrum, we also made financing a reality for corporates whose scale require large loans. With our consistent performance and track record in syndicated finance, DBS stayed on top of the market across Asia (ex Japan), arranging USD 14.9 billion from 158 deals. DBS also topped the league tables for mandated arrangers in Southeast Asia and Singapore, collectively accounting for 47% of Asia (ex Japan) volumes. Some of these deals include:

- Universal Group Holdings' SGD 1.15 billion syndicated credit facilities. DBS was the sole financial advisor, joint underwriter and original mandated lead arranger (MLA), and bookrunner.
- Ford Automotive Finance (China) and Ford Motor Group's RMB 2 billion syndicated loan. This was the company's first onshore syndicated loan and DBS was an active MLA and bookrunner.

Despite the slowing of intra-regional trade growth in late 2014, we continued to expand our guarantee and import financing business and our open account trade platform. The open account trade presents us with huge opportunities in trade financing. For example, we launched several innovative client-centric solutions in supply chain financing, including multi-bank supply chain programmes, open account oil payment financing and supply chain finance lease programmes.

By utilising our fixed income capabilities, we assisted our clients to optimise their balance sheet management and lower funding costs by accessing the most efficient debt market. As more Asian corporates seek to make fixed income securities a bigger component of their capital structure, we redoubled efforts to raise the profile of Asian issuers to attract global investors, thus helping to accelerate the deepening of Asian debt markets. We also made further strides in the offshore RMB bond market, where we were ranked fourth in the Bloomberg league table, up from 20th in 2012 and 10th in 2013. We were the first to bring an offshore RMB bond to the market in 2014. We also completed the first offshore RMB deal with a direct guarantee from a China-incorporated guarantor after the State Administration of Foreign Exchange's relaxation on cross-border guarantee regulations, and launched a triple-tranche Formosa/Lion City bond.

We used our origination expertise and ability to reach a wide investor base to assist corporates to tap equity capital markets and diversify their funding base. We helped companies raise USD 10.2 billion through 30 new equity issuances comprising initial public offerings, rights issues and share placements in Asia. This included USD 2.1 billion raised in 17 new equity issuances, which accounted for 33% of the Singapore equity market.

ENABLING CASH FLOW OPTIMISATION

DBS launched a unique working capital advisory programme to help companies analyse their key financial metrics against industry benchmarks. This enabled them to improve their cash conversion cycles, better utilise internal liquidity and reduce financing costs. Companies can make use of DBS' proprietary advisory services and diagnostic tools to identify opportunities to drive working capital management improvements across their commercial and financial processes. The working capital advisory programme is the latest addition to our growing suite of integrated cash, trade and treasury management solutions available across Asia-Pacific.

In late 2014, DBS became the first Southeast Asian bank to partner SAP, an enterprise application software provider, to help companies connect their treasury and payment systems with the bank. Our corporate customers' financial and treasury functions are able to automate financial transactions, reduce rejected payments and gain greater visibility and control over their cash balances.

On the payments front, we have successfully embedded FAST (Fast and Secure Transfers) into our retail payment capabilities, which enables corporate customers to benefit from an expanded consumer receivables solution suite to manage their collections. DBS is also leading in offering merchants an Internet Direct Debit service in Singapore, which allows corporate customers to use the eNets debit gateway to collect payments directly from consumers.

As a result of our efforts, DBS was ranked fifth in Asia-Pacific at the recent Asiamoney Cash Management Poll in all three corporate segments, reinforcing the strength of our franchise and capabilities.

HELPING CUSTOMERS MANAGE FINANCIAL RISKS

We used our expertise in structuring treasury products to help customers hedge their risks. We have particular expertise in interest rates and Asian currencies. The scale and organisation structure of our Treasury & Markets business give us the nimbleness to respond quickly to market developments. Our balance sheet strength, ready access to funding and high credit ratings are also advantages enabling us to serve our customers well.

Foreign exchange hedging costs were rising in the run-up to the general elections in India and Indonesia, making it expensive for customers who wanted to hedge against tail risks. We created a 'compound forex option' for customers to hedge against any catastrophic short-term downside in the rupee and rupiah at an affordable cost.

MAKING BANKING EASIER

We rolled out several initiatives to make banking easier for our corporate clients. We launched the mobile app for DBS IDEAL™, our corporate internet banking platform, across the region. The app is intuitive, user-friendly and allows customers to get instant access to account balances, make secure payments and gain better control of their cashflow on the go, anytime, anywhere. We also released a new supply chain finance module on IDEAL™, providing financing visibility to the suppliers and buyers of DBS' customers. This enables them to transact promptly with DBS across the region.

We introduced an online corporate account opening initiative for business owners in Singapore to complete the opening of a bank account in five minutes; a process that previously took up to two hours. The online service now accounts for about one-third of the number of corporate bank accounts opened.

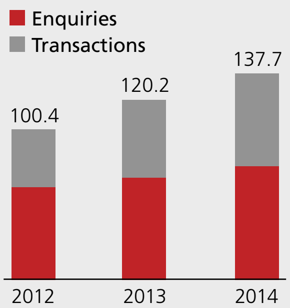
Our corporate banking website was re-designed to make it easier for customers to find information. We re-wrote it in plain English and kept jargon to the bare minimum. We also added tools such as working capital and loan calculators. Web traffic has doubled across the region in the year after its re-launch.

Deal Online, our online treasury platform, is used by 4,600 corporate customers in Singapore, double the number in 2013. We began signing up customers in Hong Kong, China, Indonesia and India after extending the platform to the rest of the region. The platform was also used by financial institution clients to trade spot, swap, forward and non-deliverable forward contracts.

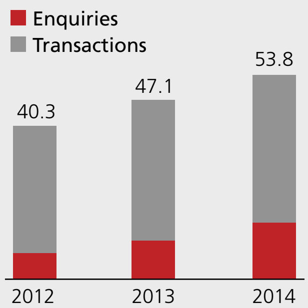
Our electronic distribution of treasury products will be progressively expanded from foreign exchange to bonds and equities. Over time, customers will be able to navigate seamlessly from news and analysis to execute trades across multiple asset classes at any time and place.

IDEAL™ is accessed globally across
120 countries

Companies on IDEAL™ (in thousands)



Number of Enquiries & Transactions (in millions)



> **"Accountants fall prey to using the same old statistics, possibly inherited from a decade or two ago. I think the DBS approach is dynamic. What is also enlightening and useful is the comparison between one's results against that of companies in the same industry. We have certainly benefitted from the exercise."**
> ***– Eugene Tan Ying San, Chief Financial Officer, Pokka Corporation (Singapore) Pte Ltd***

Entrepreneurs can seek advice from industry experts, investors and fellow entrepreneurs such as Darius Cheung, serial entrepreneur and founder of property search start-up 99.co; Zechariah Chan, partner at Lee & Lee; and Chan Li Han, co-founder of award-winning optical hardware start-up, DynaOptics, via the DBS BusinessClass mobile app.

FACILITATING REGIONAL CONNECTIVITY

Our extensive network and in-depth knowledge of Asian markets put us in good stead to connect corporates with opportunities in Asia and help them expand across borders, both organically and inorganically.

For example, with 6,000 Indian companies now operating in Singapore, we recently established an India desk to help them expand into the rest of Southeast Asia or China. Likewise, to support Chinese companies looking to grow offshore, our China desks in Singapore and Hong Kong provide specialised advice on connectivity.

We introduced and made the investment case to Alibaba, the world's most valuable e-commerce company, to take a stake in SingPost. The transaction was strategically important for both companies as it provided Alibaba with a logistics fulfilment network in Southeast Asia while accelerating SingPost's transformation into a regional leader in e-fulfilment. DBS showcased SingPost's e-commerce fulfilment capabilities across Asia and its business plans to Alibaba, which was more familiar with SingPost as a traditional postal operator.

UNLOCKING SHAREHOLDER VALUE

We worked with clients to unlock shareholder value. In many cases, their market capitalisation rose significantly after the transaction. DBS advised on the merger of China Everbright Water Investments, a subsidiary of China Everbright International, and Hankore, another water treatment company, creating the largest water treatment company to be listed on the Singapore Exchange. In another example, we were able to leverage our expertise in corporate takeovers by advising Temasek Holdings in its general offer for Olam, a Singapore-listed commodities company. Olam subsequently traded above the offer price for a considerable length of time.

GROWING RELATIONSHIPS WITH INSTITUTIONAL INVESTORS

Assets under management are growing in Asia as rising affluence and deregulation spur investment flows into and within the region. Institutional investors, including insurance companies, private banks, fund managers and sovereign wealth funds (SWFs), value banks like DBS with strong balance sheets, credit ratings, Asian insights and the ability to tailor products to capitalise on regional market conditions. Our long-dated interest rate and structured products were well-received by investors seeking asset yield enhancement. With our strength in the offshore RMB market, we are able to offer RMB-linked products. We added more central banks, SWFs and multilateral development banks as customers during the year as they sought well rated and Asia based counterparties.

CONNECTING BUSINESS OWNERS WITH INDUSTRY EXPERTS

We inaugurated the DBS BusinessClass programme to connect entrepreneurs to the brightest business minds in Asia and around the world. Entrepreneurs can use the mobile app to confer with industry experts, investors, fellow entrepreneurs and DBS bankers. More than 7,000 entrepreneurs have signed up as members and 30 seasoned industry veterans have so far signed up as advisers.

PRIORITIES FOR 2015

- Continue to deepen client relationships and connectivity by placing customers at the heart of the banking experience
- Scale up Western MNC and institutional investor businesses
- Use digital innovation as a differentiator to grow regional SME franchise
- Build out global transaction cross-sell business

Consumer Banking/ Wealth Management

Consumer Banking/Wealth Management provides individual customers with a diverse range of banking and related financial services.

AWARDS

- Retail Bank of the Year, Asia-Pacific
- Best Wealth Manager in Asia
- Most Innovative Business Model, Global
- Outstanding Private Bank, Asia-Pacific
- Best Private Bank in Use of Technology, Global
- Asia's Best Mobile Bank
- Debit Card Product of the Year, Asia-Pacific

Enhancing the banking experience for our six million customers continued to be the priority of Consumer Banking/Wealth Management (CBG) in 2014. We did this by increasing the number of access points for customers and by improving the quality of their interaction with us. We made our customers' experience more interactive and intuitive. At the same time, we remained committed to providing solutions and services that met customers' needs at every stage of life; from saving at a young age to buying a home as they start their own families, to investing for retirement.

CBG's total income rose 14% to SGD 2.88 billion, led by broad-based growth across customer deposits, investment products, housing loans and other secured lending. Wealth management customer segment income rose 19% to SGD 1.10 billion as we expanded the affluent client base by 9% and deepened relationships with them. Total CBG loans grew 16% to SGD 82 billion while non-interest income from investment product sales rose 21% to SGD 608 million. Despite increased competition for deposits, we maintained our 52% market share for retail savings balances in Singapore, a testament to the convenience we offer customers to carry out a range of daily transactions both physically and electronically.

GREATER CONVENIENCE, REDUCED WAITING TIMES

With more than 2,300 physical touchpoints including branches and self-service machines, we already have the largest network in Singapore. We boosted our presence with another 170 touchpoints during the year by forming partnerships with two popular retail chains, Guardian pharmacy and Sheng Siong supermarket, giving our customers additional avenues to withdraw cash.

While technology has empowered customers to carry out transactions electronically, branch visits are still sometimes necessary. We used technology to make visits less time consuming. Our mobile banking app was enhanced to give customers a live view of traffic at specific branches, enabling customers to determine how busy the branch they were planning to visit was. We also piloted a system that enabled customers to obtain, through a short message service (SMS) on their mobile phones, a queue number and an estimate of the waiting time before their turn. This enabled customers to arrive at the branch just ahead of their turn, saving them needless waiting time.

USING TECHNOLOGY TO ENHANCE THE CUSTOMER EXPERIENCE

The number of customers using our internet and mobile banking platforms increased to more than 2.7 million and 1 million respectively, with over 24 million internet and 11 million mobile transactions on average each month. Our digital channels are increasingly becoming the preferred channel for our customers to transact, engage and buy products and services from us, especially as we continue to advance the use of analytics to provide our customers with the most relevant offers at the most relevant time.

In Singapore, we launched an SMS banking service that allowed customers to carry out banking transactions such as checking account balances or paying credit card bills even if they did not have internet access. This freed up as much as 15,000 hours of automated teller machine (ATM) usage time every month for customers to perform other transactions on ATMs.

We also rolled out a mobile phone wallet called DBS PayLah!. It enabled customers to send and receive funds from contacts listed in their mobile phone directory. Since its launch in May, more than 200,000 customers have registered for the service and are accounting for more than 60,000 payments each month, making it the most popular mobile wallet in Singapore.

In addition, we rolled out mobile banking across China, Taiwan and India in Q4 2014, and are already seeing significant customer sign-ups and activity.

In China, we were the first foreign bank to launch online unit trust trading services, with customers now able to subscribe for, redeem, switch and transact unit trusts online.

We also expanded our overseas remittance service that provides same-day fund transfers at low costs. Previously available for India and Indonesia, it now includes Hong Kong and the Philippines. With greater convenience and attractive fees, the number of remittances doubled over the previous year.

In Singapore and Taiwan, we have provided our relationship managers (RMs) with tablets that come with specially designed apps such as "Your Financial Profile". This has not only improved RM mobility, enabling our RMs to serve customers at the place of their choosing, it has also significantly improved the quality of our conversations with customers and the overall customer experience.

In Hong Kong, we launched a tablet version of "mobile loan centre" to provide customers with the flexibility to apply for a loan online, via mobile or tablet. The online loan centre was recognised as "Asia's Best Mobile Banking" service in the IDC Financial Insights Innovation Award 2014.

ACCESS TO BETTER PRODUCT OFFERINGS AND TIMELY ADVICE

We continued to broaden our value proposition in line with the needs of our customers across our markets.

In Singapore, we partnered organisations such as the People's Association and SAFRA to offer credit and debit cards that combine payment convenience, rewards and membership benefits. By carrying just one card, customers can enjoy multiple functionalities and use the same piece of plastic for transport as well as payments.

It is not uncommon for banks to take a siloed product view when dealing with customers. Through the Multiplier programme, DBS takes a holistic view of our customers' relationships and rewards them with higher interest rates for their deposits when they increase their engagement with us.

In India, we launched home loan solutions for our customers with a unique flexi loan concept, whereby customers have the flexibility to reduce their mortgage interest payments by increasing the balance in their linked current account. We also launched home loans in Indonesia with a specific focus on Treasures customers.

In Hong Kong, we moved quickly to introduce a holistic suite of RMB-linked products, helping customers capture opportunities arising from the increasing internationalisation of the currency. When the Hong Kong Monetary Authority scrapped the daily RMB-conversion limit of 20,000 yuan, we were one of the first banks to launch new RMB-linked products such as CNH Premium Deposits, which were previously unavailable to Hong Kong investors. We also introduced product bundles that made it easier for customers to benefit from a more varied range of investment options and enjoy potentially higher returns.

PROTECTING AND GROWING CUSTOMERS' WEALTH

Apart from supporting customers in their day-to-day banking needs, we also offer products to protect and grow their wealth, as well as to proactively plan for their retirement years. In 2014, we rolled out several initiatives across Singapore, Hong Kong and Taiwan to help customers actively plan for their retirement. For example, in Hong Kong, we launched "New Chapter Wealth Planning" to help customers fulfil their aspirations post retirement, whether it is to pursue a second career, embark on new adventures or spend quality time with the family. Using asset allocation tools and the "New Chapter" calculator, we are able to help our customers attain their dreams. Regular reviews ensure that this is a dynamic process. The service won an award in the 2014 Asia-Pacific SABRE Awards - Consumer Marketing (New Product) category.

In October, DBS successfully acquired Societe Generale's private banking business in Asia (SGPB Asia). SGPB Asia's business is highly complementary to ours. With the transaction, our high net worth clients now have access to an expanded product suite, including more tailored structured products. SGPB Asia's clients who have migrated over to DBS in turn enjoy our universal banking platform including consumer, corporate and investment banking.

In the wealth space, we partnered IBM to deploy Watson cognitive computing to provide better advice to our customers. This is in line with our broader strategy to leverage big data to provide more precise, customised and actionable insights that meet our customers' needs. With Watson, DBS' RMs will have access to targeted insights and recommendations based on Watson's analyses of large volumes of complex, unstructured and structured data. This includes research reports, product information and specific customer profiles and needs. We intend to progressively roll out the Watson capability across other customer segments to enable highly contextual and relevant interactions and service for our clients at all times.

PRIORITIES FOR 2015

- Make banking simpler and seamless for customers
- Continue to lead in digital banking and payments
- Strengthen wealth proposition and cross-border connectivity

Apart from supporting customers in their day-to-day banking needs, we also offer products to protect and grow their wealth, as well as to proactively plan for their retirement years. In 2014, we rolled out several initiatives across Singapore, Hong Kong and Taiwan to help customers actively plan for their retirement.

As managing agent of the Child Development Account, POSB will be able to help parents maximise savings for their children.

POSB helps customers actively plan for their retirement years. To better serve the silver-haired, the bank has also launched a financial literacy programme for them.

Serving generations of Singaporeans since 1877, POSB has played a key role in the development of the nation. In the years after Singapore's independence, the bank played a significant role in mobilising national savings, which laid the foundation for modern Singapore. Today, POSB continues to stay true to its mission of being the "People's Bank", bringing value to all segments of the population, whether it is the young, families, seniors or the community at large. With this in mind, we embarked on rejuvenating the POSB brand to ensure it continues to remain highly relevant to all Singaporeans, as it has for prior generations.

FOR KIDS AND FAMILIES

Children have a special place in the heart of POSB and we partner local community associations to organise programmes that inculcate the value of thrift and the habit of regular savings among young people. To encourage better money management behaviours among less privileged kids and their families, POSB partnered Community Development Councils (CDCs) in Singapore to launch the Young Savers Programme. In 2014, we extended this partnership from the North East CDC to the North West and South West CDCs, reaching out to more than 8,000 children altogether.

Since 2009, POSB has organised the POSB PAssion Run for Kids. In 2014, the run attracted over 10,000 participants, making it the largest charity family run in Singapore. It also raised SGD 1.1 million for the POSB PAssion Kids Fund, bringing the total amount raised to date to SGD 3.7 million. Over 75,000 children have benefitted from the Fund.

POSB has been appointed a managing agent for the Child Development Account (CDA) by the Ministry of Social and Family Development. From 2015, parents who open a CDA for their newborn will benefit from dollar-for-dollar matching of deposits they make by the government. POSB will offer an attractive rate to enable parents to maximise the returns on their savings for their children's development.

FOR SENIORS

To better serve the active agers who are an important part of our community, POSB has launched a financial literacy programme for them. With this programme, seniors are able to pick up financial management skills as well as other practical knowledge including how to execute a lasting power of attorney.

POSB's Active Neighbours Programme is now into its sixth year. More than 80 seniors are employed as part-time bank staff, in line with our commitment to promote active ageing. Our silver-haired

The POSB PAssion Run for Kids has benefitted more than 75,000 children in Singapore.

DBS Singapore Country Head Sim S. Lim greets POSB customers during Chinese New Year.

staff assist customers, especially their peers, with their banking transactions and encourage the use of self-service banking services. This service has proven very popular among our customers.

FOR THE COMMUNITY AT LARGE

In January 2014, we launched the PAssion POSB Debit Card. The card is the first community debit card in Singapore that offers both payment functionalities as well as lifestyle and community privileges such as discounts at Community Clubs and premium National Library membership. It has been extremely popular, and is currently the fastest growing card in Singapore with over 150,000 cardholders.

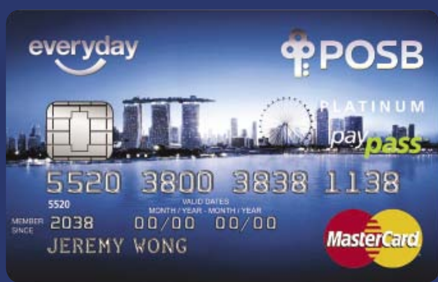
As part of our commitment to improving the level of financial literacy in the community, we have collaborated with the Singapore Exchange to organise basic investment seminars for over 800 residents.

POSB also continues to promote products such as the POSB HDB Home Loan as well as POSB Invest-Saver that offers best value to the mass segment.

For example, in the past, public housing dwellers who desire long-term rate stability could only borrow directly from the Housing Development Board (HDB), which is the statutory board responsible for such developments in Singapore. Through the POSB HDB Loan, the bank now provides these customers with a source of alternative, cheaper financing by capping the interest payable below HDB rates for eight years.

To celebrate diversity in our neighbourhoods, we also launched the POSB NeighboursFirst.sg portal. In addition to gaining fresh perspectives on people and places, customers can share their own stories on transformations and innovations that will shape Singapore's future.

The POSB PAssion Card is the fastest growing card in Singapore.



The POSB Everyday Card was named the best credit card offering in Asia by Retail Banker International.

Countries

Asia's financial centres of Singapore and Hong Kong anchor our regional network, which also encompasses our growth markets of China, Taiwan, India and Indonesia.

INCOME

SGD 5.95 bn

AWARDS

SINGAPORE

Best Wealth Manager

Best Bank

Best Cash Management Bank

SINGAPORE

ENTRENCH LEADERSHIP IN SINGAPORE

2014 Priority: Maintain leadership across customer segments and products, build digital capabilities and introduce innovative products and services to create a differentiated and seamless customer experience

Outcome: Achieved record income and net profit

The performance of our Singapore franchise was strong in 2014. Despite the low interest rate environment, income and net profit for our core domestic franchise (excluding the regional trading income booked in Singapore) achieved new highs. In a competitive market, we maintained our lead in savings accounts, large corporate banking and capital markets. In addition, we gained market share in the consumer banking and small and medium enterprise (SME) segments.

To efficiently serve our 4.5 million customers, our branches have been transformed from being pure service channels to sales outlets offering home loans, insurance and investment products. Through strategic partnerships with retailers, we have expanded our cash withdrawal points. Importantly, with Singapore having one of the highest penetrations of internet and mobile device ownership, we have made digital banking innovation a key priority. This includes enabling individual customers to make everyday cash transfers using a mobile phone and SME customers to open business accounts online.

As a gateway to Asia, Singapore is a prime location for the regional headquarters of companies and banks. To serve these Asian and Western MNCs, we set up dedicated country desks to provide a one-stop offering to them.

INCOME

SGD 1.90 bn

AWARDS

HONG KONG

Best Overall Cross-border Cash Management Bank as Voted by Small, Medium and Large Corporates

HONG KONG

CONTINUE TO EXPAND THE HONG KONG FRANCHISE

2014 Priority: Focus on profitability, leverage innovation and digital technologies to grow our market position across large corporate, SME and wealth segments, and intermediate Greater China flows

Outcome: While we achieved revenue growth of 4%*, a tad short of our internal target, we exceeded our net profit internal target with 9%* growth

** Excludes property disposal gains*

We continued to grow our Hong Kong franchise by focusing on the domestic market and on capturing China-related flows. The resilience of our franchise enabled us to successfully navigate a challenging macro environment and achieve record net profit. While RMB volatility impacted treasury customer flows, we more than made up for this through our corporate banking, SME and wealth management businesses and our ability to capture Hong Kong-China connectivity flows.

AWARDS

HONG KONG

Best SME Bank and Best Wealth Management

In the domestic market, we maintained our leadership among SME customers. New SME client acquisition increased almost 30%, underpinned by the banking solutions we offered as well as our expanded online banking and SME branch network. We achieved solid growth in wealth management, expanding our customer base with enhanced wealth advisory and product offerings. We sought to redefine the banking experience with a series of innovations, including the first-to-market "DBS Loans" app, which offers financing solutions via digital channels.

We used our regional network, product expertise and reputation for consistent customer support through business cycles to deepen relationships with Chinese enterprises that have cross-border operations. With these clients, we offered not just credit facilities, but also strategic advisory, capital market and treasury solutions. In particular, we doubled fee income from debt capital market activities and achieved double-digit growth in the equity market activities.

INCOME

SGD 1.42 bn

AWARDS

CHINA

Best Corporate Bank (Foreign)

TAIWAN

Best Overall Domestic Cash Management Services as Voted by Small, Medium & Large Corporates

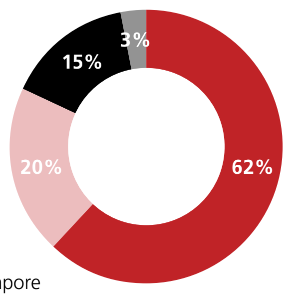
INDIA

Best Structured Trade Finance

INDONESIA

Best Wealth Manager

Income by Geography



- Singapore
- Hong Kong
- China, Taiwan, India and Indonesia
- Rest of the world

(38% of income derived outside Singapore)

GROWTH MARKETS

REBALANCE GEOGRAPHIC MIX OF OUR BUSINESS

2014 Priority: Build out our franchises in growth markets of China, Taiwan, India and Indonesia to achieve a more balanced geographic mix

Outcome: Made headway in growth markets with income from China and Taiwan at new highs; underperformed in India and Indonesia due to the challenging macroeconomic environment

We continued to build out our franchises with large corporates, SMEs, institutional investors and affluent individuals in our growth markets of China, Taiwan, India and Indonesia. These four markets combined recorded 14% income growth and contributed to 15% of the Group's income, up from 11% in 2009.

CHINA

China's growth slowed as it continued with a structural transformation of its economy. Despite a challenging environment, income of our China franchise grew more than 30% to a multi-year high as we captured the intra-Asia business and investment business of Chinese corporates. We have built strong relationships with about 700 leading corporates by supporting their expansion overseas. Today, we are the fifth-largest foreign bank in China. A robust client selection process has ensured that our loan book remained healthy. To expand into consumer finance, we inked a joint venture with the Postal Savings Bank of China in early 2015.

TAIWAN

In Taiwan, one of Asia's most competitive banking markets, we are the fourth largest foreign bank. Income grew 19% to a record. Our treasury and cash management capabilities helped cement our position as the second largest SME franchise among foreign banks. Our wealth management business achieved strong growth in customer acquisition and assets under management. We are also leveraging our regional strength in offshore RMB to offer timely products to our customers.

INDIA

There were weaknesses in India's economy which impacted our business, particularly in the mid-cap portfolio. As non-performing loans increased, net interest income was affected. We took steps to address the weakness in our portfolio and strengthen our franchise, and are now ready for growth. We remain optimistic about India's growth prospects and see potential for expansion, including under the wholly-owned subsidiary framework.

INDONESIA

We are the sixth largest foreign bank in Indonesia with a top-five position in wealth management. With macroeconomic headwinds during the year, growth was subdued. However, our franchise remained resilient and we gained further market recognition for our trade, treasury, cash and wealth capabilities. We believe Indonesia's economy will fare better in the coming year.

Employees

#greatplacetowork

Our people bring DBS' purpose to life. They are instrumental in making banking joyful, from the innovative products they create to the services they provide to our customers. Engaged employees who feel good about what they do and why they do it create greater value for customers and shareholders.

AWARDS

AMONG WORLD'S BEST FOR PEOPLE DEVELOPMENT

Aon Hewitt Top Companies for Leaders 2014

2014 Aon Hewitt Top Companies for Leaders
Recognised as one of the world's top 25 companies for leaders by Aon Hewitt. Ranked 18th, for the strength of our leadership practices and culture.

GALLUP GREAT WORKPLACE AWARD

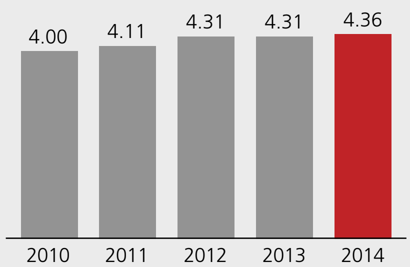
Gallup Great Workplace Award
Won this award, given to approximately 30 companies in the world, for two consecutive years. Recognised for creating a great workplace culture with highly engaged employees.

We want to be an employer of choice. The ability to continuously attract, retain and develop talent is the key to our success. At DBS, we believe in developing our people by growing our own timber. Our aim is to be a 'university' of banking talent, a place where our people can learn and grow, while making a difference at work. We are committed to developing our 21,000 people, empowering them and building a strong values-led culture with them.

EMPLOYEE KPIs

Employee Engagement Score
Our engagement score has increased steadily over the years, and is at a world-class level. We further improved in 2014, and are placed at the 95th percentile of all companies surveyed by Gallup globally.

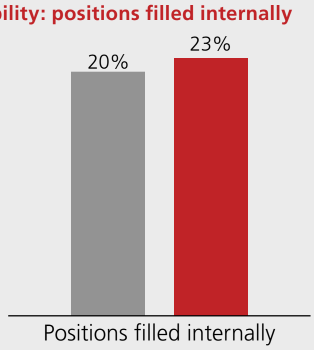
DBS Q^{12} grand mean score



People engagement Q^{12} score based on a maximum score of five.

People Development
We provide our people with development opportunities for professional and personal growth. Through our internal mobility programme, we enable our staff to broaden their exposure across businesses and markets as they grow with us. About a quarter of our positions were filled internally in 2014.

Mobility: positions filled internally



A 'UNIVERSITY' OF BANKING TALENT

People are at the heart of DBS and we are committed to their development. Our holistic Triple E framework creates an impactful learning environment for our people and to help them progress in their careers.

OUR TRIPLE E APPROACH TO PEOPLE DEVELOPMENT

Education	Experience	Exposure
Integrated learning experiences including role plays, simulations, mobile and social learning, and hackathons.	Cross-country and cross-functional assignments, international mobility, participation in strategic task forces and short-term rotations.	Systematic networking with senior leaders as well as mentoring and coaching.

Education: Enabling Our People to Build Skill-Sets

Tapping on in-house expertise and general practitioners, the DBS Academy delivers training courses, which include industry-accredited programmes for Treasury & Markets and Wealth Management professionals.

To offer focused and relevant learning solutions to our people, Learning Councils across the region ensure that we prioritise and align learning to strategic priorities and business needs. Employees are able to map out their own training to foster their professional development.

We inculcate an innovative mindset by embracing new ways of learning, including hackathons, peer-based learning, and learning events with interactive booths and games. Leveraging digital platforms to facilitate learning on the go, we launched innovative solutions such as the mLearning application to provide employees with tools that enrich their learning agenda, anytime and anywhere.

In 2014, employees underwent an average of 45.6 hours of training.

Experience: Nurturing Talent from Within

Experience is also an important element in broadening our people's skill-sets across businesses and geographies. To enable our people to take on larger roles as they grow with us, we advocate internal mobility, job rotations, cross-functional projects and other experiential learning opportunities across the bank.

Our internal mobility programme is structured such that employees holding corporate ranks up to Assistant Vice-President, who have worked two years in their current role, can seek to be placed in a new role with two months' notice. For more senior employees, the corresponding periods are three years and three months. In 2014, about a quarter of our positions were filled by internal transfers.

Exposure: Coaching, Mentoring and Networking

The best way to expand the horizons of our people is to give them the exposure to learn from the collective experience of peers and seniors at work and through interactions with leaders.

We introduced a mentoring and coaching system where our people can ask and receive responses to their questions on leadership and career management. This is a key feature of our online career portal, which also comes with individualised profiling assessments, customised training roadmaps, and a library of resources on leadership and development, all specially designed to empower employees to take charge of their careers. We also introduced blogs and facilitated online groups to encourage sharing and learning.

Driving People's Performance

Each year, we engage all employees with three performance conversations, from goal setting to mid and end year reviews. This performance management process also focuses on their career aspirations and development opportunities.

We employ a balanced scorecard approach that links strategy to performance, thereby allowing our people to align their goals with the bank's current year's key performance indicators and strategic agenda.

> For more information on our 2014 priorities, see page 27.

Our Technology and Operations Graduate Associates

GROWING OUR OWN TIMBER, THE NEXT GENERATION OF LEADERS

Our senior leaders are committed to building a strong leadership culture at DBS and taking an active role in nurturing talent. We have put in place a talent development programme to build a pipeline of potential leaders from entry-level hires to senior management. As part of the developmental journey, talents across all levels participate in annual talent conferences and workshops specially designed to accelerate their development, develop their strategic insights and strengthen their leadership skills.

Senior-level high potential talents will be tasked to lead key strategic projects or offered rotation stints with various businesses or countries. To sharpen their strategic thinking and broaden their exposure to the Board and the executive team, they are also invited to participate in the Board and senior management offsites. In 2014, one-third were given new job assignments or expanded roles.

To broaden the exposure of our talents, we have assigned specific mentors from other talent cohorts to provide coaching to these individuals. We also organise networking sessions to help them build their networks across the bank.

Over the course of the year, we added over 200 young talents, hired fresh from school, to the existing talent pool. The success of this programme can be measured by the lower than average turnover rate of these young talents, underscoring the fact that they value the development opportunities at DBS.

NURTURING A DIGITAL MINDSET IN OUR TALENTS

In 2014, we ran the DBS Digital Mindset Masterclass and Hackathon Conferences for our talents. Talents across the bank came together, formed teams to focus on a problem and collaboratively develop a solution. They seized the opportunity to look at things from a customer's perspective and worked with start-ups to develop digital solutions to the business challenge posed to them, all within 72 hours.

An innovative way of learning: DBS Hackathon Conference to inculcate a digital mindset

MAKING DBS A GREAT PLACE TO WORK AT

We engage our people through our shared values, people programmes and open communication channels. Our aim is to ensure that our people are connected to the bank's purpose, feel valued by the bank and are given opportunities to make a difference.

Engaging Our Employees in Defining Values

A strong workplace culture builds the foundation for success. We developed our organisational values, PRIDE!, over an 18-month journey to redefine the values that are important at DBS and to guide behaviors. It was the culmination of numerous conversations, focus groups and brainstorming with staff and leaders. We held 16 workshops across our six priority markets involving over 300 participants. We also conducted surveys to assess the pulse on the ground and received over 1,000 responses. Leveraging digital technologies, we held virtual jam sessions for our most senior 250 leaders to discuss, debate and determine the actions that will drive us forward.

Open Communication

We believe in consistent, clear and open communication to enable our people to understand the bigger picture and how their roles contribute to organisational goals.

Our CEO holds quarterly staff briefings, and hosts open forums where he responds to questions and takes feedback from all employees, at times leading to changes in policies and practices. In addition, he shares regular updates through an internal blog. Country, functional and department heads also engage employees through various channels such as informal lunches, networking sessions and teambuilding workshops. Our internal staff magazine as well as other regular internal communications, to which employees are encouraged to contribute content, allows our people to be in tune with the pulse of the bank.

Launch of PRIDE! at the Taiwan staff town hall

Our PRIDE! values

WEAVING PRIDE! INTO THE FABRIC OF OUR BANK

Championing Change
Leadership conferences, quarterly conference calls and workshops for leaders to catalyse change in their functions and countries

Open Communications Channels
- Digital channels including vlogs and live chat sessions with our CEO
- Physical roadshows, townhalls and department meetings
- Networking sessions with CEO, country, functional and department heads

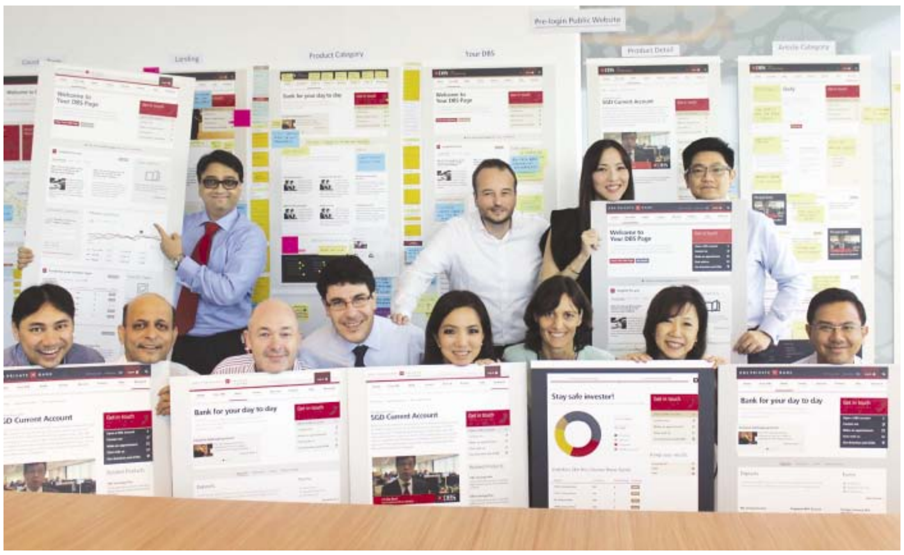
Aligning to Values
Redesigned and aligned our people processes to our values, including:
- Onboarding
- Performance management
- Development
- Recruitment and selection
- Compensation decisions
- Promotions

Empowering People

We empower our people by giving them the autonomy to introduce changes to improve the customer experience. They do this through experimentation, innovation and by incorporating human-centred design thinking in process improvement events and customer journey workshops. Our people work collaboratively across functions to design and test concepts, and are given the resources and authority to introduce innovations that will benefit the customer.

› For more information on customer experience, please refer to page 34 of the customer section

Empowering our employees to drive change in our human-centred design lab



Mapping our customer journey – iWEALTH

We empower our people by giving them the autonomy to introduce changes to improve the customer experience.

BEING A PEOPLE'S COMPANY

We believe in being there for our people. In addition to traditional benefits such as health insurance and leave, we also support them by creating a flexible and family-friendly environment. We understand that our staff may have different needs depending on the stage of life they are at.

With the bank's diversified workforce comprising various employee demographics, a one-size-fits-all work environment will no longer meet employees' needs. We have a Flexible Work Arrangements programme in place to provide greater flexibility at work to help staff better manage their time and balance their professional and personal needs. We also offer them the autonomy to choose from a basket of flexible benefits through iFlex@DBS.

We value our employees and have a DBS Cares programme in place. Via this programme, we give gifts of appreciation to our people throughout the year.

RECOGNISING OUR PEOPLE

We have a strong programme to recognise role models in the bank. Every year, we present highly coveted Banking the Asian Way Awards to teams and individuals who exhibit our values. We also present individuals who have gone beyond the call of duty with Spot Awards throughout the year. Employees who exemplify what the bank stands for, are also featured on our intranet.

BEING AN EMPLOYER OF CHOICE

Our people are our best ambassadors. Over 40% of new hires were based on our employees' referrals. Our retention rate has improved year-on-year, with more people choosing to grow their careers with DBS, making us one of the best-in-class compared to our industry peers. We are proud that we continue to be an employer of choice.

We are building a culture of fun into our DNA. From time off for teambuilding, to celebrations together, we seek to spark joy for our people.

OVERCOMING ADVERSITY TOGETHER

Yuria Tantono's nascent career with DBS took a traumatic turn when an unfortunate traffic accident in October 2008 left her paralysed from the waist down and hospitalised for six months. She did not stay down for long but has continued to contribute and was promoted to Senior Associate in 2014. She benefitted from the Flexible Work Arrangements programme which allowed her to work mostly from home and come to the office about one or two days a week.

EMBRACING DIVERSITY

As we expand across Asia, we seek to build a multi-cultural and diverse organisation that is aligned to the Group's strategy and business needs. We harness the multiplicity of perspectives and views across nationalities, cultures, backgrounds and disciplines to co-create greater value.

- Added to the diversity of our 21,000-strong workforce, representing over 40 nationalities
- Hired people from diverse disciplines e.g. finance, arts, design, engineering, science engineering and the sciences
- Women represent 57% of our workforce and more than one-third of our leadership positions; over a third of our Group Management Committee members are women
- Tapped on non-traditional hiring channels to connect to a new generation of talents e.g. LinkedIn, Facebook, YouTube and Twitter

In a first for the bank, we gave a special appreciation award of SGD 1,000 to every employee ranked Vice President and below to acknowledge the commitment and contribution of our people, mark the bank's milestone in reaching SGD 50 billion in market capitalisation, and celebrate Singapore's 50th birthday.

Regulators

#dialogue

Given our Asian footprint, DBS has extensive interaction with regulators around the region. We recognise our obligation to deliver value to this important constituent, and seek to accomplish this through various ways.

FINANCIAL SYSTEM STABILITY

The 2008 financial crisis was a sobering lesson that brought the extensive damage which weak financial systems could inflict into stark focus. It had also unleashed an unprecedented global regulatory response, the more significant elements being the Basel III reforms that recalibrated rules on the quality and quantity of capital, along with new requirements on liquidity and financial leverage. DBS understands that its financial strength has important implications on the overall macroeconomic stability of its key markets, and generates externalities beyond the immediate commercial interests of its stakeholders. As such, we have always adhered to the spirit of the prudential objectives underpinning the regulations we observe: reflecting our regulatory philosophy, it is noteworthy that DBS is already in compliance with the Basel III capital and liquidity requirements well before the transition schedules specified by the Basel Committee on Banking Supervision, and is well-positioned to comply with the forthcoming leverage ratio.

Aside from prudential concerns, what the financial crisis had also made apparent were financial misconduct and market manipulation activities. Such erroneous behavior is the precipitate of weak governance and a misaligned incentive structure. At DBS, we address these issues at the root, consciously nurturing a corporate mindset and remuneration philosophy that collectively reinforces a culture anchored on a belief in responsible and fair financial intermediation. This governs how we interact with our banking counterparties and customers.

We remain vigilant in identifying, monitoring and managing emerging threats that could impact financial stability, and regularly engage our regulators in dialogue on developing issues. In response to the heightened risk of cyber attacks, we have strengthened our cyber security framework, controls and surveillance. Another area where we have devoted additional resources is the mitigation of financial crime risk.

STRONG COMPLIANCE CULTURE

Our compliance culture is anchored on transparency, responsiveness and an emphasis on respecting both the letter and spirit of the law and regulations in the countries we operate in.

Frequent interaction with regulators facilitate effective information exchange, allowing us to hear prudential concerns while keeping regulators updated on DBS' strategies and priorities. The chairmen of the Audit Committee and Board Risk Management Committee, who are both independent Directors, also attend meetings with our regulators periodically to share their views and insights. We participate actively in supervisory college meetings involving supervisors in the region where DBS has sizeable operations. These meetings provide a forum for the Monetary Authority of Singapore and host supervisors to exchange views and assessments of DBS' cross-border activities.

CREDIBLE INDUSTRY LEADER PLAYING PIVOTAL ROLE IN SHAPING DEVELOPMENT OF POLICIES

Members of our senior management team are actively engaged in regulatory and industry forums. We believe our insights from operating in the region can contribute to the formulation of robust prudential rules and regulations.

DBS hosted the 2014 International Institute of Finance (IIF) Asia-Pacific CEO Summit, which was held for the first time in Singapore. This event brought together senior executives, officials and financial experts to discuss pertinent issues impacting Asian financial players, ranging from the health of Asian markets to the implications of the global regulatory reform agenda on Asia. The highlight was an illuminating dialogue between Mr Piyush Gupta (CEO) and Deputy Prime Minister Tharman Shanmugaratnam, centred on the opportunities and challenges facing the region. Our CEO (also a director of IIF) called for an Asian voice in global rule-setting forums and a regional platform to be created for closer co-operation between the private sector and regulators.

Society

At DBS, we believe that banking has a far-reaching purpose and have embedded a strong sense of social consciousness in the way we do business.

#onewiththecommunity

DBS Marina Regatta, Singapore's largest water sports festival, attracted over 10,000 athletes and spectators in 2014.

With our roots as the Development Bank of Singapore, we believe that banking has a far-reaching purpose and have embedded a strong sense of social consciousness in the way we do business. It is also the reason we dedicate resources to community outreach and ensure that we do our part for the environment.

DOING GOOD IN THE NORMAL COURSE OF BUSINESS

In Singapore, DBS/POSB banks more than 4.5 million customers. Within the POSB franchise, we have a large segment of customers to whom we provide subsidised banking services. Fees are waived for many, including the young, silver-haired and national servicemen. We also make it easy for foreign workers to open a banking account and to remit funds home in a cost effective manner. This is because as custodians of Singapore's most loved bank, we are committed to being inclusive and providing banking services to everyone in the community. We see this as part of our social mission as the "People's Bank".

The low-cost banking we do extends beyond individuals to small and medium enterprises (SMEs). DBS' banking package for start-ups contains a slew of fee waivers and preferential charges. SMEs are the backbone of the economy, and as Singapore evolves in the next 50 years, private enterprises need to drive the nation's growth. As a large SME player, we are committed to nurturing the start-up and SME sector. This includes incubating start-ups, giving them opportunities to partner with us through hackathons, and ensuring that promising firms have access to financing such as venture debt.

To make banking convenient and accessible, we have set up branches within community centres, and introduced all-day banking to cater to working people. We also recently launched an SMS queue system – known as the SMS 'Q' – at our branches. The service allows customers to request for a queue number via SMS prior to visiting DBS/POSB branches. By not having to wait in line, customers can save time. We will also be replacing traditional standing queues with seats so customers may await their turn in comfort.

SOCIAL ENTERPRISES

Social enterprises (SEs) play an important role in fostering inclusive economic and social development. As social support needs increase with rising income inequality, SEs are emerging as an important avenue for reinforcing social safety nets across the region. Our roots as a development bank and our expertise in supporting SMEs put us in a strong position to help SEs develop themselves into self-sustaining businesses.

Cultivating the SE Landscape for Growth

While social entrepreneurship has been around for decades, there is still limited understanding of these businesses. To address this, DBS is focused on creating a thriving SE ecosystem via advocacy and awareness building. We work in partnership with like-minded organisations, as well as the public and social sectors, to promote the development of social entrepreneurship. In 2014, we supported close to 20 prominent SE-related events covering almost 10,000 participants in the region.

We worked with National University of Singapore (NUS) Enterprise to launch the DBS-NUS Social Venture Challenge Asia. The Challenge seeks to identify new ventures that have the potential to generate scalable and sustainable social impact in Asia. Response to the inaugural challenge was very encouraging with more than 400 entries from 1,200 youth entrepreneurs across 20 countries. The winning teams received seed funding for their social ventures.

DBS Hong Kong gave HKD 2 million in grants to 12 SEs, enabling the grantees to help different groups, including the blind, elderly, ex-convicts and ethnic minorities.

In addition, we have created Asia's first online platform for showcasing social enterprises. In 2015, this channel will give SEs more visibility across Asia.

Financing SEs

SEs need financial support especially during their early stages of growth. However, financing is often lacking when they are just starting up. DBS supports SEs by funding them so that they can become viable businesses.

In 2014, we granted funds to 46 SEs across our key markets of Singapore, Hong Kong, China, India and Taiwan. We worked with partners such as the Tata Institute of Social Sciences in India, YouChange Foundation in China and the Hong Kong Council of Social Service in Hong Kong to identify promising SEs worthy of support.

SEs which have benefitted include India's Krishi Naturals, which has empowered 1,000 marginalised farmers through organic farming and market linkages, and Bharat Calling, which supports 20,000 marginalised students each year across 150 schools. Five years ago, we launched the DBS Social Enterprise Package and it remains the only banking package tailored to the needs of SEs in all our focus markets.

The inaugural DBS-NUS Social Venture Challenge Asia drew over 400 SEs from across Asia. The finalists' ideas, covering areas such as health, tourism and disaster relief, were diverse and inspiring.


DBS provided a grant to India-based SE Apni Shala, enabling it to start a school programme for students from low-income families. The programme aims to develop life skills and build positive behaviours in students through storytelling, books, role plays and film.

About 650 DBS Hong Kong staff contributed towards community projects that benefitted more than 1,400 elderly persons and underprivileged children.

In Singapore, close to 1,000 DBS/POSB employees touched the lives of 500 senior citizens.

Earlier this year, we announced the formation of DBS Foundation, the only corporate foundation in Asia dedicated to championing social entrepreneurship. With a SGD 50 million fund, DBS Foundation will work further with SEs to support their growth. Activities will range from basic training and workshops to intensive incubation and skilled mentoring, project grant support and knowledge sharing.

Providing Social and Intellectual Capital

A large part of building SEs' potential includes supporting them in non-financial areas such as strategy development, financial planning, marketing and product refinement. Together with financial capital, this social and intellectual capital can help SEs scale up and improve their chances of attracting larger size investments and support from institutional investors. Employees with relevant skills are paired with SEs, especially early-stage ones, to support them in areas that funding alone cannot address. These DBS staff volunteers give their time to share relevant knowledge with SEs, resulting in a transfer of expertise and skills for social good. In 2014, over 160 of our employees devoted more than 2,800 hours to serve as skilled volunteers to SEs.

CONNECTING WITH THE COMMUNITY

Giving Back through Active Volunteerism

DBS' volunteerism movement, known as "People of Purpose", rallies colleagues to make a difference in the communities that the bank operates in. In 2014, approximately 3,500 of our employees contributed 16,000 hours of volunteer work.

In Singapore, close to 1,000 DBS/POSB employees touched the lives of 500 senior citizens, including those living alone. Home visitations were conducted to give household necessities to seniors. Staff also hosted the elderly to an outing to an aquarium.

In Hong Kong, our employees continued to give their time to underprivileged children and the elderly. Teams of volunteers were engaged in sustainable and recurring community projects, including elderly visitations and outings with children from low income families. Some went the extra mile to become mentors to students, while others brought their own families to join in. In recognition of their passion and generosity, five of our most committed volunteers in Hong Kong were recognised with long service awards by the Hong Kong Government's Social Welfare Department.

The same spirit to give back was evident in China, where volunteers from six branches contributed nearly 1,000 hours in community projects that benefitted 800 people. In Taiwan, in collaboration with six social enterprises, our employees' volunteerism efforts benefitted 2,200 people, including the homeless and teenagers with disabilities. Deep into the mountainous east of Taiwan, volunteers built book houses for disadvantaged children.

DBS Indonesia staff volunteers rebuilt a pre-school in the suburbs of Jakarta and mentored high-school students through social enterprise workshops. In India, 500 staff came together to collect books, clothes, medicine and funds for various charities. Volunteers also visited a home for the elderly and spruced up the garden of an orphanage, touching lives across all age groups.

Enriching Lives through Community Initiatives

In Singapore, we sponsored the DBS Marina Regatta, Singapore's largest water sports festival, which attracted close to 2,500 dragon boaters from 140 international and local teams. Our monthly outdoors movies event "DBS Movies by the Bay" screened 18 blockbusters and attracted 800 visitors every month to the bay. In 2014, DBS also donated SGD 25 million to the National

DBS' Movies by the Bay screened blockbusters monthly, and attracted thousands of people to the Bay last year.

Gallery Singapore to support and celebrate the story of Singapore told through creative visual arts. The gift is the largest single cash donation by a corporate body to an arts institution. Finally, we presented the Singapore Slammers, an elite team of eight tennis greats including Serena Williams and Andre Agassi, at the inaugural International Premier Tennis League that featured over 20 world-class tennis players.

ENVIRONMENT

We are committed to doing our part for the environment. One of the ways in which we do so is by ensuring that our offices have sustainable designs and practices. As part of our environmental responsibility efforts, we strengthened the level of Green Mark certifications for all our office buildings in Singapore.

In 2014, DBS Hong Kong took steps to ensure that our staff work in a conducive environment by obtaining certification in indoor air quality for four of our office buildings. DBS Hong Kong was also awarded certification for the disposal of waste for three office buildings. In India, we were recognised for our waste paper and toner recycling. DBS India works with an SE to exchange the waste paper generated for usable notebooks.

Effective energy saving initiatives are in place to ensure optimal use of energy. Timers are installed at lighted signages to cut back on the use of electricity. In addition, we have motion sensors for stairwell lighting and the central air-conditioning is tuned to +/-24 degrees.

We encourage our employees to do their part to be green. We raised the awareness of our staff with 'green' tips and held forums to share how best to dispose of waste and optimise recycling efforts. We continued to observe "Earth Hour", the global awareness programme on climate change, and across Asia, turned off lighting in the office as well as bank signages to indicate our support.

Earlier this year, we announced the formation of DBS Foundation, the only corporate foundation in Asia dedicated to championing social entrepreneurship.

Value Distribution

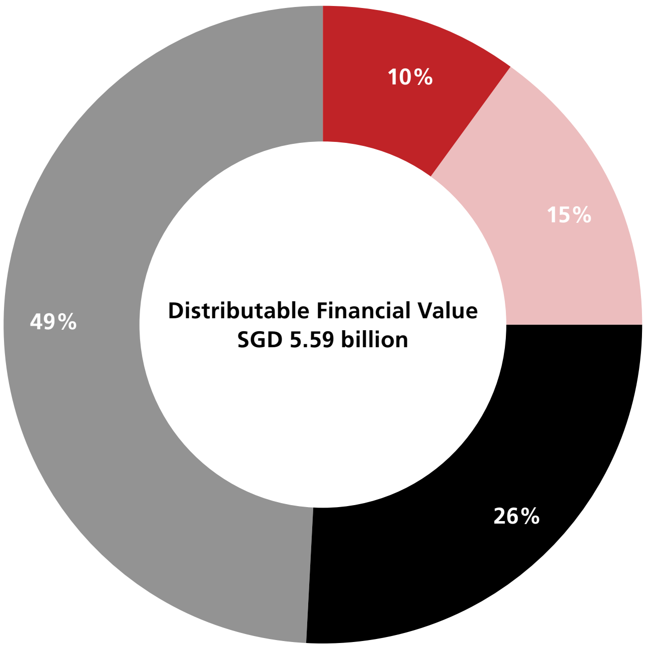
DISTRIBUTING THE VALUE CREATED

We create value for our stakeholders in multiple ways. Some of these manifest in financial value while others bring about more intangible benefits.

We define distributable financial value as net profit before discretionary bonus, taxes (direct and indirect) and certain donations. In 2014, the distributable value amounted to SGD 5.59 billion. This was distributed to our stakeholders as shown in the chart below.

We also make contributions to our stakeholders in other aspects, including but not limited to:

- Training and benefits for our employees
- Employee volunteer time for community projects
- Supporting social enterprises
- Investing in and implementing environmentally-friendly practices



Value Distribution

Employees
Discretionary bonus paid to employees through variable cash bonus and long-term incentive share plans

Society
Contributions to society through direct and indirect taxes, donations, funding social enterprises and sponsoring community events

Shareholders
Dividends paid to ordinary and preference shareholders and perpetual capital securities holders

Retained Earnings
Retained for reinvestment in the businesses to fund our strategy and grow our business, which over time, should benefit all of our stakeholders

More comprehensive highlights of our contributions to stakeholders are set out on pages 28 to 55 of the Annual Report.

Corporate Governance

Another landmark year in our corporate governance journey

HIGHLIGHT

DBS achieved new milestones in our corporate governance journey in 2014. Our commitment to strong and effective governance helps create value for multiple stakeholders, including shareholders. We have introduced a new reporting structure to provide our stakeholders with greater insight into our Board and corporate governance processes.

AWARDS

SINGAPORE CORPORATE AWARDS 2014

- Best Managed Board
  – Gold Award
- Best Investor Relations
  – Silver Award

SINGAPORE CORPORATE GOVERNANCE AWARD 2014

- Corporate Governance Award
- Board of Diversity Award
- Most Transparent Company
  – Finance category
- Internal Audit Excellence
  – Runner Up

DBS CORPORATE GOVERNANCE REPORT

Governance Highlights (Page 58)
- Key features of our Board
- Governance Framework

Governance Processes (Page 60)
- Board meetings and activities
- Key information on each Director (including appointment dates, attendance & non-executive director fees)

Board Committees (Page 63)
- Delegation by the Board to the Board committees
- Nominating Committee
- Board Executive Committee
- Audit Committee
- Board Risk Management Committee
- Compensation and Management Development Committee (including annual fee structure for non-executive directors)

Internal Controls (Page 73)

Focus on our Shareholders (Page 76)

Remuneration Report (Page 77)

Summary of Disclosures (Page 83)

“ This award is a great encouragement to us. DBS has a diverse board that provides a strong oversight role, and engages and provides guidance to management on all facets of business. Over the last four years, DBS has turned in a solid performance, thanks to a strong partnership between the Board and management. The strong partnership allows management to confidently execute against strategy, knowing that the Board stands behind them.”

– Peter Seah, DBS Chairman, on winning the Best Managed Board Gold Award

COMPLIANCE AND APPROVAL

For the financial year ended 31 December 2014, DBS Group Holdings Limited (the Company) has complied with the Banking (Corporate Governance) Regulations 2005 (Banking Regulations), and complied in all material aspects with the principles laid down by the Guidelines on Corporate Governance for Financial Holding Companies, Banks, Direct Insurers, Reinsurers and Captive Insurers which are incorporated in Singapore issued on 3 April 2013, which comprises the Code of Corporate Governance 2012 (Code) and supplementary guidelines and policies added by the Monetary Authority of Singapore (MAS) (Guidelines) to cater to the diverse and complex risks undertaken by financial institutions.

The disclosures in this report have been approved by the Board.

We pride ourselves on upholding the spirit of the Code beyond merely ticking the boxes. We provide a summary disclosure on our compliance with the Guidelines on Pages 83 to 86 of this Annual Report.

GOVERNANCE HIGHLIGHTS

KEY FEATURES OF OUR BOARD

- Independent directors make up more than two-thirds of the Board
- Separation of the role of Chairman and Chief Executive Officer (CEO)
- Female directors make up 22% of the Board
- None of the directors has served more than 7 years
- Other than the CEO, none of the other directors is a former or current employee of the Company or its subsidiaries (collectively, the Group).
- Chairpersons of the Board and all Board committees are independent directors
- In 2014, the Board evaluation was carried out by an independent external evaluator
- Remuneration of non-executive directors (including the Chairman) does not include any variable component
- To stimulate fresh thinking, external experts are regularly invited as 'provocateurs' at directors' training sessions and the annual Board strategy offsite

WHO ARE ON OUR BOARD

1

Non-Executive and Independent Chairman
- Mr Peter Seah Lim Huat

6

Non-Executive and Independent Directors
- Dr Bart Joseph Broadman
- Ms Euleen Goh Yiu Kiang
- Mr Ho Tian Yee
- Mr Nihal Vijaya Devadas Kaviratne CBE
- Mr Andre Sekulic
- Mr Danny Teoh Leong Kay

1

Non-Executive and Non-Independent Director
- Mrs Ow Foong Pheng

1

Executive Director/CEO
- Mr Piyush Gupta

ANNUAL FOUR-DAY BOARD STRATEGY OFFSITE – A KEY HIGHLIGHT OF THE BOARD'S ACTIVITIES

- Each year, the Board and our senior executives meet at a four-day offsite in one of DBS' overseas markets to deliberate on the Group's longer term strategy and prospects
- The objectives of the offsite are multifold. In addition to affirming our commitment to the host market, the offsite provides the Board with an opportunity to gain a deeper understanding into our business environment and our operations, and to help refine our strategy. The Board engages with the country management team and networks with customers. Our high potential senior talents are invited to participate in the offsite, interact with the Board and gain exposure into the thinking on the Group's strategic direction
- In 2014, the offsite was held in Hong Kong and we invited our subsidiary board members to join the offsite
- The strategy discussion was in-depth and dynamic, centred on topics that were imperative to our business. We:
  - considered the impact of macro and regulatory developments that will shape the future of the banking industry
  - reviewed the competitive landscape and assessed the threat of digital disruption, including non-traditional competitors
  - gained insights into the business environment in Greater China
  - focused on how we can keep pace with technological change and innovation
  - debated our strategy in key geographies and weighed our options in these markets
- The social itinerary helped to strengthen the camaraderie among directors and senior executives and enhance the collegial atmosphere in the boardroom

WHERE TO FIND INFORMATION ON EACH DIRECTOR?

Key information on each director including independence status, appointment dates, meeting attendance record and breakdown of remuneration as well as membership in Board committees can be found on Pages 61, 62 and 64 of this Annual Report. Please refer to the section on 'Board of Directors' in this Annual Report for information on each director's length of directorship, academic and professional qualifications as well as present and past directorships. The biodata of each director can be found @ www.dbs.com

Governance Framework

The Board believes that the principles of corporate governance should be embedded in our corporate culture, which is anchored on competent leadership, effective internal controls (including risk management) and a set of common values. Our internal controls cover financial, operational, compliance, technology controls, as well as risk management policies and systems. Our corporate governance framework promotes transparency, fairness and accountability throughout the Group. We work closely with our regulators to ensure that our internal governance standards are adequate to meet the increasing expectations of our regulators.

COMPOSITION AND ROLE OF THE BOARD

Over the past four years, the Board's composition and diversity have been strengthened. The Board members have a broad range of experience and deep industry expertise. Today the Board stands out as one of the best-in-class as benchmarked against global peers. The Board's solid bench strength is one of the key drivers of DBS' high performance in recent years.

The Board has diversity of gender, nationality, skills and knowledge. The average tenure of directors demonstrates a good balance between continuity and fresh perspectives. The size and composition of the Board is appropriate given the current size and geographic footprint of the Group's operations. The proportion of independent non-executive directors on the Board (seven out of nine) is high. The number of independent directors exceeds the requirements set out in the Guidelines and Banking Regulations. This ensures that the Board is able to exercise objective judgment on corporate affairs and the performance of management against key performance indicators.

The Board directs the Group in the conduct of its affairs and ensures that corporate responsibility and ethical standards underpin the conduct of the Group's business. The Board provides sound leadership to the CEO and management in setting the strategic vision, direction and long-term goals of the Group, and ensures that adequate resources are available to meet these objectives. The Board bears ultimate responsibility for the Group's governance, strategy, risk management and financial performance.

BOARD'S KEY AREAS OF FOCUS INCLUDE:

- Group's strategic and business plans
- Monitor the responsibilities delegated to the Board committees to ensure proper and effective oversight and control of the Group's activities
- Establish a framework for risks to be assessed and managed
- Review management performance
- Determine the Group's values and standards (including ethical standards) and ensuring that obligations to its stakeholders are understood and met
- Develop succession plans for the Board and CEO
- Consider sustainability issues (including environmental and social factors) as part of the Group's strategy

ROLE OF THE CHAIRMAN AND THE CEO

The working dynamics between our Chairman (Mr Peter Seah) and CEO (Mr Piyush Gupta) are very positive and constructive. The Group's leadership model clearly delineates the responsibilities of the Chairman and the CEO, which ensures an appropriate balance of power, increased accountability and enhanced independence in decision-making.

The Chairman is responsible for leading the Board in discharging its duties effectively, and enhancing the Group's standards of corporate governance. The Chairman provides clear leadership to the Board with respect to the Group's long-term growth and strategy. The Board members are of the view that the strong leadership of Mr Peter Seah is a key contributing factor to the effectiveness of the Board.

As the Chairman sits on all the Board committees, he plays an important role in managing the business of the Board, leading (in relation to the Nominating Committee, Board Executive Committee and the Compensation and Management Development Committee) and participating (in relation to the Audit Committee and the Board Risk Management Committee) in the activities of the Board committees. The Chairman oversees, guides and advises the CEO and senior management. The Chairman maintains open lines of communication with senior management, and acts as a sounding board on strategic and operational matters.

The CEO heads the Group Executive Committee and the Group Management Committee, which are the highest executive management bodies. He oversees the execution of the Group's strategy and is responsible for managing the day-to-day operations.

GROUP APPROVING AUTHORITY

The Group Approving Authority (GAA) is a document which sets out the delegations of authority by the Board to Board Committees, the Chairman and the CEO. The Board approves the GAA and any change to it. The GAA ensures that appropriate controls and decision-making are consistently applied throughout the Group. It is regularly updated to accommodate changes in the scope and activities of the Group's business and operations.

SPECIFIC MATTERS THAT REQUIRE BOARD APPROVAL UNDER THE GAA INCLUDE:

- Group's annual and interim financial statements
- Strategic investments and divestments
- Group's annual budget
- Capital expenditures and expenses exceeding certain material limits
- Capital-related matters including capital adequacy objectives, capital structure, capital issuance and redemption
- Dividend policy
- Risk strategy and risk appetite

GOVERNANCE PROCESSES

Board Meetings and Activities

We have a highly engaged Board with diverse perspectives. Board and Board committee meetings are held regularly to discuss key topics such as strategic, governance and operational issues.

BOARD MEETINGS

Before meeting

- To facilitate meaningful participation, all Board and Board committee meetings are planned and scheduled well in advance in consultation with the directors
- Chairman oversees the setting of the agenda of Board meetings in consultation with the CEO to ensure that there is sufficient information and time to address all agenda items
- The agenda of the Board meetings is carefully thought out and well-managed. At the same time, the agenda allows for flexibility when it is needed
- Directors are provided with complete information related to agenda items in a timely manner. For example, management provides Board members with detailed reports on the Group's financial and franchise performance prior to the Board meeting
- All materials for Board and Board committee meetings are uploaded onto a secure portal which can be readily accessed on tablet devices provided to the Board members
- When exigencies prevent a director from attending a Board or Board committee meeting in person, that director can participate by telephone or video-conference
- Directors have the discretion to engage external advisers

At every meeting

- The Chairman promotes open and frank debates by all directors at Board meetings
- The Board members come well prepared and engage in robust discussions on key matters pertaining to the Group
- Chairperson of each Board committee provides a thorough update on significant matters discussed at the Board committee meetings which are typically scheduled before the quarterly Board meeting
- The CEO gives a complete and comprehensive update on the Group's business and operations as well as a macro perspective on industry trends and developments
- The Chief Financial Officer (CFO) presents the financial performance and significant financial updates
- Certain business heads provide an update on their areas of business
- As members of the Group Executive Committee are present at all Board meetings, directors have the opportunity to discuss specific areas with them and give constructive challenge to ideas
- There are presentations by external professionals on impending changes in market conditions, the changing banking landscape, digital trends banking as well as corporate governance, capital, tax, accounting, listing and other regulations, which may have an impact on the Group's affairs
- In compliance with the Banking Act, exposures of DBS Bank Ltd to the individual directors and their respective related concerns are tabled
- The Board holds a private session for directors
- The Group Secretary attends Board meeting and ensures that applicable rules and regulations are complied with

FREQUENT & EFFECTIVE ENGAGEMENT WITH THE BOARD

- The Board is regularly updated on the performance and prospects of the Group
- Outside of Board meetings, Board approvals for matters in the ordinary course of business can be obtained through the circulation of written resolutions
- Ad-hoc meetings are held when necessary. There were no ad-hoc meeting held in 2014
- The CFO provides the Board with detailed financial performance reports on a monthly basis
- Directors have direct access to senior management and may request from management any additional information to make informed and timely decisions
- Throughout the year, the directors also have various opportunities to interact with members of the Group Management Committee (for instance at Board hosted dinners)
- Directors have ongoing interactions across various levels, functions and countries within the Group. These interactions equip directors with a better understanding on the business and operations of DBS. In addition, some directors also sit on the Boards of the overseas subsidiaries in the Group; this arrangement gives the Board access to first hand insight on the activities of these subsidiaries
- Directors have separate and independent access to the Group Secretary at all times. The Group Secretary generally assists directors in the discharge of their duties and facilitates communication between the Board, its committees and management as well as the induction of new directors. The appointment and removal of the Group Secretary require the approval of the Board

Key Information on Each Director

DIRECTOR *INDEPENDENCE STATUS*	MEETINGS ATTENDANCE RECORD (1 JANUARY TO 31 DECEMBER 2014)						TOTAL DIRECTORS' REMUNERATION FOR 2014 (SGD)		
	BOD[1]	NC[2]	EXCO[3]	AC[4]	BRMC[5]	CMDC[6]	DIRECTORS' FEES[a] (SGD)	SHARE-BASED REMUNERATION[b] (SGD)	OTHERS[c] (SGD)
No. of meetings held in 2014	*5*	*4*	*11*	*5*	*4*	*4*			
Mr Peter Seah, 68 *Non-Executive and Independent Chairman* • Chairman since 1 May 10 • Board member since 16 Nov 09 • Last re-elected on 25 Apr 12	5	4	11	5	4	4	***Total: 1,822,387*** 1,246,350	534,150	41,887
Dr Bart Broadman, 53 *Non-Executive and Independent Director* • Board member since 17 Dec 08 • Last re-elected on 28 Apr 14	5	–	–	–	4	4	***Total: 211,000*** 147,700	63,300	–
Ms Euleen Goh, 59 *Non-Executive and Independent Director* • Board member since 01 Dec 08 • Last re-elected on 29 Apr 13	5	4	11	–	4	4	***Total: 339,500*** 237,650	101,850	–
Mr Ho Tian Yee, 62 *Non-Executive and Independent Director* • Board member since 29 Apr 11 • Last re-elected on 28 Apr 14	4	3	–	–	3	–	***Total: 194,000*** 135,800	58,200	–

- Appointment Dates

DIRECTOR *INDEPENDENCE STATUS*	MEETINGS ATTENDANCE RECORD (1 JANUARY TO 31 DECEMBER 2014)						TOTAL DIRECTORS' REMUNERATION FOR 2014 (SGD)		
	BOD(1)	NC(2)	EXCO(3)	AC(4)	BRMC(5)	CMDC(6)	DIRECTORS' FEES(a) (SGD)	SHARE-BASED REMUNERATION(b) (SGD)	OTHERS(c) (SGD)
No. of meetings held in 2014	*5*	*4*	*11*	*5*	*4*	*4*			
Mr Nihal Kaviratne, 70 *Non-Executive and Independent Director* • Board member since 29 Apr 11 • Last re-appointed on 28 Apr 14	5	–	–	5	4	–	***Total: 246,500***		
							172,550	73,950	–
Mr Andre Sekulic, 64 *Non-Executive and Independent Director* • Board member since 26 Apr 12 • Last re-elected on 29 Apr 13	5	–	–	5	–	4	***Total: 265,000***		
							185,500	79,500	–
Mr Danny Teoh, 59 *Non-Executive and Independent Director* • Board member since 1 Oct 10 • Last re-elected on 29 Apr 13	5	4	–	5	4	–	***Total: 284,000***		
							198,800	85,200	–
Mrs Ow Foong Pheng, 51 *Non-Executive and Non-Independent Director** • Board member since 26 Apr 12 • Last re-elected on 29 Apr 13	3	2	–	5	–	–	***Total: 191,500(d)***		
							191,500	–	–
Mr Piyush Gupta, 55 *Executive Director/CEO* • Board member since 9 Nov 09 • Last re-elected on 28 Apr 14	5	–	11	5#	4#	4#	Please refer to the Remuneration Report on Page 82 of this Annual Report for details on the CEO's compensation		

• Appointment Dates

*** Non-independent director by virtue of substantial shareholder relationship. Not involved with the management of the Company nor does she have any business relationships with the Company**
 # Mr Gupta attended all AC, BRMC and CMDC meetings in 2014 at the invitation of the respective committees

(1) Board of Directors (BOD)
(2) Nominating Committee (NC)
(3) Board Executive Committee (EXCO)
(4) Audit Committee (AC)
(5) Board Risk Management Committee (BRMC)
(6) Compensation and Management Development Committee (CMDC)

(a) Fees payable in cash, in 2015, for being a director in 2014. This is subject to shareholder approval at the 2015 AGM
(b) This shall be granted in the form of the Company's ordinary shares, for being a director in 2014. The actual number of the Company's ordinary shares to be awarded will be rounded down to the nearest share, and any residual balance will be paid in cash. This is subject to shareholder approval at the 2015 AGM
(c) Represents non-cash component and comprises car and driver
(d) Director's remuneration payable to Mrs Ow Foong Pheng will be paid fully in cash to a government agency, the Directorship & Consultancy Appointments Council

(Note: Directors are also paid attendance fees for Board and Board committee meetings, as well as for attending the AGM and the annual Board offsite)

BOARD COMMITTEES

Delegation by the Board to the Board committees

To discharge its stewardship and fiduciary responsibilities effectively, the Board delegates authority to Board committees to enable them to oversee specific responsibilities based on clearly defined terms of reference. The Board committees have been constituted in accordance with the Banking Regulations. The terms of reference for each Board committee stipulate the responsibilities of the committee, conduct of meetings including quorum and voting requirements, as well as the qualifications for Board committee membership. Each Board committee has direct access to management and has full discretion to invite any director or executive to attend its meetings. Each Board committee also has the power to hire independent advisers as it deems necessary. In accordance with the GAA, any change to the terms of reference for any Board committee requires Board approval.

BOARD OF DIRECTORS

This diagram highlights certain key areas of oversight of each Board committee and is not an exhaustive list of responsibilities of the Board committees

NOMINATING COMMITTEE (NC)

- Five members: All non-executive directors (NED)
- Four out of five members including NC Chairperson are non-executive and independent directors (INED)

The NC's main areas of oversight include:
- Board & Board committees membership & performance
- Director's independence/fit & proper qualification/training
- Review key staff appointments

BOARD EXECUTIVE COMMITTEE (EXCO)

- Three members: Two out of three members including EXCO Chairperson are INEDs

The EXCO's main areas of oversight include:
- Review and provide recommendations on matters that would require Board approval
- Approve credits in excess of management's limits
- Investments & divestments

AUDIT COMMITTEE (AC)

- Five members: All NEDs
- Four out of five members including AC Chairperson are INEDs

The AC's main areas of oversight include:
- Financial reporting
- Internal controls
- Internal audit function
- External audit
- Accounting policy

BOARD RISK MANAGEMENT COMMITTEE (BRMC)

- Six members: All INEDs including BRMC Chairperson

The BRMC's main areas of oversight include:
- Risk appetite
- Risk governance
- Risk frameworks
- Risk management practices & policies
- Risk dashboard

COMPENSATION & MANAGEMENT DEVELOPMENT COMMITTEE (CMDC)

- Four members: All INEDs including CMDC Chairperson

The CMDC's main areas of oversight include:
- Compensation policies
- Remuneration framework of directors & employees
- Management development & succession planning
- Oversee remuneration of senior executives

COMPOSITION OF OUR BOARD COMMITTEES

The following chart shows the membership of each director to our Board committees.

Chairperson   Committee member

	NOMINATING	BOARD EXECUTIVE	AUDIT	BOARD RISK MANAGEMENT	COMPENSATION AND MANAGEMENT DEVELOPMENT
Mr Peter Seah	Chairperson	Chairperson	Committee member	Committee member	Chairperson
Mr Piyush Gupta		Committee member			
Dr Bart Broadman				Committee member	Committee member
Ms Euleen Goh	Committee member	Committee member		Chairperson	Committee member
Mr Ho Tian Yee	Committee member			Committee member	
Mr Nihal Kaviratne			Committee member	Committee member	
Mrs Ow Foong Pheng	Committee member		Committee member		
Mr Andre Sekulic			Committee member		Committee member
Mr Danny Teoh	Committee member		Chairperson	Committee member	

Nominating Committee (NC)

The NC is chaired by Mr Peter Seah and comprises Ms Euleen Goh, Mr Ho Tian Yee, Mrs Ow Foong Pheng and Mr Danny Teoh.

All NC members are non-executive directors, and are subject to an annual assessment of their independence as prescribed by the Guidelines and the Banking Regulations. This assessment takes into account the NC members' business relationships with the Group, relationships with members of management, relationships with the Company's substantial shareholder as well as the NC members' length of service.

In accordance with the requirements of the Guidelines and Banking Regulations, a majority (four out of five members of the NC including the NC Chairperson) are independent directors.

KEY RESPONSIBILITIES OF THE NC

- Review regularly the composition of the Board and Board committees
- Identify, reviewing and recommending 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 on an annual basis an evaluation of the performance of the Board, the Board committees and the directors
- Determine independence of proposed and existing directors, and assessing 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 recommending 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 skill-set
- 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

Highlights of the NC's activities are as follows:

SELECTION CRITERIA & 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 recognises the importance of having an appropriate balance of industry knowledge, skills, background, experience, professional qualifications, gender and nationalities in building an effective and cohesive Board. The NC's commitment and ongoing efforts to promote diversity within the Board were recognised when DBS won the Board of Diversity Award at the Singapore Corporate Governance Award 2014.

The NC oversees a rigorous and thorough process for the appointment of directors to the Board. To enhance the effectiveness of the Board and strengthen Board dynamics, directors are selected not just for their experience and competencies but also for their fit with the Group.

The NC regularly reviews the composition of the Board and Board committees and identifies the skill-sets that would enhance the effectiveness of the Board and the Board committees. As part of the review, the NC utilises a Board collective skills matrix which takes into account whether a director has the specific knowledge, skills or experience in areas such as banking/financial services, financial management, economics, specialised audit/accounting, Financial Stability Board principles, remuneration practices, technical sophistication in risk disciplines, strategic planning, country expertise in other markets and strong business network. The matrix is an effective tool for the NC to identify the staffing needs of each Board committee.

Before a new director is appointed, suitable candidates are identified from various sources. Thereafter, in compliance with the Banking Regulations, the NC conducts an initial assessment to:

(i) review a candidate's qualifications, attributes, capabilities, skills, age, past experience and other relevant factors to determine whether the candidate is a fit and proper person for the office in accordance with the MAS' fit and proper guidelines (which require the candidate to be competent, honest, to have integrity and be of sound financial standing); and

(ii) ascertain whether the candidate is independent from any substantial shareholder of the Group and/or from management and business relationships with the Group.

The NC then interviews the short-listed candidates to determine if the candidate possesses the qualifications and skills required, and makes its recommendations to the Board accordingly.

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 skill-set to the staffing requirement of each Board committee.

GOVERNANCE

BOARD PERFORMANCE

2014 Board Evaluation Process with Independent External Evaluator

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.

The NC has put in place a robust Board evaluation framework to track and analyse Board performance. The Board members have a common understanding on the objectives of the Board evaluation process and each director actively participates by giving his or her honest feedback on a range of issues including Board composition, CEO succession planning and quality of information provided to the Board.

SELECTION OF INDEPENDENT EXTERNAL EVALUATOR

The Board engaged an independent external evaluator to conduct the Board evaluation during the year. The process of selecting an independent external evaluator is formal and transparent. The NC reviewed proposals from various external evaluators before making its selection based on the quality, rigour and overall value-add to the Board evaluation process.

SCOPE OF BOARD EVALUATION

At the start of the Board evaluation process, the NC reviewed the scope of the assessment and considered key areas to focus on. For a more effective tracking of results, the independent external evaluator worked with the Board evaluation questionnaire (with some revisions) that was used for Board evaluation in the preceding two years.

Some key elements of the 2014 Board evaluation:

- A deep dive into Board processes
- Team effectiveness review on how the Board functions as a single unit
- Board skills analysis on whether the Board has the appropriate composition and mix of skills to meet the challenges it expects to face for the next few years
- Benchmarking and calibrating how the Board compares against best practices

BOARD EVALUATION PROCESS
The NC oversaw the entire process; the NC reviewed the refreshed Board evaluation questionnaire before it was circulated to the Board members. Ample time was given for the submission of feedback. Feedback from each director was sent directly to the independent external evaluator.

As part of the evaluation, a face-to-face session was arranged for each director to meet with the independent external evaluator. The face-to-face session facilitated frank discussions and the independent external evaluator was able to ask each director further questions not captured in the questionnaire directly.

REVIEW OF BOARD EVALUATION RESULTS
The independent external evaluator presented the results of the Board evaluation to the Chairman of the Board. The Chairman of the Board, who also chairs the NC, led the NC in reviewing the findings of the independent external evaluator. The independent external evaluator presented the results of the evaluation at a private session for directors during a Board meeting. Board members deliberated on the key findings. Thereafter, the outcomes and key action steps taken to enhance the effectiveness of the Board and the Board committees were documented.

ANNUAL REVIEW OF DIRECTORS' INDEPENDENCE

The NC conducts a review and determines annually whether each director is independent. Independence is assessed in compliance 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

A high proportion of directors (eight out of nine) are non-executive directors. Out of the eight non-executive directors, seven (including the Chairman) are considered independent directors. The independent directors are Dr Bart Broadman, Ms Euleen Goh, Mr Ho Tian Yee, Mr Nihal Kaviratne, Mr Peter Seah, Mr Andre Sekulic and Mr Danny Teoh.

Ms Euleen Goh, Mr Ho Tian Yee, 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 the Company'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 are not material; and (ii) independent of Temasek as their appointments on the boards of Temasek portfolio companies are non-executive in nature and they are not involved in the day-to-day conduct of the businesses of the Temasek portfolio companies. In addition, none of these directors sit on any of the boards of the Temasek portfolio companies as a representative of Temasek and they do not take instructions from the Temasek in acting as director.

Mrs Ow Foong Pheng, who is a Permanent Secretary for the Ministry of Trade and Industry, Singapore, is considered not independent of Temasek as the Singapore government is its ultimate owner. However, Mrs Ow Foong Pheng is considered independent of management and business relationships with the Company.

None of the incumbent directors has served more than seven years.

Robust procedures have been instituted to manage potential conflicts of interest between a director and the Group.

DIRECTORS' TRAINING

Induction for new directors

The NC exercises oversight on the training of directors including induction for new directors and continuous development programme for all directors.

INDUCTION FOR NEW DIRECTORS
Upon appointment, a new director will receive a letter of appointment and a guidebook which contains useful information on director's duties, responsibilities, and disclosure obligations as a director of a financial institution. The new director will go through a comprehensive and tailored induction programme.

The objective of the induction programme is to introduce the new director to the Group's senior management through a series of detailed briefings on the Group's activities (business, operations and governance practices, among others) and key disclosure duties and statutory obligations.

The Group encourages first-time directors to attend the Singapore Institute of Directors' 'Listed Companies Directorships' programme.

CONTINUOUS DEVELOPMENT PROGRAMME FOR ALL DIRECTORS

The NC oversees the continuous development programme. The NC monitors the quality and frequency of directors' training through regular reviews of the programme which include training sessions by external professionals and management. The NC selects topics which are relevant to the Group's activities to keep directors abreast of legal, regulatory, corporate governance and economic developments. Board members also contribute by highlighting areas of interests and useful topics to include in the programme.

In 2014, there were four training sessions (conducted by subject matter experts) which covered topics such as global industry best practices for boards, digital financial trends, outlook and perspective on India, Indonesia and China, and regulatory trends in technology risk. The directors gained valuable insights and a deeper understanding on these topics through the training sessions.

TERMS OF APPOINTMENT OF DIRECTORS

The NC reviews and recommends to the Board the tenure of each non-executive director.

The Group has a standing policy that a non-executive director may serve up to a maximum of three 3-year terms. The Group considers this tenure to be appropriate for members to gain an understanding of the Group and to make an effective contribution.

Prior to the end of each three-year term, the NC would consider whether to extend the tenure of the non-executive director. Each member of the NC will recuse himself or herself from deliberations on his or her own re-appointment.

ROTATION & RE-ELECTION OF DIRECTORS

The NC reviews and recommends to the Board the rotation and re-election of directors at the Annual General meeting (AGM).

One-third of directors who are longest-serving are required to retire from office every year at the AGM. Based on this rotation process, each director is required to submit himself or herself for re-election by shareholders at least once every three years.

Where an incumbent director is required to retire from office, the NC reviews the composition of the Board and decides whether to recommend that director for re-election taking into account factors such as the director's attendance, participation, contribution and competing time commitments.

Mr Peter Seah, Mrs Ow Foong Pheng and Mr Andre Sekulic will be retiring by rotation at the AGM to be held on 23 April 2015 (2015 AGM). At the recommendation of the NC and as approved by the Board, they will be seeking re-election as director at the 2015 AGM.

In addition, as Mr Nihal Kaviratne is above 70 years of age, he is required under Section 153 of the Companies Act to step down at the 2015 AGM. At the recommendation of the NC and as approved by the Board, Mr Kaviratne will be seeking re-appointment as a director at the 2015 AGM.

DIRECTORS' TIME COMMITMENT

The NC conducts a review of the time commitment of each director on an ongoing basis.

As a director's ability to commit time to the Group's affairs is essential for performance, the NC has guidelines to assess each director's ability to make such a commitment. The guidelines consider the number of other board and committee memberships a director holds, as well as size and complexity of the companies in which he or she is a board member. All directors are aware of their respective time commitments and have met the requirements under the guidelines. In addition, each director completed a self-assessment of his or her time commitments in 2014.

The Board believes that each director has to personally determine the demands of his or her competing directorships and obligations and assess how much time he or she has to serve on the Board effectively. Accordingly, the Board has not set the maximum number of listed company board representations a director may hold.

Board Executive Committee (Exco)
The Exco is chaired by Mr Peter Seah and comprises Ms Euleen Goh and Mr Piyush Gupta.

In accordance with the requirements of the Guidelines and Banking Regulations, a majority (two out of three members of the Exco including the Exco Chairperson) are independent directors.

KEY RESPONSIBILITIES OF THE EXCO

- Review and provide recommendations on matters that would require Board approval, including:
  - strategic matters such as country and business strategies
  - business plans, annual budget, capital structure and dividend policy
  - strategic investments or divestments
  - delegation of authority stipulated by the GAA
  - weak credit cases
- Approve certain matters specifically delegated by the Board such as non-strategic investments and divestments, credit transactions, investments, capital expenditure and expenses that exceed the limits that can be authorised by the CEO

Highlights of the Exco's activities are as follows:

KEY MATTERS REVIEWED BY EXCO IN 2014

The Exco assists the Board to enhance the business strategies and strengthen core competencies of the Group. The Exco meets frequently (11 meetings in 2014) and is able to offer greater responsiveness in the decision-making process of the Group.

In 2014, the Exco reviewed the potential impact on the Group's operations arising from changes in regional and global market conditions to ensure that the Group's strategy remains relevant and responsive to changes in business conditions. It also reviewed the acquisition of Societe Generale's private banking business in Asia, setting up of a new branch in Qingdao, proposed divestments and investments (such as the acquisition of Hutchinson's 50% stake in the Hutchinson-DBS credit card joint venture in Hong Kong), matters related to capital planning and expenditure as well as corporate actions. It also reviewed weak credit cases every quarter.

Audit Committee (AC)
The AC is chaired by Mr Danny Teoh and comprises Mr Nihal Kaviratne, Mr Peter Seah, Mrs Ow Foong Pheng and Mr Andre Sekulic.

Mr Teoh possesses an accounting qualification and was the managing partner of KPMG, Singapore. All members of the AC are non-executive directors, and have recent and relevant accounting or related financial management expertise or experience.

In accordance with the requirements of the Guidelines and Banking Regulations, a majority (four out of five members of the AC including the AC Chairperson) are independent directors.

KEY RESPONSIBILITIES OF THE AC

Financial reporting
- Monitor the financial reporting process and ensuring the integrity of the Group's consolidated financial statements
- Review the Group's consolidated financial statements prior to submission to the Board and in particular reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the consolidated financial statements of the Group and any announcements relating to the Group's financial performance
- Ensure that the consolidated financial statements of the Group are prepared in accordance with Singapore Financial Reporting Standards

Internal controls
- Review the adequacy and effectiveness of internal controls, such as financial, operational, compliance and information technology controls, as well as accounting policies and systems
- Review the policy and arrangements by which DBS staff and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters and to ensure that arrangements are also in place for such concerns to be raised and independently investigated and for appropriate follow-up action to be taken
- Approve changes to the Group Disclosure Policy

KEY RESPONSIBILITIES OF THE AC (continued)

Internal audit

- Review the adequacy and effectiveness of the Group's internal audit function (Group Audit) and processes, as well as ensuring that Group Audit is adequately resourced and set up to carry out its functions, including approving its budget
- Oversee Group Audit
- Review the Group Audit's plans, the scope and results of audits, and effectiveness of the Group Audit
- Approve the hiring, removal, resignation, evaluation and compensation of Head of Group Audit

External auditor

- Determine the criteria for selecting, monitoring and assessing the external auditor. Making recommendations to the Board on the proposals to shareholders on the appointment, re-appointment and removal of the external auditor of DBS and approving the remuneration and terms of engagement of the external auditor
- Review the scope and results of the external audits and the independence and objectivity of the external auditor, and ensuring that the external auditor promptly communicates to the AC any information regarding internal control weaknesses or deficiencies, and that significant findings and observations regarding weaknesses are promptly rectified
- Review the assistance given by management to the external auditor

Related party transactions

- Review all material related party transactions (including interested person transactions) and keeping the Board informed of such transactions, and the findings and conclusions from its review

Highlights of the AC's activities are as follows:

OVERSIGHT OF FINANCIAL REPORTING AND OTHER KEY MATTERS

The AC performed quarterly reviews of consolidated financial statements and made recommendations to the Board for approval. The CEO and CFO provided the AC and the external auditor with a letter of representation attesting to the integrity of the quarterly financial statements.

The AC reviewed the Group's audited consolidated financial statements with management and the external auditor. The AC is of the view that the Group's consolidated financial statements for 2014 are fairly presented in conformity with relevant Singapore Financial Reporting Standards in all material aspects.

The AC reviewed the annual audit plan and the legal and compliance plans, and approved any changes as necessary.

The AC performed quarterly reviews of reports from Group Audit, Group Legal and Compliance.

The AC reviewed the Group's progress on the implementation of the Fair Dealing Outcomes across the Group, in line with the principles issued by MAS.

The AC has the authority to investigate any matter within its terms of reference, and has full access to and cooperation by management.

OVERSIGHT OF GROUP AUDIT

The AC has direct oversight of Group Audit. Please refer to the section on 'Internal Controls' for details on Group Audit's key responsibilities and processes.

The AC assessed the effectiveness of Group Audit in compliance with Paragraph 12.4(c) of the Code. The 2014 annual assessment of Group Audit was facilitated by an independent assessor, KPMG Services Pte Ltd, Risk Consulting. The AC concluded that Group Audit continues to:

- be independent of the activities it audits
- perform to a very high standard
- adopt effective communication to stakeholders
- place high importance on staff, including maintaining adequate training programmes for all its internal auditors and continuously investing to enhance its benchstrength
- stay relevant and competent to keep up with changes in the Group's risk and regulatory environment

There is at least one scheduled private session annually for the Head of Group Audit to meet the AC. The chair of the AC meets the Head of Group Audit regularly to discuss its plan, current work, key findings and other significant matters.

REVIEWING INDEPENDENCE & OBJECTIVITY OF EXTERNAL AUDITOR

The AC makes recommendations to the Board for the appointment, re-appointment and dismissal of the external auditor including the remuneration and terms of engagement. Upon Board approval, the re-appointment of the external auditor is subject to shareholder approval at the AGM.

The AC has unfettered access to the external auditor. During the financial year, separate sessions were held for the AC to meet with the external auditor without the presence of management at each AC meeting to discuss matters that might have to be raised privately.

The Group has complied with Rule 712 and Rule 715 of the SGX Listing Rules in relation to its external auditor. The total fees due to the Group's external auditor, PricewaterhouseCoopers LLP (PwC), for the financial year ended 31 December 2014, and the breakdown of the fees for audit and non-audit services respectively are set out as follows:

Fees relating to PwC services for 2014	SGD million
For Audit and Audit-Related Services	7.2
For Non-Audit Services	2.0
Total	9.2

The AC reviewed the non-audit services provided by the external auditor during the financial year and the associated fees. The AC is satisfied that the independence and objectivity of the external auditor has not been impaired by the provision of those services. The external auditor has provided a confirmation of their independence to the AC. At the recommendation of the AC and as approved by the Board, the re-appointment of the external auditor is subject to the shareholders' approval at the 2015 AGM.

KEEPING UPDATED ON RELEVANT INFORMATION

The AC attended a training session on the updates to accounting requirements as well as related market developments and emerging trends.

In addition, AC members are regularly kept updated on changes to accounting standards and issues related to financial reporting through quarterly meetings with Group Audit, and via internal audit bulletins, among others.

Board Risk Management Committee (BRMC)

The BRMC is chaired by Ms Euleen Goh and comprises Dr Bart Broadman, Mr Ho Tian Yee, Mr Nihal Kaviratne, Mr Peter Seah and Mr Danny Teoh.

All BRMC members are appropriately qualified to discharge their responsibilities, and have the relevant technical financial expertise in risk disciplines or businesses.

All BRMC members (including the BRMC Chairperson) are independent directors. The number of independent directors exceeds the requirements of the Guidelines and Banking Regulations.

KEY RESPONSIBILITIES OF THE BRMC

- Establish risk appetite for various types of risk and exercise oversight on how this is operationalised into individual risk appetite limits
- Monitor risk exposures and profile against risk limits and risk strategy in accordance with approved risk appetite and/or guidelines
- Review the risk dashboard to keep track of major risk positions and risk developments
- Monitor the quarterly portfolio reviews of total exposures as well as large exposures and asset quality
- Discuss large risk events and subsequent remedial action plans
- Monitor market developments, such as macro-economic, credit, industry, country risk and stress tests related to these developments
- Approve the Group's overall and specific risk governance frameworks
- Have direct oversight of the Chief Risk Officer
- Review (in parallel with the AC) the adequacy and effectiveness of the Group's internal control framework
- Approve risk models which are used for capital computation and monitoring the performance of previously approved models
- Oversee an independent Group-wide risk management system and adequacy of resources to monitor risks
- Exercise oversight of the Internal Capital Adequacy Assessment Process (ICAAP) including approval of stress scenarios and commensurate results for capital, risk-weighted assets, profit and loss and liquidity
- Approve the Business Continuity Management attestation and Group-wide Recovery Plan

Highlights of the BRMC's activities are as follows:

REVIEWING THE RISK LANDSCAPE

The risk dashboard (introduced in 2011) informs DBS of all major risk positions and risk development. During discussions, the BRMC monitored the global economic environment and, in particular, paid close attention to developments which could have material consequences for the key Asian countries where DBS operates. The BRMC also provided guidance, where appropriate, to management. The BRMC considered vulnerabilities such as the political landscape, liquidity tightening, risk of rising interest rates and currency volatility as well as the outlook on commodity prices, all of which could impact DBS' strategy and portfolios in these countries. Through the course of 2014, the BRMC discussed the findings and the impact arising from scenario analyses and portfolio reviews conducted on specific sectors (e.g. real estate, shipping, commodities) and vulnerable customer segments. These are in addition to the review of various stress testing results required by the regulators and under ICAAP. The BRMC also approved and monitored the performance of various risk models. The BRMC received regular updates on risk appetite and economic capital utilisation. The BRMC was apprised of regulatory developments such as approaches for risk models, Basel III and papers from the Financial Stability Board (FSB).

Please refer to the section on 'Risk Management' in this Annual Report for more information on the BRMC's activities.

Compensation and Management Development Committee (CMDC)

The CMDC is chaired by Mr Peter Seah and comprises Dr Bart Broadman, Ms Euleen Goh and Mr Andre Sekulic.

The CMDC has direct access to senior management and works closely with the BRMC and the AC when performing its role. Dr Bart Broadman, Ms Euleen Goh and Mr Peter Seah are also members of the BRMC while Mr Peter Seah and Mr Andre Sekulic are members of the AC. As a result of their membership in other Board committees, the members of the CMDC are able to make strategic remuneration decisions in an informed and holistic manner.

All CMDC members (including the CMDC Chairperson) are independent directors. The number of independent directors exceeds the requirements of the Guidelines and Banking Regulations.

KEY RESPONSIBILITIES OF THE CMDC

- Oversee the governance of the Group's remuneration policy (including design, implementation and ongoing review) and the annual bonus pool (Board endorsement also required) in accordance with the corporate governance practices as stipulated under the Guidelines and the Banking Regulations
- Oversee the remuneration of senior executives, including reviewing and approving the remuneration of the executive director/CEO
- Oversee the Group's principles and framework of compensation to ensure alignment with prudent risk-taking principles (deferral mechanism is adequate as a risk management process) in order to build a sustainable business in the long term
- Ensure alignment between reward and the Group Talent Management initiatives with particular focus on attraction and retention of talent including current and future leaders of the Group

Highlights of the CMDC's activities are as follows:

GROUP REMUNERATION POLICY & ANNUAL VARIABLE PAY POOL

Please refer to the section on 'Remuneration Report' for details on remuneration of the CEO and on the DBS Group remuneration strategy.

The CMDC reviews and approves the Group's remuneration policy and the annual variable pay pool which are also endorsed at the Board level.

The CMDC provides oversight of the remuneration of the CEO, senior executives and control functions in line with the FSB's guidelines. The CMDC also reviews cases where total remuneration exceeds a pre-defined threshold, or where a deferral mechanism is implemented as a risk control process.

REMUNERATION OF NON-EXECUTIVE DIRECTORS

Please refer to Pages 61 to 62 of this Annual Report for details of remuneration of each non-executive director (including the Chairman) for 2014.

The CMDC reviews and recommends a framework to the Board for determining the remuneration of non-executive directors, including the Chairman.

The remuneration of non-executive directors, including the Chairman, has been benchmarked against global, regional and local financial institutions. Non-executive directors will receive 70% of their fees in cash and the remaining 30% in share awards. The share awards are not subject to a vesting period, but are subject to a selling moratorium whereby each non-executive director is required to hold the equivalent of one year's basic retainer fees for his or her tenure as a director and for one year after the date he or she steps down. The fair value of share grants to the non-executive directors shall be based on the volume-weighted average price of the ordinary shares of the Company over the 10 trading days immediately following the AGM. The actual number of ordinary shares to be awarded will be rounded down to the nearest share, and any residual balance will be paid in cash. Other than these share awards, the non-executive directors did not receive and are not entitled to receive any other share incentives pursuant to any of the Company's share plans during the financial year.

There is no change to the annual fee structure for the Board for 2014 from the fee structure in 2013. As per previous years, remuneration of non-executive directors does not include any variable component. The table below sets out the proposed annual fee structure for the non-executive directors for 2014. Shareholders are entitled to vote on the remuneration of non-executive directors at the 2015 AGM.

ANNUAL FEE STRUCTURE FOR 2014	SGD
BASIC ANNUAL RETAINER FEES	
Board	80,000
ADDITIONAL CHAIRMAN FEES FOR:	
Board	1,350,000
Audit Committee	75,000
Board Risk Management Committee	75,000
Compensation and Management Development Committee	65,000
Executive Committee	75,000
Nominating Committee	35,000
ADDITIONAL COMMITTEE MEMBER FEES FOR:	
Audit Committee	45,000
Board Risk Management Committee	45,000
Compensation and Management Development Committee	35,000
Executive Committee	45,000
Nominating Committee	20,000

In 2014 there was one employee of DBS Bank Ltd, Ms Lesley Teoh, who is an immediate family member (daughter) of a director, Mr Danny Teoh. Ms Lesley Teoh's remuneration for 2014 falls within the band of SGD 50,000 to 100,000. Mr Teoh is not involved in the determination of his family member's remuneration. Apart from Ms Lesley Teoh, none of the Group's employees was an immediate family member of a director in 2014.

INTERNAL CONTROLS

BOARD'S COMMENTARY ON ADEQUACY AND EFFECTIVENESS OF INTERNAL CONTROLS

The Board has received assurance from the CEO and CFO that, as at 31 December 2014:

(a) the Group's financial records have been properly maintained, and the financial statements give a true and fair view of the Group's operations and finances; and

(b) the Group's risk management and internal control systems were adequate and effective to address financial, operational, compliance and information technology risks which the Group considers relevant and material to its operations.

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, reviews performed by management and various Board committees and assurances received from the CEO and CFO, the Board, with the concurrence of the AC, is of the opinion that the Group's internal controls and risk management systems were adequate and effective as at 31 December 2014 to address financial, operational, compliance and information technology risks which the Group considers relevant and material to its operations.

The Board notes that the internal controls and risk management systems provide reasonable, but not absolute, assurance that the Group will not be affected by any event that could be reasonably foreseen as it strives to achieve its business objectives. In this regard, the Board also notes that no system can provide absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, fraud or other irregularities.

FRAMEWORK

The Group has an internal controls framework covering financial, operational, compliance and information technology controls, as well as risk management policies and systems. The Board, supported by the AC and BRMC, oversees the Group's system of internal controls and risk management. DBS' risk governance structure includes three lines of defence with clear roles and responsibilities. The business management, in partnership with support functions, is the first line of defence and is primarily responsible for identification, assessment and management of risk within approved risk appetite and policies. They are required to develop and maintain appropriate risk management controls including self-assurance processes. As the second line of defence, corporate oversight functions (such as Risk Management Group and Group Legal and Compliance) are responsible for establishment and maintenance of risk management frameworks as well as monitoring and reporting of key risk issues. Group Audit, as the third line of defence, provides assurance on the reliability, adequacy and effectiveness of the Group's system of internal controls, risk management procedures, governance framework and processes, and the quality of performance in carrying out assigned responsibilities.

ASSESSMENT

The Group has a risk management process that requires all units to perform a half-yearly Control Self Assessment (CSA) to assess the effectiveness of their internal controls. In addition, all units of the Group are required to submit quarterly attestations on their controls relating to the financial reporting process, and annual attestations on their compliance with the overall internal controls framework. Based on the CSA and the quarterly and annual attestations, the CEO and CFO provide an annual attestation to the AC relating to adequacy and effectiveness of the Group's risk management and internal control systems. Group Audit performs regular independent reviews to provide assurance on the adequacy and effectiveness of the Group's internal controls on risk management, control and governance processes. The overall adequacy and effectiveness of the Group's internal controls framework is reviewed by the AC and BRMC.

Risk management

Please refer to the section on 'Risk Management' in this Annual Report which sets out the overall risk governance and various risk management frameworks covering credit, market, liquidity, operational and reputational risks.

GROUP AUDIT

KEY RESPONSIBILITIES & PROCESSES

Group Audit is a function that is independent of the activities it audits. The objective, scope of authority and responsibilities of Group Audit are defined in the Group Audit charter, which is approved by the AC. Group Audit reports functionally to the Chairman of the AC and administratively to the CEO.

Group Audit's responsibilities include:

(i) Evaluating the reliability, adequacy and effectiveness of the Group's risk management and internal controls systems, including whether there is prompt and accurate recording of transactions and proper safeguarding of assets;

(ii) Providing an independent assessment of the Group's credit management processes, portfolio strategies and portfolio quality;
(iii) Reviewing whether the Group complies with laws and regulations and adheres to established policies; and
(iv) Reviewing whether management is taking appropriate steps to address control deficiencies.

Group Audit adopts a risk-based approach in its auditing activities. An annual audit plan is developed using a structured risk and control assessment framework, where Group Audit assesses the inherent risk and control effectiveness of each auditable entity in the Group. The assessment also covers risks arising from new lines of business or product. Audit projects are planned based on the results of the assessment, with priority given to auditing higher risk areas. Consideration is also given to conducting audit projects required by regulators. Appropriate resources are deployed to complete the plan, which is reviewed and approved by the AC.

Group Audit has unfettered access to the AC, the Board and management, as well as the right to seek information and explanation. Group Audit has an organisational and strategic alignment to the Group. The positioning of Group Audit is such that the Head of Group Audit has a seat in the Group Management Committee attending all the business reviews and strategic planning forums. In each of the five key locations outside Singapore, the country head of audit also sits in the country management team.

Group Audit staff are required to adhere to the Code of Conduct as well as the Code of Ethics established by the Institute of Internal Auditors (IIA), from which the principles of objectivity, competence, confidentiality and integrity are based.

Audit reports containing identified issues and corrective action plans are reported to the AC and senior management. The progress of the corrective action plans is monitored through a centralised issue management system. Information on outstanding issues is included in regular reports to the AC, the Chairman, senior management and business and support unit heads.

Group Audit apprises the regulators and external auditors of all relevant audit matters. It works closely with the external auditor to coordinate audit efforts.

QUALITY ASSURANCE & KEY DEVELOPMENTS

In line with leading practices, Group Audit has a quality assurance and improvement programme that covers all aspects of its audit activity and conforms to the International Standards for the Professional Practice of Internal Auditing. The programme includes periodic internal quality assurance reviews, self-assessments based on standards established by the IIA and internal audit methodologies, stakeholder surveys and industry benchmarking surveys. External quality assessments are also carried out at least once every five years by qualified professionals from an external organisation. The most recent assessment was conducted in 2013 by KPMG. KPMG was also the independent assessor for Group Audit's quarterly internal quality assurance review in 2014.

Group Audit achieved another significant milestone during its participation in the 2014 Securities Investors Association of Singapore (SIAS) Investors' Choice Awards, jointly organised by the SIAS, IIA Singapore and Singapore Management University. Group Audit emerged as the runner-up for the Internal Audit Excellence Award, and top among banks for the fourth year running. These achievements are significant for the Group as the SIAS Investors' Choice Awards is one of only few awards in the market that recognises public-listed companies for their exemplary corporate governance and transparency practices.

Group Audit continues to improve on its approach towards the internal audit function. One of its initiatives is the use of computer-assisted audit techniques as well as more complex data analytics, for greater efficiency and effectiveness, as well as to enhance productivity. Technology will continue to play a central role in driving innovation and process automation to improve the quality and efficiency in performing audits and managing internal department processes. As part of its Future of Audit initiative, Group Audit has embarked on a collaborative effort with A*Star-I2R (Agency for Science, Technology and Research - Institute for Infocomm Research) researchers to develop predictive models in anticipating emerging risks.

Significant incident protocol and Code of Conduct

The Group has a significant incident protocol that sets out processes and procedures for incidents according to the level of severity. In this way, appropriate levels of management are made aware of such incidents and can take action accordingly. There are also well-defined procedures for the escalation, investigation and follow up of any reported wrong-doing by a DBS employee, customer, vendor or third party.

The DBS Code of Conduct ("Code of Conduct"):

- sets out the principles and standards of behaviour that are expected of employees of the Group (including part-time and temporary employees) when dealing with customers, business associates, regulators and colleagues. The principles covered in the Code of Conduct include professional integrity, confidentiality, conflicts of interests, fair dealings with customers and whistle-blowing.

- defines the procedures for employees of the Group to report incidents and provides protection for those staff for these disclosures.

All employees of the Group are required to read and acknowledge the Code of Conduct on an annual basis. Members of the public may access the Code of Conduct on the Group's website, as well as write in via an electronic feedback form on the website.

The Code of Conduct encourages employees of the Group to report their concerns to the Group's dedicated, independent investigation team within Group Compliance which handles whistle-blowing cases according to a well defined protocol. Alternatively, in case of actual or potential conflict of interest or fear of retribution, employees of the Group may write in confidence to Human Resources, Group Audit, or even the CEO or Chairman. In addition, employees of the Group now have the option of using the 'DBS Speak Up' service.

DBS SPEAK UP

DBS Speak Up is a hotline service run by an independent external party that gives employees of the Group the opportunity to speak up on misconduct and/or wrong-doing by a DBS employee, customer, vendor or third party.

DBS Speak Up service includes:
- a dedicated hotline number, website, email address, fax number and postal address for reporting of suspected incidents of misconduct and wrongdoing
- specialist call centre operators with knowledge of individual organisations
- expert forensic investigators to analyse reports
- timely reporting of incidents to dedicated representatives within an organisation
- recommendations on corrective action

Related party transactions

The Group has embedded procedures to comply with all regulations governing related party transactions, including those in the Banking Act, MAS directives and the SGX Listing Rules. The Banking Act and MAS directives impose limits on credit exposures by the Group to certain related entities and persons, while the SGX Listing Rules cover interested person transactions in general.

All new directors are briefed on all relevant provisions that affect them. If necessary, existing credit facilities to related parties are adjusted prior to a director's appointment, and all credit facilities to related parties are continually monitored. Checks are conducted before the Group enters into credit or other transactions with related parties to ensure compliance with regulations.

As required under the SGX Listing Rules, the following are details of interested person transactions in 2014.

Name of Interested Person	Aggregate value of all Interested Person Transactions in 2014 (excluding transactions less than SGD 100,000)
Aetos Security Management Pte Ltd Group	1,531,488
CapitaLand Limited Group	332,400
Certis CISCO Security Pte Ltd Group	29,585,530
MediaCorp Pte Ltd Group	259,000
Sembcorp Industries Ltd Group	2,647,200
Singapore Airlines Limited Group	451,848
Singapore Telecommunications Limited Group	61,624,166
SMRT Corporation Ltd Group	3,885,646
StarHub Ltd Group	5,422,033
Temasek Management Services Pte Ltd Group	288,896
Total Interested Person Transactions (SGD)	**106,028,207**

Material contracts

Since the end of the previous financial year, no material contracts involving the interest of any director or controlling shareholder of the Group has been entered into by the Group or any of its subsidiary companies, and no such contract subsisted as at 31 December 2014, save as disclosed via SGXNET.

Dealings in securities

In conformance with the "black-out" policies prescribed under SGX Listing Rules, the Group's directors and employees are prohibited from trading in the Group's securities one month before the release of the full-year results and two weeks before the release of the first, second and third quarter results. In addition, business units and subsidiaries engaging in proprietary trading are restricted from trading in the Group's securities during the black-out period.

Prior to the commencement of each black-out period, Group Secretariat will send an email to all directors and employees to inform them of the duration of such period.

In addition, Group Management Committee members are only allowed to trade in the Group's securities within specific window periods (15 market days immediately following the expiry of each black-out period) subject to pre-clearance. With effect from February 2015, Group Management Committee members are also required to obtain pre-approval from the CEO before any sale of the Group's securities. Similarly, the CEO is required to seek pre-approval from the Chairman before any sale of the Group's securities. As part of our commitment to good governance and the principles of share ownership by senior management, the CEO is expected to build up and hold at least the equivalent of three times his annual base salary as shareholding over time.

Directors and officers are prohibited at all times from trading in the Group's securities if they are in possession of material non-public information. The Group has put in place a personal investment policy which prohibits employees with access to price-sensitive information in the course of their duties from trading in securities in which they possess such price-sensitive information. Such employees are also required to seek pre-clearance before making any personal trades in securities, and may only trade through the Group's stockbroking subsidiaries and bank channels for securities listed in Singapore and Hong Kong. The personal investment policy discourages employees from engaging in short-term speculative trading, and states that investment decisions should be geared towards long-term investment.

FOCUS ON OUR SHAREHOLDERS

Shareholder rights

The Group's robust corporate governance culture and awareness promote fair and equitable treatment of all shareholders. All shareholders enjoy specific rights under the Singapore Companies' Act and the Company's Articles of Association. All shareholders are treated fairly and equitably.

These rights include, among others, the right to participate in profit distributions and the right to attend and vote at general meetings. Ordinary shareholders are entitled to attend and vote at the AGM by person or proxy. A shareholder may appoint up to the maximum of two proxies, who need not be shareholders. Notwithstanding the two-proxy rule, investors who hold ordinary shares through CPF or custodian banks, but have not been appointed as proxies, are also allowed to attend the AGM as observers.

The Group respects the equal information rights of all shareholders and is committed to the practice of fair, transparent and timely disclosure. All price-sensitive information is publicly released prior to any sessions with individual investors or analysts.

Communication with shareholders

The Board provides shareholders with quarterly and annual financial reports. In presenting these statements, the Board aims to give shareholders a balanced assessment of the Group's financial performance and position. The Board also ensures timely and full disclosure of material corporate developments to shareholders.

The Group's investor relations activities promote regular, effective and fair communication with shareholders. Briefing sessions for the media and analysts are conducted when quarterly results are released. All press statements and quarterly financial statements are published on www.dbs.com and the SGX website. A dedicated investor relations team supports the CEO and the CFO in maintaining a close and active dialogue with institutional investors. The Group's website provides contact details for investors to submit their feedback and raise any questions.

During the year, management met with more than 350 investors at more than 230 investor meetings. The management participated in 12 local and foreign investor conferences and non-deal road shows. These meetings provide a forum for management to explain the Group's strategy and financial performance. Management also uses meetings with investors and analysts to solicit their perceptions of the Group.

The Group has a formal disclosure policy to ensure that all disclosures of material information are timely, complete and accurate. The policy also spells out how material information should be managed to prevent selective disclosure. In 2012, the Group Disclosure Committee (GDC) was formed to assist the CEO and CFO in implementing the Group's disclosure policy. The GDC comprises the CFO, members of the Group Executive Committee as well as various department heads. The GDC's objectives are to periodically review the Group's disclosure policy and update it as needed; ensure that all material disclosures are appropriate, complete and accurate; and ensure the avoidance of selective or inadvertent disclosure of material information.

At the IR Magazine Awards and Conference South East Asia 2014, the Group won the Grand prix for Best Overall Investor Relations (large cap), and was named the Best Investor Relations by a Singaporean company, and Best Investor Relations in the Financial (excluding Real Estate) Sector. The Group's efforts to improve disclosure were recognised at the 2014 SIAS Investors' Choice Awards, where it won the Most Transparent Company Award in the finance category for the third consecutive year.

Conduct of shareholder meetings

The AGM provides shareholders with the opportunity to share their views and to meet the Board, including the chairpersons of the Board committees and certain members of senior management. The Group's external auditor is available to answer shareholders' queries. At the AGM, the Group's financial performance for the preceding year is presented to shareholders.

At general meetings, the Chairman plays a pivotal role in fostering constructive dialogue between shareholders, Board members and management.

The Group encourages and values shareholder participation at its general meetings. To enhance shareholder participation, the Group puts all resolutions at general meetings to vote by electronic poll and announces the results by showing the number of votes cast for and against each resolution and the respective percentage.

In accordance with the recommendations contained in the Code and the Guidelines, resolutions requiring shareholder approval are tabled separately for adoption at the Company's general meetings unless they are closely related and are more appropriately tabled together.

REMUNERATION REPORT

At DBS, we believe that our long-term success depends in large measure on the contributions of our employees. Our remuneration framework is designed to be consistent with market best practices while supporting our aim of driving business strategy and creating long-term shareholder value. Remuneration policies and practices as set out in the following report are governed by a set of sound principles which are in compliance with various regulatory requirements.

1. Objectives of DBS Group Remuneration Strategy

DBS' remuneration policy, which is applicable to DBS Bank and all our subsidiaries and overseas offices, seeks to ensure that we are able to attract, motivate and retain employees to deliver long-term shareholder returns taking into consideration risk management principles and standards set out by the Financial Stability Board (FSB) and the Code. There has been no significant change made to our remuneration policy in 2014.

When formulating our remuneration strategy, consideration was given to align our remuneration approach with DBS PRIDE! values in order to drive desired behaviours and achieve the objectives set out in our balanced scorecard.

The three main thrusts of our remuneration strategy are designed to:

- **Pay for performance measured against the balanced scorecard**
  We instill and drive a pay-for-performance culture, ensuring a close linkage between total compensation and our annual and long-term business objectives as measured through the balanced scorecard. In addition, we also calibrate the mix of fixed and variable pay to drive sustainable performance and alignment to DBS PRIDE! values, taking into account both the "what" and "how" of achieving KPIs.

- **Provide market competitive pay**
  We provide a competitive total compensation package by benchmarking ourselves against other organisations of similar size and standing in the markets we operate in. To drive performance differentiation, total compensation for top performing employees is benchmarked against the upper quartile or higher in each market.

- **Guard against excessive risk taking**
  We focus on achieving risk-adjusted returns that are consistent with our prudent risk and capital management, as well as emphasis on long-term sustainable outcomes. Our payout structure is designed to align incentive payments with the long-term performance of the company through deferral and claw-back arrangements.

2. Summary of Current Total Compensation Elements

An employee's total compensation is made up of the following elements:

TOTAL COMPENSATION	Fixed Pay		Variable Pay		Variable Pay
	SALARY	+	BONUS	+	LONG-TERM INCENTIVE

The table below provides a breakdown of total compensation elements, their purpose and link to our compensation strategy, and the policy governing their execution.

ELEMENTS	WHAT	WHY & LINKAGES TO STRATEGY	HOW
FIXED PAY	**Salary**	• Attract and retain talent by ensuring our fixed pay is competitive vis-a-vis comparable institutions	• Set at an appropriate level taking into account market dynamics, skills, experience, responsibilities, competencies and performance of the employee • Paid in cash monthly • Typically reviewed annually

ELEMENTS	WHAT	WHY & LINKAGES TO STRATEGY	HOW
VARIABLE PAY	**Cash Bonus & Long-Term Incentive**	• Provide a portion of total compensation that is performance-linked • Focus employees on the achievement of objectives which are aligned to value creation for our shareholders and multiple stakeholders • Align to time horizon of risk	• Based on overall Group, business or support unit and individual performance • Measured against a balanced scorecard which is agreed to at the start of the year • Awards in excess of a certain threshold are subject to a tiered deferral rate that ranges from 20% to 60% • Deferred remuneration is paid in restricted shares and comprises two elements: the main award and the retention award (constituting 20% of the shares given in the main award and designed to retain talent and compensate staff for the time value of deferral) • Deferred awards vest over four years • Unvested deferred share awards are subject to clawback

3. Determination of Variable Pay Pool

The variable pay pool is derived from a combination of a bottoms-up and top-down approach. It is underpinned by our aim to drive a pay-for-performance culture which is aligned to our risk framework.

DETERMINING TOTAL VARIABLE POOL

A function of net profit before tax benchmarked against market and calibrated against the following prisms:
- Risk adjustment through review of Returns on Risk-Adjusted Capital (RoRAC)
- Distribution of earnings between employees and shareholders

Modulated by our performance against balanced scorecard
- Comprises financial and non-financial metrics encompassing employees, customers, shareholders, risks and compliance objectives
- Evaluated by CMDC and endorsed by the Board

ALLOCATING POOL TO BUSINESS UNITS

Pool allocation takes into account the relative performance of each unit
- Measured through each unit's balanced scorecard and evaluated by the CEO

Inputs from control functions such as Audit, Compliance and Risk are sought. Country heads are also consulted in the allocation process

DETERMINING INDIVIDUAL AWARD

Unit heads cascade their allocated pool to their teams and individuals
- Performance measurement through balanced scorecard

Individual variable pay determined based on individual performance
- Linked to achievement of quantitative as well as qualitative objectives as set out in individual's key performance indicators (KPIs)

Control functions (Risk, Finance, Legal, Compliance and Audit) are measured independently from the business units they support to prevent any conflicts of interests. The remuneration of the Chief Risk Officer (CRO) and Group Head of Audit are endorsed by the Chairman of BRMC and AC respectively and subsequently endorsed by the Board.

Sales employees are incentivised to promote the development of mutually beneficial long-term relationships with their customers, rather than a sole focus on short term gains. Non-financial metrics such as customer satisfaction and compliance with fair dealing principles are incorporated into their KPIs.

4. Long-term Share Incentives

PLAN OBJECTIVES

- Foster a culture that aligns employees' interests with shareholders
- Enable employees to share in the bank's performance
- Talent retention

AWARD TYPES

- Annual Deferred Remuneration
  - DBSH Share Plan ("Share Plan") for Vice President & above
  - DBSH Employee Share Plan ("ESP") for Assistant Vice President & below
- Awards as part of talent retention ("Special Award")

AWARD ELEMENTS

- Long-term share incentives are delivered in the form of restricted share awards ("Share Awards") which comprise two elements:

MAIN AWARD + RETENTION AWARD* = LONG-TERM INCENTIVE

** Constitutes 20% of Main Award under the Annual Deferred Remuneration*

VESTING SCHEDULE

Main Award
- 33% vest two years after grant date
- Another 33% vest three years after grant date
- Remaining 34% vest four years after grant date

Retention Award
- 100% vest four years after grant date

CLAWBACK OF UNVESTED AWARDS

Clawback will be triggered by
- Material violation of risk limits
- Material losses due to negligent risk-taking or inappropriate individual behaviour
- Material restatement of DBS' financials due to inaccurate performance measures
- Misconduct or fraud

Prior to 2009, a DBSH Share Option Plan (SOP) was also part of long-term share incentives. The SOP expired on 19 June 2009 and was not extended nor replaced. The termination does not affect the rights of the holders of outstanding options.

Details of the SOP and Share Plan appear on pages 186 to 187 of the Annual Report.

5. Summary of 2014 Remuneration Outcomes

SENIOR MANAGEMENT AND MATERIAL RISK TAKERS

The balance between fixed and variable elements of total compensation changes according to performance, rank and function. This is in line with the FSB principle of ensuring that employee incentives remain focused on prudent risk-taking and effective control, depending on the employee's role.

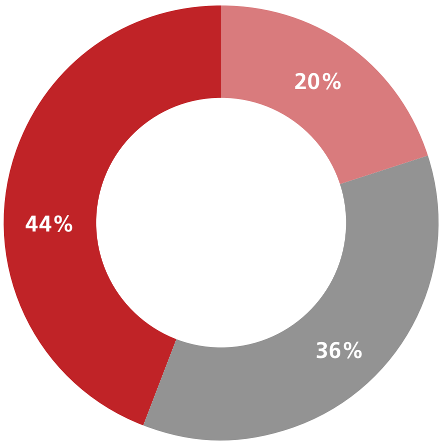
It is aimed at incentivising employees whose decisions can have a material impact on DBS to adopt appropriate risk behaviours. These employees include senior management, key personnel at business units and senior control staff. We define this group of staff based on their roles, quantum of their variable remuneration and the ratio of their variable to fixed pay.

We have retained McLagan as our external compensation consultant to provide benchmarking data and compensation consulting services. McLagan and its consultants are independent and not related to us or any of our directors.

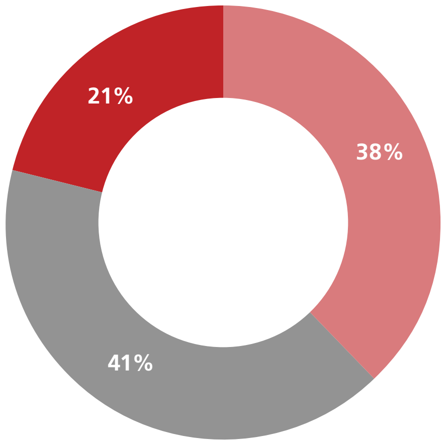
During the year, we recorded strong performance against the balanced scorecard. Notably, our earnings hit an all-time high despite external market headwinds, and have doubled in the past five years. We continued to entrench our leadership in Singapore, leverage the connectivity between China and Hong Kong, and build leading regional franchises in wealth management, SME and Global Transaction Services. We have also managed our portfolio risk prudently by aligning it to our risk appetite and strengthened the resiliency of our IT infrastructure and cybersecurity defences. Our overall performance against audit and compliance has therefore improved. We also continued to execute well to our longer-term strategic priorities.

The following charts show the mix of fixed and variable pay for senior management and material risk takers in respect of performance year 2014.

Senior Management



Material Risk Takers



Note:
- *We do not provide any other forms of fixed and variable remuneration aside from those disclosed in this section*

- Fixed Pay
- Variable Pay - Cash
- Variable Pay - Deferred Shares (including Retention Shares)

Senior Management (SM) is defined as the CEO and members of the Group Management Committee who have the authority and responsibility for the Group's overall direction and executing to strategy.

Material risk takers (MRTs) are defined as employees whose duties require them to take on material risk on our behalf in the course of their work. These can be either individual employees or a group of employees who may not pose a risk to DBS' financial soundness on an individual basis, but may present a material risk collectively.

Table 1: Guaranteed Bonuses, Sign-on Bonuses and Severance Payments

CATEGORY	SM	MRTs
Number of guaranteed bonuses	0	0
Number of sign-on bonuses	1	5
Number of severance payments	0	0
Total amounts of above payments made during the Financial Year (SGD '000)	2,435*	

** Due to data confidentiality, the total amount of payments for SM and MRTs have been aggregated for reporting*

Table 2: Breakdown of Long-term Remuneration Awards

CATEGORY	SM %	MRTs %
Change in deferred remuneration awarded in current financial year(1)	7 (7)(4)	12 (10)(4)
Change in amount of outstanding deferred remuneration from previous financial year(2)	33(3)(32)(4)	27(3)(27)(4)
Outstanding deferred remuneration (breakdown):		
Cash	0	0
Shares & share-linked instruments	100	100
Other forms of remuneration	0	0
Total	**100**	**100**
Outstanding deferred remuneration (performance adjustments):		
Of which exposed to ex-post adjustments	100	100
Reductions in current year due to ex-post adjustments (explicit)	–	–
Reductions in current year due to ex-post adjustments (implicit)(2)	–	–
Outstanding retained remuneration (performance adjustments):		
Of which exposed to ex-post adjustments	–	–
Reductions in current year due to ex-post adjustments (explicit)	–	–
Reductions in current year due-to ex-post adjustments (implicit)	–	–
Headcount	20	273

(1) Value of DBSH ordinary shares (including retention shares) granted in respect of performance year 2014 vs. value of DBSH ordinary shares (including retention shares) granted in respect of performance year 2013. Share price taken at date of grant
(2) [No. of unvested DBSH ordinary shares as at 31 Dec 14 x share price as at 31 Dec 14] / [No. of unvested DBSH ordinary shares as at 31 Dec 13 x share price as at 31 Dec 13]
(3) The increase is due to the difference in share price between 31 Dec 2013 and 31 Dec 2014 and the higher number of shares granted in 2014 relative to shares vested in 2014
(4) Figures in parentheses show the change in deferred remuneration awarded if the same population of staff that fulfils the definition of SM and MRTs for both performance year 2013 and 2014 is used

Examples of explicit ex-post adjustments include malus, clawbacks or similar reversal or downward revaluations of awards.

Examples of implicit ex-post adjustments include fluctuations in the value of DBSH ordinary shares or performance units.

Other Provisions
We do not allow accelerated payment of deferred remuneration except in cases such as death in service. There are no provisions for:
- special executive retirement plans;
- golden parachutes or special executive severance packages; and/or
- guaranteed bonuses beyond one year

CHIEF EXECUTIVE OFFICER

Our CEO (Mr Piyush Gupta) has led DBS since November 2009. During his tenure, the fundamental construct of the bank has changed, and DBS is operating on a higher plane. In particular, in spite of the challenging global macroeconomic conditions of the past few years, DBS has delivered 22 consecutive quarters of year-on-year earnings growth. Since 2009, full-year income has grown by around 50% to SGD 9.6 billion while net profit has doubled to SGD 4 billion.

All this has been made possible through focused execution against a clearly-defined strategic roadmap. In the past five years, DBS has entrenched our leadership in Singapore, re-positioned Hong Kong, diversified our earnings base, and built leading regional franchises in Wealth, Small and Medium Enterprise Banking, Transaction Banking and Treasury Customer business. The bank's solid performance is underpinned by strong financial discipline and risk management.

Recognising that new technologies are revolutionising the way people bank, the CEO has also championed a strong digital/ innovation agenda within the bank. This has put DBS at the forefront of shaping the future of banking. By leveraging technology, we are making banking easier for our customers. These efforts have been recognised externally.

In addition, not only is our brand going from strength to strength, DBS is also increasingly standing out for our improved customer satisfaction as well as engaged workforce.

On the back of these achievements, the CMDC with the Board's endorsement has decided on the remuneration for the CEO after considering the following:

- Paying for performance, taking into account our strong performance and assessing the quality of execution against the balanced scorecard
- Competitiveness of the CEO's compensation package, taking into account our sustained performance despite external market headwinds
- Commitment to creating long-term value for all of our stakeholders, while delivering risk-adjusted returns which contribute towards sustainable shareholder value creation

**BREAKDOWN OF REMUNERATION FOR PERFORMANCE YEAR 2014
(1 JANUARY – 31 DECEMBER)**

	Salary Remuneration SGD	Cash Bonus(1) SGD	Share Plan(3) SGD	Others(2) SGD	Total(4) SGD
Mr Piyush Gupta	1,200,000	3,791,000	5,074,000	55,545	10,120,545

(1) The amount has been accrued in 2014 financial statements
(2) Represents non-cash component and comprises club, car and driver
(3) At DBS, dividends on unvested shares do not accrue to employees. For better comparability with other listed companies, this figure excludes the estimated value of retention shares amounting to SGD 1,014,800 which is similar in nature to the accrued dividends for deferred awards in those companies
(4) Refers to current year performance remuneration – includes fixed pay in current year, cash bonus received in following year and DBSH ordinary shares granted in following year

OTHER KEY EXECUTIVES

Although the Code and the Guidelines recommend that at least the top five key executives' remuneration be disclosed within bands of SGD 250,000 and in aggregate, the Board believes that such disclosure would be disadvantageous to our business interests, given the highly competitive conditions in the banking industry where poaching of executives is commonplace. Nonetheless, the aggregated total remuneration for our Senior Management (excluding the CEO) in 2014 amounts to SGD 53 million.

SUMMARY OF DISCLOSURES

Express disclosure requirements in the Guidelines on Corporate Governance for Financial Holding Companies, Banks, Direct Insurers, Reinsurers and Captive Insurers which are incorporated in Singapore (which comprises the Code of Corporate Governance 2012), and the applicable disclosures pursuant to the Corporate Governance Disclosure Guide issued by the Singapore Exchange on 29 January 2015.

PRINCIPLE AND GUIDELINES	PAGE REFERENCE IN DBS ANNUAL REPORT 2014
Guideline 1.3 Delegation of authority, by the Board to any Board committee, to make decisions on certain Board matters	Page 63
Guideline 1.4 The number of meetings of the Board and Board committees held in the year, as well as the attendance of every Board member at these meetings	Pages 61 to 62
Guideline 1.5 The type of material transactions that require Board approval under guidelines	Page 60
Guideline 1.6 The induction, orientation and training provided to new and existing directors	Pages 66 to 67
Guideline 1.16 An assessment of how these programmes meet the requirements as set out by the NC to equip the Board and the respective Board committees with relevant knowledge and skills in order to perform their roles effectively	Pages 66 to 67
Guideline 2.1 Compliance with the guideline on proportion of independent directors on the Board	Page 66
Guideline 2.3 The Board should identify in the Company's Annual Report each director it considers to be independent. Where the Board considers a director to be independent in spite of the existence of a relationship as stated in the Code that would otherwise deem a director not to be independent, the nature of the director's relationship and the reasons for considering him as independent should be disclosed	Page 66
Guideline 2.4 Where the Board considers an independent director, who has served on the Board for more than nine years from the date of his first appointment, to be independent, the reasons for considering him as independent should be disclosed	Not Applicable
Guideline 2.6 (a) The Board's policy with regard to diversity in identifying director nominees (b) Whether current composition of the Board provides diversity on skills, experience, gender and knowledge of the Company, and elaborate with numerical data where appropriate (c) Steps that the Board has taken to achieve the balance and diversity necessary to maximise its effectiveness	Pages 59 and 65
Guideline 2.13 Names of the members of the EXCO and the key terms of reference of the EXCO, explaining its role and the authority delegated to it by the Board	Page 68
Guideline 3.1 Relationship between the Chairman and the CEO where they are immediate family members	Not Applicable

PRINCIPLE AND GUIDELINES	PAGE REFERENCE IN DBS ANNUAL REPORT 2014
Guideline 4.1 Names of the members of the NC and the key terms of reference of the NC, explaining its role and the authority delegated to it by the Board	Pages 64 to 67
Guideline 4.4 (a) The maximum number of listed company Board representations which directors may hold should be disclosed (b) Reasons for not determining maximum number of listed company Board representations (c) Specific considerations in deciding on the capacity of directors	Page 67
Guideline 4.6 Process for the selection, appointment and re-appointment of new directors to the Board, including the search and nomination process	Page 65
Guideline 4.7 Key information regarding directors, including which directors are executive, non-executive or considered by the NC to be independent	Pages 58, 61, 62 and 66
Guideline 4.13 Resignation or dismissal of key appointment holders	Not Applicable
Guideline 4.14 Deviation and explanation for the deviation from the internal guidelines on time commitment referred to in Guidelines 4.4 and 4.10	Page 67
Guideline 5.1 The Board should state in the Company's Annual Report how assessment of the Board, its Board committees and each director has been conducted. If an external facilitator has been used, the Board should disclose in the Company's Annual Report whether the external facilitator has any other connection with the Company or any of its directors. This assessment process should be disclosed in the Company's Annual Report	Pages 65 to 66
Guideline 6.1 Types of information which the Company provides to independent directors to enable them to understand its business, the business and financial environment as well as the risks faced by the Company, and how frequent is such information provided.	Pages 60, 61, 71 and 73
Guideline 7.1 Names of the members of the Remuneration Committee (RC) and the key terms of reference of the RC, explaining its role and the authority delegated to it by the Board	Pages 71 to 72
Guideline 7.3 Names and firms of the remuneration consultants (if any) should be disclosed in the annual remuneration report, including a statement on whether the remuneration consultants have any relationships with the Company	Page 80
Principle 9 Clear disclosure of remuneration policies, level and mix of remuneration, and procedure for setting remuneration	Pages 77 to 80
Guideline 9.1 Remuneration of directors, the CEO and at least the top five key management personnel (who are not also directors or the CEO) of the Company. The annual remuneration report should include the aggregate amount of any termination, retirement and post-employment benefits that may be granted to directors, the CEO and the top five key management personnel (who are not directors or the CEO)	**For the CEO and management:** Page 81 **For the Company's other directors:** Pages 61, 62 and 72

PRINCIPLE AND GUIDELINES	PAGE REFERENCE IN DBS ANNUAL REPORT 2014
Guideline 9.2 Fully disclose the remuneration of each individual director and the CEO on a named basis. There will be a breakdown (in percentage or dollar terms) of each director's and the CEO's remuneration earned through base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives	**For the CEO:** Page 82 **For the Company's other directors:** Pages 61, 62 and 72
Guideline 9.3 Name and disclose the remuneration of at least the top five key management personnel (who are not directors or the CEO) in bands of SGD 250,000. There will be a breakdown (in percentage or dollar terms) of each key management personnel's remuneration earned through base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives. In addition, the Company should disclose in aggregate the total remuneration paid to the top five key management personnel (who are not directors or the CEO). As best practice, companies are also encouraged to fully disclose the remuneration of the said top five key management personnel	Page 82
Guideline 9.4 Details of the remuneration of employees who are immediate family members of a director or the CEO, and whose remuneration exceeds SGD 50,000 during the year. This will be done on a named basis with clear indication of the employee's relationship with the relevant director or the CEO. Disclosure of remuneration should be in incremental bands of SGD 50,000	Page 72
Guideline 9.5 Details and important terms of employee share schemes	Pages 79, 186 and 187
Guideline 9.6 For greater transparency, companies should disclose more information on the link between remuneration paid to the executive directors and key management personnel, and performance. The annual remuneration report should set out a description of performance conditions to which entitlement to short-term and long-term incentive schemes are subject, an explanation on why such performance conditions were chosen, and a statement of whether such performance conditions are met	Pages 77 to 80 and 82
Guideline 11.3 The Board should comment on the adequacy and effectiveness of the internal controls, including financial, operational, compliance and information technology controls, and risk management systems. The commentary should include information needed by stakeholders to make an informed assessment of the Company's internal control and risk management systems. The Board should also comment on whether it has received assurance from the CEO and the CFO: (a) that the financial records have been properly maintained and the financial statements give true and fair view of the Company's operations and finances; and (b) regarding the effectiveness of the Company's risk management and internal control systems	Page 73
Guideline 11.14 Names of the members of the Board risk committee and the key terms of reference of the Board risk committee, explaining its role and the authority delegated to it by the Board	Pages 70 to 71
Guideline 12.1 Names of the members of the AC and the key terms of reference of the AC, explaining its role and the authority delegated to it by the Board	Pages 68 to 70

PRINCIPLE AND GUIDELINES	PAGE REFERENCE IN DBS ANNUAL REPORT 2014
Guideline 12.6 Aggregate amount of fees paid to the external auditor for that financial year, and breakdown of fees paid in total for audit and non-audit services respectively, or an appropriate negative statement	Page 70
Guideline 12.7 The existence of a whistle-blowing policy should be disclosed in the Company's Annual Report	Pages 74 to 75
Guideline 12.8 Summary of the AC's activities and measures taken to keep abreast of changes to accounting standards and issues which have a direct impact on financial statements	Page 70
Guideline 13.1 Whether the Company has an internal audit function	Pages 69, 73 and 74
Guideline 15.4 The steps the Board has taken to solicit and understand the views of the shareholders e.g. through analyst briefings, investor roadshows or Investors' Day briefings	Page 76
Guideline 15.5 Where dividends are not paid, companies should disclose their reasons	Not Applicable
Guideline 17.4 Material related party transactions	Page 75

Risk Management

In 2014, we have implemented most of the Enhanced Disclosure Task Force (EDTF) recommendations for improved bank risk disclosures[1]. For an overview of the recommendations and where we have incorporated the relevant disclosures, please refer to Appendix on page 115.

The table below gives an overview of the locations of our risk disclosures.

	RISK MANAGEMENT SECTION		OTHER LOCATIONS IN ANNUAL REPORT		PILLAR 3 QUANTITATIVE DISCLOSURES*
RISK OVERVIEW	**1** Risk Taking and our Business Segments **2** Risk Overview	89 89	Capital Management and Planning	118	**1** Introduction **2** Capital Adequacy **3** Exposures and Risk Weighted Assets (RWA)
RISK GOVERNANCE	**3.1** Risk and Control **3.2** Governance Structure	92 93	Corporate Governance Report	57	
RISK APPETITE	**4.1** Risk Constraining Thresholds and Use of Economic Capital **4.2** Stress Testing	94 95	Remuneration Report	77	
CREDIT RISK	**5.1** Credit Risk Management at DBS **5.2** Credit Risk Mitigants **5.3** Internal Credit Risk Models **5.4** Credit Risk in 2014	96 99 99 102	**Note 14** Financial Assets and Liabilities subject to Netting Agreement **Note 41.1** Maximum Exposure to Credit Risk **Note 41.2** Loans and Advances to Customers **Note 41.3** Credit Quality of Government Securities and Treasury Bills and Bank and Corporate Debt Securities **Note 41.4** Credit Risk by Geography and Industry	141 169 170 174 174	**4.1** Credit Risk assessed using Internal Ratings-Based Approach **4.2** Credit Risk assessed using Standardised Approach **4.3** Credit Risk Mitigation **4.4** Counterparty Credit Risk-related Exposures **5** Equity Exposures under IRBA **6** Securitisation Exposures **7.1** Credit Exposures **7.2** Major Credit Exposures by Geography and Industry **7.3** Loans and Advances to Customers (by performing/ non-performing) **7.4** Movements in Specific and General Allowances

** Please refer to www.dbs.com/investor/financial-performance/default. page for DBS' Pillar 3 Quantative Disclosures*

(1) See 'Enhancing the Risk Disclosure of Banks' published by the Financial Stability Board in October 2012

	RISK MANAGEMENT SECTION	OTHER LOCATIONS IN ANNUAL REPORT	PILLAR 3 QUANTITATIVE DISCLOSURES*
MARKET RISK	**6.1** Market Risk Management at DBS 105 **6.2** Market Risk in 2014 106		**7.6** Interest Rate Risk in the Banking Book **7.7** Equity Exposures in the Banking Book
LIQUIDITY RISK	**7.1** Liquidity Risk Management at DBS 108 **7.2** Liquidity Risk in 2014 110 **7.3** Liquid Assets 110 **7.4** Regulatory Requirements 111	**Note 42.1** Contractual Maturity Profile of Assets and Liabilities 175	**7.5** Total Assets by Residual Contractual Maturity
OPERATIONAL RISK	**8.1** Operational Risk Management at DBS 111 **8.2** Operational Risk in 2014 113		
REPUTATIONAL RISK	**9.1** Reputational Risk Management at DBS 114 **9.2** Reputational Risk in 2014 114		

** Please refer to www.dbs.com/investor/financial-performance/default.page for DBS' Pillar 3 Quantative Disclosures*

THE SECTIONS MARKED BY A GREY LINE IN THE LEFT MARGIN FORM PART OF THE GROUP'S AUDITED FINANCIAL STATEMENTS

1 RISK TAKING AND OUR BUSINESS SEGMENTS

We are focused on Asia and are committed to building lasting customer relationships as they expand across Asia. This naturally exposes us to a degree of concentration risk to the region. We manage our risks through diversification of industries and portfolios as well as concentration management of exposures. In addition, we focus on developing specialist knowledge of the regional markets and a deep understanding of our target segments within the consumer and institutional banking businesses; these target segments are further assessed using defined risk parameters.

We manage our risks along the dimensions of commercial banking versus investment banking; the former would largely arise from our consumer banking and institutional banking businesses and the latter from our treasury market making and warehousing activities. We allocate internal economic capital along these dimensions with a higher allocation to commercial banking given our profile as a commercial bank; we also maintain a buffer for other risks such as country risk, operational risk, reputational risk and model risk.

The chart below provides a high level overview of the risks arising from our business segments. The asset size gives an indication of the contribution of the business segments to the balance sheet, while the Risk Weighted Assets (RWA) reflects the relative size of the risks incurred in respect of each business segment.

Please refer to Note 44 to the Financial Statements on page 177 for more information on DBS' business segments.

	CONSUMER BANKING/WEALTH MANAGEMENT	INSTITUTIONAL BANKING	TREASURY	OTHERS[(a)]	TOTAL
SGD million					
Assets[(b)]	84,451	225,504	90,586	35,008	435,549
Risk Weighted Assets	31,995	151,059	62,207	18,925	264,186
% of RWA					
Credit Risk	87%	94%	36%	74%	78%
Market Risk	0%	0%	61%	22%	16%
Operational Risk	13%	6%	3%	4%	6%

(a) Encompasses assets/RWA from capital and balance sheet management, funding and liquidity activities, DBS Vickers Group and The Islamic Bank of Asia Limited
(b) Before goodwill and intangibles

2 RISK OVERVIEW

In executing our strategy, we are faced with economic, financial and other types of risk. These risks are interdependent and require a holistic approach to risk management. Very broadly, these risks can be aligned around the following risk categories.

BUSINESS AND STRATEGIC	CREDIT	MARKET	LIQUIDITY	OPERATIONAL	REPUTATIONAL
	Page 96	Page 105	Page 108	Page 111	Page 113

BUSINESS AND STRATEGIC RISK

is an over-arching risk that arises from changes in the business environment and from adverse decisions that can materially impact DBS' long term objectives. This risk is managed separately under other governance processes.

CREDIT RISK

is the risk of loss resulting from the failure of borrowers or counterparties to meet their debt or contractual obligations.

MARKET RISK

is the risk of loss arising from adverse changes in interest rates, foreign exchange rates, equity prices, credit spreads and commodity prices, as well as their correlations and implied volatilities.

LIQUIDITY RISK

is the risk arising from the inability of DBS to meet obligations when they become due.

OPERATIONAL RISK

is the risk of loss resulting from inadequate or failed internal processes, people or systems, or from external events, including legal risk, but does not include strategic or reputational risk.

REPUTATIONAL RISK

is the current or prospective risk to our shareholder value (including earnings and capital) arising from adverse perception of DBS' image on the part of its stakeholders. It affects DBS' ability to establish new relationships or services, or continue servicing existing relationships, and have continued access to sources of funding. Reputational risk is typically an outcome of failure to manage the other risk types.

Top and Emerging Risks

As part of our risk management process, we proactively identify and monitor top and emerging risks which, if they materialise, may have a material impact on our business activities, financial results and reputation and affect our ability to deliver against our strategic priorities. Our identification process starts with a discussion among senior management about our key areas of focus and the risk outlook for the banking industry. It is also supplemented by discussions with the board and management risk committees. Periodic updates on action plans are provided to the relevant risk committees.

In 2014, we paid particular attention to the following top and emerging risks. These risks remain our key concerns in the coming year.

CREDIT RISK

Credit risk remains our most material risk and incurs the highest usage of capital; it is largely determined by the global macro-economic environment and the economic situation of the countries we operate in, as well as concentration risks we may run. We continue to monitor these situations actively and assess whether our positions continue to be in line with our risk appetite. Our portfolio concentration strategies are pro-actively managed and modified to mitigate potential portfolio threats.

The Indian economy marked a second straight year of slow growth. This, coupled with a business environment characterised by high debt levels and constrained liquidity, led to higher defaults and delinquencies in the India portfolio. We conducted stress tests and portfolio reviews and tightened our Target Market and

Risk Acceptance Criteria (TMRAC)(2) as well as strengthened our early warning monitoring. With a new majority government in place since the second half of 2014, declining inflation and reduced oil and commodity prices, we expect the Indian economy to show improvement in the near future.

The economic slowdown seen in China during the year was one of our key concerns. We considered the impact arising from our exposures to the local banks and the property sector in China. Our exposure is largely to the systemically important Chinese banks and we deal mainly in short-dated and trade-related transactions. In the Chinese property sector, we lend primarily to top local and international names. While we will continue to monitor the developments in China closely, we remain comfortable with our exposures.

After several rounds of cooling measures, the residential housing market in Singapore remained subdued, resulting in declining property price trends on reduced transaction volumes. We have stress tested our real estate portfolio rigorously and concluded that the portfolio is resilient. Notwithstanding the positive outcome, we will continue to monitor the portfolio proactively for signs of weaknesses and exercise prudence in client selection and the underwriting of new loans.

Commodity prices have been under pressure since 2014. We have conducted several scenario analyses across the commodity spectrum. We continue to enhance our due diligence and processes in this sector, as well as and pay close attention to structuring and collateralising individual trades.

COUNTRY RISK

DBS' strategy is to be a regional bank in Asia. Consequently, we have large concentrations in a limited number of countries and the risks in those countries can also be correlated. Instability in and across our target markets, such as political and economic developments in China, India and Indonesia, may give rise to country risk events. This risk is mitigated by setting limits for the maximum transfer and convertibility risk ("transfer risk") exposure to each country. In addition, the potential loss is monitored on the basis of how the exposure is divided among short term and long term, trade and non-trade. It also takes into account wrong-way risk and offshore funding of local currency assets. Based on the outlook for macroeconomic and country transfer risk, the limits and exposures will be adjusted to stay within DBS' Risk Appetite.

REGULATORY TRENDS

The global regulatory landscape continues to evolve, particularly in capital and liquidity management, posing risks and challenges to us as well as banks in our peer group. We continue to track international and domestic developments to ensure that we remain on top of trends and changes impacting our businesses. New requirements are promptly analysed and disseminated to the respective action parties and, where applicable, embedded into DBS' processes and systems.

We also recognise the importance of proactive engagement with regulators and we continue to contribute actively to industry and regulatory forums. Towards this end, we strive to build and maintain positive relationships with regulators that have oversight responsibilities in the locations where we operate.

One international trend which we continue to observe is a growing emphasis on financial markets conduct, a subject on which various regulators have published in 2014. We anticipate that international consensus will evolve in 2015 particularly in the area of conduct of business in the foreign exchange markets. As a participant in these markets, we will always seek to align with best practices as consensus develops.

For a bank with operations in multiple countries, risks from cross-border transactions are expected to increase as global regulatory reforms spur local policy and economic agenda. These risks are diverse and range from local licensing rules, to highly complex interaction between local laws in originating and booking centres. In 2015, we expect to focus a degree of effort to enhance our approach to cross-border transactions to ensure that we are in line with regulatory requirements notwithstanding the potential complexities involved.

Further, we have put in place a set of governance and operational standards in our overseas locations. We recognise the importance of maintaining consistency in the adoption and rollout of policies at overseas locations and will continue to maintain oversight in this area.

CYBER SECURITY

The increasing threat of cyber attacks on financial institutions continues to be one of our top risk concerns. Cyber criminals, hacktivists, insiders and nation state sponsored adversaries are among those that may target financial computer systems. To monitor these evolving threats, we have in place a robust cyber security framework. We are continuously enhancing our security controls and surveillance to protect our assets and operations.

(2) We use Target Market (TM) to define industry/or geographical target markets and identify acceptable business/industry segments. Risk Acceptance Criteria (RAC) is used as a client screening tool to guide credit extension and how much risk is acceptable or tolerable.

FINANCIAL CRIME
Financial crime risk is a focus area for many peer banks. This has been a trend for a number of years, with heightened penalties imposed by regulators for issues in sanctions and money laundering. Fraud and bribery/corruption are also issues that occupy significant amounts of space on a financial crime risk mitigation agenda. 2014 also saw focus being given to trade finance, and wealth management (particularly around tax evasion risk). We expect this trend, and the evolution of financial crime risk (together with the regulatory response), to continue.

Our financial crime risk mitigation controls include, without limitation, know-your-client policies, personnel advising on anti-money laundering/sanctions and anti-bribery/corruption policies, training, transaction screening and periodic testing. We have made several enhancements in our policies, systems and operations to address the way in which the risk is evolving, and have allocated additional resources for further work in 2015. We also conducted a specific review of tax evasion risk. These are closely aligned to regulatory developments and will ensure that we continue to benchmark well against international standards.

3 RISK GOVERNANCE

3.1 Risk and Control

DBS has three lines of defence when it comes to risk taking where each line of defence has a clear responsibility.

BOARD
CEO
SENIOR MANAGEMENT

Provides oversight of the 3 Lines of Defence

	FIRST LINE OF DEFENCE	SECOND LINE OF DEFENCE	THIRD LINE OF DEFENCE
RESPONSIBILITY	Strategy, Performance and Risk Management	Policy and Monitoring	Independent Assurance
FUNCTION	Business Units, Countries	Corporate Oversight Functions	Group Audit
KEY ACTIVITIES	Identification and Management of Risk in the Businesses	Framework, Risk Oversight and Reporting	Independent Challenge and Review of Adequacy and Effectiveness of Processes and Controls

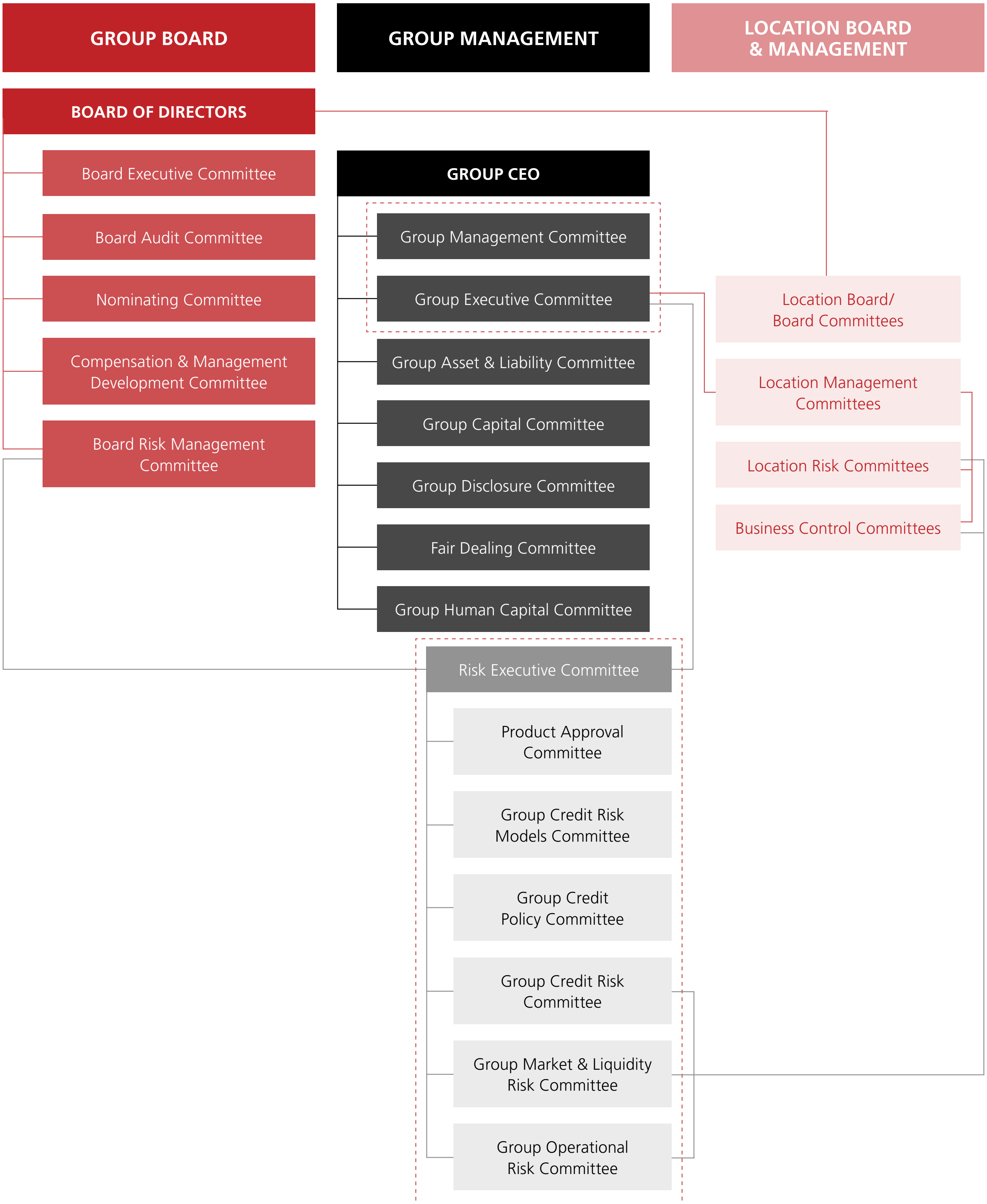
Working closely with the support units, our business units are our first line of defence with a clear responsibility for risk. This includes identification of risks and the reporting of any changes in the risk profile of the clients or positions.

As a second line of defence, corporate oversight functions such as Risk Management Group (RMG) and Group Compliance, are responsible for developing, overseeing and reporting on risk frameworks. In addition, RMG is responsible for identifying individual and portfolio risk; approving transactions and trades and ensuring that they are within approved limits; and monitoring and reporting on the portfolio, taking into account current and future potential developments through stress testing.

Finally, Group Audit forms the third line of defence, in providing an independent assessment and assurance to the Audit Committee on the robustness, adequacy and effectiveness of our internal controls related to processes, risk and control governance.

3.2 Governance Structure

Under DBS' risk management frameworks, the Board of Directors, through the Board Risk Management Committee (BRMC), sets risk appetite, oversees the establishment of robust enterprise-wide risk management policies and processes, and sets risk limits to guide risk-taking within DBS.



Note: The lines reflect possible escalation protocol and are not reporting lines per se

The BRMC sets out the overall approaches for identification, monitoring, management and reporting of credit, market, liquidity, operational and reputational risks. To facilitate the BRMC's risk oversight, risk management committees have been established as follows:

RISK MANAGEMENT COMMITTEES	
Risk Executive Committee (Risk ExCo)	The Risk ExCo provides comprehensive group-wide oversight and direction relating to the management of all risk types and is the overall executive body mandated by the BRMC on risk matters.
Product Approval Committee (PAC)*	The PAC provides comprehensive group-wide oversight and direction relating to new product approvals – an important risk mitigation element within DBS.
Group Credit Risk Models Committee (GCRMC)* Group Credit Policy Committee (GCPC)* Group Credit Risk Committee (GCRC) Group Market and Liquidity Risk Committee (GMLRC) Group Operational Risk Committee (GORC)	Each of these committees reporting to the Risk ExCo are broadly mandated – within the specific risk areas – to serve as an executive forum for discussion and decisions on all aspects of risk and its management. Key responsibilities: • Assess risk taking • Maintain oversight on effectiveness of DBS' risk management infrastructure, including frameworks, decision criteria, authorities, policies, people, processes, information, systems and methodologies • Approve risk model governance standards, stress testing scenarios, risk models and assess performance of the risk models • Assess the risk-return trade-offs across DBS • Identify specific concentrations of risk The members in these committees comprise representatives from RMG as well as key business and support units.

The above committees (excluding those marked with an asterisk) are supported by local risk committees in all major locations. The local risk committees provide oversight of local risk positions across all businesses and support units and ensure compliance with limits set by the group risk committees. They also approve location-specific risk policies and ensure compliance with local regulatory risk limits and requirements.

The Chief Risk Officer (CRO) has been appointed to oversee the risk management function. The CRO is a member of the Group Executive Committee and reports to the Chairman of the BRMC and the CEO. The CRO is independent of business lines and is actively involved in key decision making processes.

The CRO also engages the regulator(s) on a regular basis to discuss risk matters.

Working closely with the established risk and business committees, the CRO is responsible for the following:

- Management of the risks in DBS; including developing and maintaining systems and processes to identify, approve, measure, monitor, control and report risks
- Engagement of senior management on material matters relating to the various types of risks and development of risk controls and mitigation processes
- Ensuring the effectiveness of risk management and adherence to the Risk Appetite established by the Board

4 RISK APPETITE

The pursuit of our strategic priorities and business opportunities inherently carries risk. The Board has established an overall Risk Appetite, which is supervised by the BRMC. Our risk strategy is to link our Risk Appetite with DBS' strategic and operational objectives.

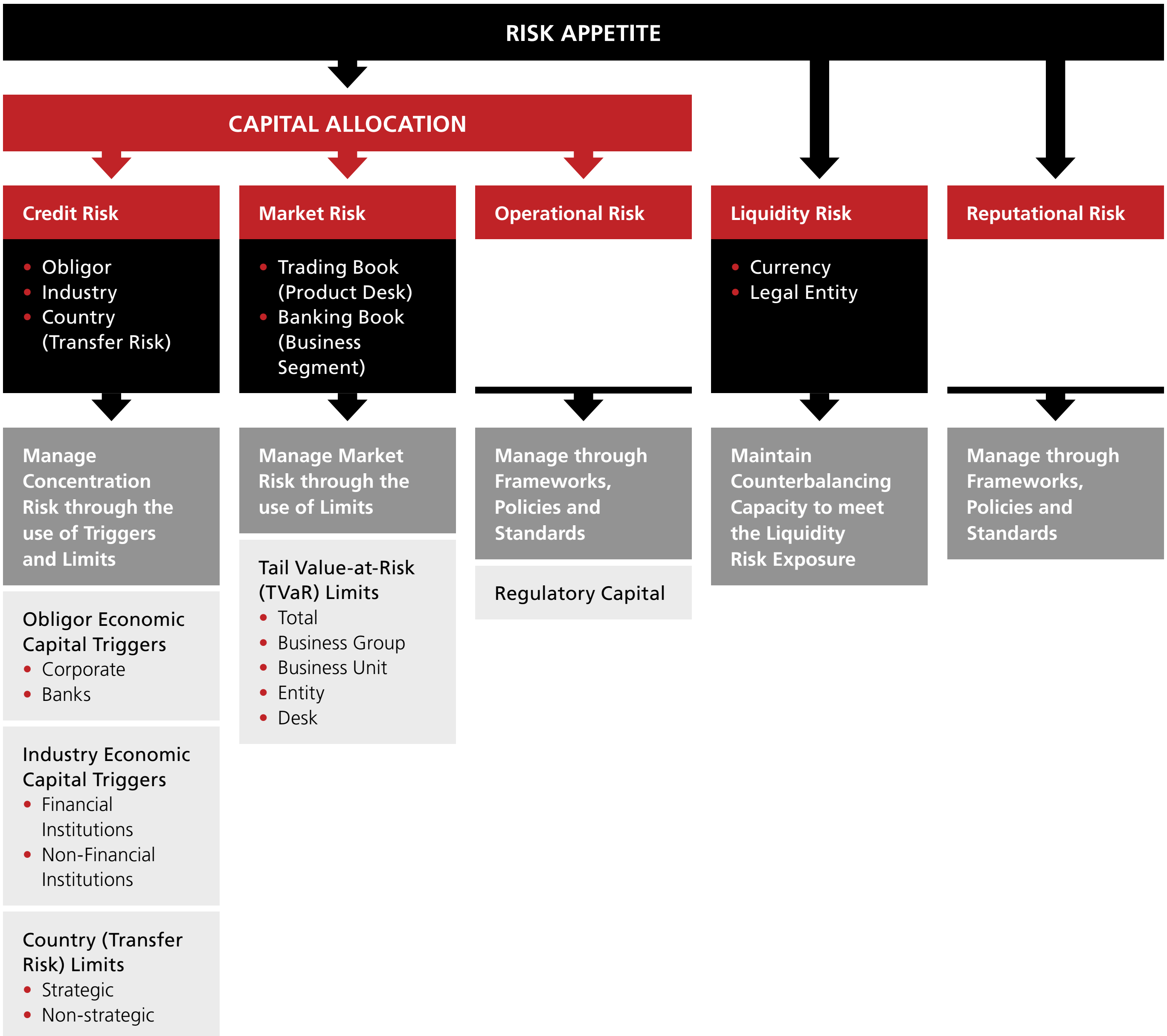
The embedding of Risk Appetite in DBS starts with a formally defined Risk Appetite Statement set by the Board. We have established the Risk Appetite Framework which covers the governance processes to ensure adherence to the Risk Appetite Statement. The Framework also serves to reinforce our risk culture through 'tone from the top' articulation of the risks that we are willing to accept. A strong organisational risk culture, including an appropriate incentive framework (please refer to Remuneration Report section on page 77), helps to further embed Risk Appetite at DBS.

4.1 Risk Constraining Thresholds and Use of Economic Capital

Our Risk Appetite considers the various risk types and is operationalised via thresholds, policies, processes and controls. The inclusion of threshold structures into the risk frameworks is integral in driving Risk Appetite into our businesses. Effective thresholds are essential in managing aggregate risks within acceptable levels. Portfolio risk limits for the quantifiable risk types are cascaded from Risk Appetite through a top-down approach and operationalised through formal frameworks. Other significant risk aspects are guided by qualitative expression of principles.

In order to ensure that the thresholds emanating from the Risk Appetite are fully risk sensitive to individual risk drivers as well as portfolio effects, we have adopted Economic Capital (EC) as our primary risk metric. EC is also deployed as a core component in our Internal Capital Adequacy Assessment Process (ICAAP).

The following chart provides a broad overview of how we cascade Risk Appetite. Please refer to Sections 5 to 9 for more information on each risk type.



4.2 Stress Testing

Stress testing is an integral part of DBS' risk management process. It alerts senior management to our potential vulnerability to exceptional but plausible adverse events. It enables us to assess capital adequacy, identify potential risky portfolio segments, inherent systematic risks and provides an opportunity to define mitigating actions before the onset of an adverse event.

Appropriate stress testing is conducted at least annually or at suitable intervals given the reading of micro and macro economic conditions. All stress tests are documented, including contingency plans, exit strategies and mitigating actions appropriate to different scenarios.

To ensure that our overall risk and rewards are aligned with our Risk Appetite, we integrate ICAAP into our Risk Appetite setting. Through ICAAP, the capital planning process takes into account the demand for capital under a range of stress scenarios and compares them against the available supply of capital. Capital demand is, in turn, a function of growth plans and the target credit rating specified in the Risk Appetite Statement. Based on the assessment of capital needs, the corresponding risk capital for credit risk and market risk are defined.

5 CREDIT RISK

Credit risk arises from our daily activities in various areas of business – lending to retail, corporate and institutional customers; trading activities such as foreign exchange, derivatives and debt securities; and settlement of transactions. Credit risk is one of the most significant measurable risks faced by DBS.

Lending exposures are typically represented by the notional value or principal amount of on-balance sheet financial instruments. Financial guarantees and standby letters of credit, which represent undertakings that DBS will make payments in the event that a customer cannot meet its obligations to third parties, carry the same credit risk as loans even though they are contingent in nature. Pre-settlement Credit Exposures (PCE) for trading and securities transactions are measured taking into account collateral and netting arrangements. Settlement risk is the risk of loss due to the counterparty's failure to perform its obligation after DBS has performed its obligation under an exchange of cash or securities.

Please refer to Note 41.1 to the Financial Statements on page 169 for details on DBS' maximum exposure to credit risk.

5.1 Credit Risk Management at DBS

DBS' framework for credit risk management comprises the following building blocks:

POLICIES	RISK METHODOLOGIES	PROCESSES, SYSTEMS AND REPORTS

POLICIES

As established in the Group Credit Risk Management Framework, the dimensions of credit risk and the scope of its application are defined. Senior management sets the overall direction and policy for managing credit risk at the enterprise level. The Group Core Credit Risk Policy (CCRP) sets forth the principles by which DBS conducts its credit risk management and control activities. This policy, supplemented by a number of operational policies, ensures consistency in credit risk underwriting across DBS and provides guidance in the formulation of business-specific and/or location-specific credit risk policies. These latter policies are established to provide greater details on the implementation of the credit principles within the Group CCRP and are adapted to reflect different credit environments and portfolio risk profiles. The Group CCRP is considered and approved by the Risk ExCo based on recommendations from the GCPC.

RISK METHODOLOGIES

Managing credit risk is performed through our deep understanding of our customers, the businesses they are in and the economies in which they operate. This is facilitated through the use of credit ratings and lending limits. DBS uses an array of rating models in both the corporate and retail portfolios. Most are built internally using DBS' own loss data. Limits and "rules for the business" are driven from DBS' Risk Appetite Statement and TMRAC respectively. Significant deals are also reviewed and approved by the Group Credit Committee which is chaired by the Deputy CRO and comprises representatives from RMG and Institutional Banking Group.

Retail exposures are typically managed on a portfolio basis and assessed based on credit scoring models, credit bureau records, internal and available external customers' behaviour records and supplemented by Risk Acceptance Criteria.

Wholesale exposures are assessed using approved credit models, reviewed and analysed by experienced credit risk managers taking into consideration the relevant credit risk factors. For portfolios within the SME segment, DBS also uses a programme-based approach for a balanced management of risks and rewards. Credit extensions are proposed by the business unit and are approved by the credit risk function based on independent credit assessment, while also taking into account the business strategies determined by senior management.

Please refer to Section 5.3 on page 99 for further discussion on our internal credit risk models.

Derivatives pre-settlement credit risk arising from a counterparty's default is quantified by its current mark-to-market plus an appropriate add-on factor for potential future exposure. This methodology is used to calculate DBS' regulatory capital under the Current Exposure Method (CEM) and is included under DBS' overall credit limits to counterparties for internal risk management.

Issuer default risk that may arise from derivatives and securities are generally measured based on jump-to-default computations.

DBS actively monitors and manages its exposure to counterparties in over-the-counter (OTC) derivative trades to protect its balance sheet in the event of a counterparty default. Counterparty risk exposures which may be materially and adversely affected by market risk events are identified, reviewed and acted upon by management and highlighted to the appropriate risk committees. Specific wrong-way risk arises when the exposure to a particular counterparty is positively correlated with the probability of default of the counterparty due to the nature of transactions with the counterparty. DBS has a policy to guide the handling of specific wrong-way risk transactions and its risk measurement metric takes into account the higher risks associated with such transactions.

Concentration Risk Management

DBS' risk management processes aim to ensure that an acceptable level of risk diversification is maintained across DBS in line with the Risk Appetite. For credit risk, we use EC as the measurement tool, since it combines the individual risk factors of Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD) as well as portfolio concentration factors. We set granular EC thresholds to ensure that the allocated EC stays within the Risk Appetite. These thresholds are regularly monitored in respect of major industry groups and single counterparty exposures. In addition, we set notional limits for country exposures. Governance processes exist to ensure that exposures are regularly monitored against these thresholds and appropriate actions are taken if thresholds are breached. We continually monitor and assess the need to enhance the scope of thresholds.

Country Risk

Country risk is the risk of loss which is specifically attributed to events in a specific country (or a group of countries). It includes political, exchange rate, economic, sovereign and transfer risks. In DBS, Country risk is managed as part of concentration risk management under the Risk Appetite Framework.

Transfer risk is the risk that capital and foreign exchange controls may be imposed by government authorities that would prevent or materially impede the conversion of local currency into foreign currency and/or transfer funds to non-residents. A transfer risk event could therefore lead to a default of an otherwise solvent borrower.

The principles and approach in the management of transfer risk are set out in DBS' Country Risk Management Framework. The framework includes an internal transfer risk and sovereign risk rating system where the assessments are made independent of business decisions. Transfer risk limits are set in accordance to DBS' Risk Appetite Framework. Limits for non-strategic countries are set using a model-based approach. Limits for strategic countries are set based on country-specific strategic business considerations and acceptable potential loss versus the Risk Appetite. There are active discussions among the senior management and credit management in right-sizing transfer risk exposures to take into account not only risks and rewards, but also whether such exposures are in line with our strategic intent. All country limits are subject to approval by the BRMC.

Stress Testing

We perform various types of credit stress tests which are directed by the regulators or driven by internal requirements and management. Credit stress tests are performed at a portfolio or sub-portfolio level and are generally meant to assess the impact of changing economic conditions on asset quality, earnings performance, capital adequacy and liquidity.

A credit stress test working group is responsible for developing and maintaining a robust stress testing programme to include the execution of the stress testing process and effective analysis of programme results. Stress test results are reported and discussed in the GCRC, the Risk ExCo and the BRMC.

The stress testing programme is comprehensive in nature spanning all major functions and areas of business. It brings together an expert view of the macro-economics, market, and portfolio information with the specific purpose of driving model and expert oriented stress testing results.

DBS generally performs the following types of credit stress testing at a minimum and others as necessary:

PILLAR 1 CREDIT STRESS TESTING	DBS conducts Pillar 1 credit stress testing regularly as required by regulators. Under Pillar 1 credit stress testing, DBS assesses the impact of a mild stress scenario (at least two consecutive quarters of zero GDP growth) on Internal Ratings-Based (IRB) estimates (i.e. Probability of Default, Loss Given Default and Exposure at Default) and the impact on regulatory capital. The purpose of the Pillar 1 credit stress test is to assess the robustness of internal credit risk models and the cushion above minimum regulatory capital.
PILLAR 2 CREDIT STRESS TESTING	DBS conducts Pillar 2 credit stress testing once a year as part of the ICAAP. Under Pillar 2 credit stress testing, DBS assesses the impact of stress scenarios, with different levels of severity, on asset quality, earnings performance, internal and regulatory capital. The results of the credit stress tests form an input to the capital planning process under ICAAP. The purpose of the Pillar 2 credit stress testing is to examine, in a rigorous and forward-looking manner, the possible events or changes in market conditions that could adversely impact DBS.
INDUSTRY-WIDE STRESS TESTING	DBS participates in the industry-wide stress test (IWST) undertaken annually. This is a supervisory driven stress test conducted as part of the supervisory process and ongoing assessment of financial stability by the regulator. Under the IWST, DBS is to assess the impact of adverse scenarios, provided by the regulator, on asset quality, earnings performance, and capital adequacy.
SCENARIO ANALYSIS	DBS also conducts multiple independent credit stress tests and sensitivity analyses on its portfolio or a sub-portfolio to evaluate the impact of the economic environment or specific risk factors. The purpose of these tests and analyses is to identify vulnerabilities for the purpose of developing and executing mitigating actions.

PROCESSES, SYSTEMS AND REPORTS

DBS continues to invest in systems to support risk monitoring and reporting for both the wholesale and consumer businesses. The end-to-end credit process is constantly subject to review and improvement through various front-to-back initiatives involving the business units, RMG, Operations and other key stakeholders.

Day-to-day monitoring of credit exposures, portfolio performance and the external environment that may have an impact on credit risk profiles is key to DBS' philosophy of effective credit risk management. Risk reporting on credit trends, which may include industry analysis, early warning alerts and key weak credits, is provided to the various credit committees, and key strategies and action plans are formulated and tracked.

Credit control functions ensure that credit risks taken comply with Group-wide credit policies and guidelines. These functions ensure proper activation of approved limits and appropriate endorsement of excesses and policy exceptions, and monitor compliance with credit standards and credit covenants established by management and regulators.

An independent credit risk review team conducts regular reviews of credit exposures and judgemental credit risk management processes. It also conducts independent validation of internal credit risk rating processes on an annual basis. These reviews provide senior management with objective and timely assessments of the effectiveness of credit risk management practices and ensure Group-wide policies, internal rating models and guidelines are being adopted consistently across different business units including relevant subsidiaries.

Non-Performing Assets

DBS classifies its credit facilities as 'Performing Assets' or 'Non-Performing Assets' (NPA) in accordance with the Monetary Authority of Singapore' (MAS) Notice to Banks No. 612 "Credit Files, Grading and Provisioning" (MAS Notice 612). These guidelines require DBS to categorise its credit portfolios according to its assessment of a borrower's ability to repay a credit facility from the borrower's normal sources of income. There are five categories of assets as follows:

CLASSIFICATION GRADE	DESCRIPTION
Performing Assets	
Pass	Indicates that the timely repayment of the outstanding credit facilities is not in doubt.
Special mention	Indicates that the credit facilities exhibit potential weaknesses that, if not corrected in a timely manner, may adversely affect future repayments and warrant close attention by DBS.
Classified or NPA	
Substandard	Indicates that the credit facilities exhibit definable weaknesses either in respect of business, cash flow or financial position of the borrower that may jeopardise repayment on existing terms. These credit facilities may be non-defaulting.
Doubtful	Indicates that the credit facilities exhibit severe weaknesses such that the prospect of full recovery of the outstanding credit facilities is questionable and the prospect of a loss is high, but the exact amount remains undeterminable.
Loss	Indicates that the amount of recovery is assessed to be insignificant.

The linkage between the above MAS categories and the DBS' internal ratings is shown in Section 5.3 on page 100.

Credit facilities are classified as restructured assets when we grant concessions to a borrower because of deterioration in the financial position of the borrower or the inability of the borrower to meet the original repayment schedule, and concessions granted/restructured terms are considered as non-commercial. A restructured credit facility is classified into the appropriate non-performing grade depending on the assessment of the financial condition of the borrower and the ability of the borrower to repay based on the restructured terms. Such credit facilities are not returned to the performing status until there are reasonable grounds to conclude that the borrower will be able to service all future principal and interest payments on the credit facility in accordance with the restructured terms.

Other than the above, we do not grant concession to borrowers in the normal course of business. In any restructuring of credit facilities, such borrowers are reviewed on a case by case basis and only on commercial terms.

In addition, it is not within DBS' business model to acquire debts that have been restructured at inception (e.g. distressed debts).

Please refer to Note 2.10 to the Financial Statements on page 132 for DBS' accounting policies on the assessment of specific and general allowances for credit losses. In general, specific allowances are recognised for defaulting credit exposures rated sub-standard and below. The breakdown of NPA for DBS according to MAS Notice 612 requirements by loan grading and industry and the related amounts of specific allowances recognised can be found in Note 41.2 to the Financial Statements on page 172. A breakdown of DBS' past due loans can also be found in the same note.

When required, DBS will take possession of the collateral it holds as securities and will dispose of them as soon as practicable, with the proceeds used to reduce the outstanding indebtedness. A breakdown of collateral held for NPA is shown in Note 41.2 to the Financial Statements on page 173. Repossessed collateral is classified in the balance sheet as other assets. The amounts of such other assets for 2014 and 2013 were not material.

5.2 Credit Risk Mitigants

Collateral Received

Where possible, DBS takes collateral as a secondary recourse to the borrower. Collateral includes cash, marketable securities, properties, trade receivables, inventory and equipment and other physical and financial collateral. We may also take fixed and floating charges on the assets of borrowers. It has put in place policies to determine the eligibility of collateral for credit risk mitigation, which include requiring specific collaterals to meet minimum operational requirements in order to be considered as effective risk mitigants.

When a collateral arrangement is in place for exposures arising from derivative, repurchase agreement (repo) and other repo-style transactions with financial market counterparties, these are covered under market standard documentation (such as Master Repurchase Agreements and International Swaps and Derivatives Association (ISDA) Agreements). Collateral received is marked to market on a frequency mutually agreed with the counterparties. These are governed by internal guidelines with respect to the eligibility of collateral. In the event of a default, the credit risk exposure is reduced by master netting arrangements where DBS is allowed to offset what we owe to a counterparty against what is due from that counterparty in a netting-eligible jurisdiction.

Collateral taken for commercial banking is revalued periodically, depending on the type of collateral. While real estate constitutes the largest percentage of collateral assets, we generally consider the collateral assets to be diversified.

Helping our customers to restructure repayment liabilities, in times of difficulty, is our preferred approach. However, should the need arise, expeditious disposal and recovery processes are in place for disposal of collateral held by DBS. We also maintain a panel of agents and solicitors for the expeditious disposal of non-liquid assets and specialised equipment.

Collateral Posted

DBS is required to post additional collateral in the event of a rating downgrade. As at 31 December 2014, for a one notch downgrade of its Standard & Poor's Ratings Services and Moody's Investors Services ratings, DBS Bank would have to post additional collateral amounting to SGD 106 million and SGD 35 million respectively.

Other Risk Mitigants

DBS also uses guarantees as credit risk mitigants. While DBS may accept guarantees from any counterparty, it sets internal thresholds for considering guarantors to be eligible for credit risk mitigation.

5.3 Internal Credit Risk Models

DBS adopts rating systems for the different asset classes under the Internal Ratings-Based Approach (IRBA). There is a robust governance process for the development, independent validation and approval of a credit risk model. The models are placed through a rigorous review process prior to endorsement by the GCRMC and the Risk ExCo and have to be approved by the BRMC before use.

The key risk measures generated by the internal credit risk rating models to quantify regulatory capital include PD, LGD and EAD. For portfolios under the Foundation IRBA, the supervisory LGD estimates are applied. For Advanced IRBA portfolios pertaining to Retail, internal estimates are used. In addition, the ratings from the credit models are used as the basis to support the underwriting of credit, monitor the performance of the portfolios and determine business strategies.

To ensure the adequacy and robustness of these rating systems on an ongoing basis, performance monitoring is run regularly with results reported to the GCRMC, the Risk ExCo and the BRMC on a periodic basis. The monitoring programme serves to highlight material deterioration in the credit risk systems for management attention. In addition, an independent risk unit conducts formal validations annually for the respective rating systems. The validation processes are also subject to an independent review by Group Audit.

5.3.1 Retail Exposure Models

Retail portfolios are categorised into asset classes under the Advanced IRBA, namely residential mortgages, qualifying revolving retail exposures and other retail exposures, including vehicle loans extended to individuals.

Within each asset class, exposures are managed on a portfolio basis. Each account is assigned to a risk pool, taking into consideration factors such as borrower characteristics and collateral type. Loss estimates are based on historical default and realised losses within a defined period. The definition of default is applied at the level of a particular facility, rather than at the level of the obligor.

Business-specific credit risk policies and procedures including underwriting criteria, scoring models, approving authorities, frequency of asset quality and business strategy reviews, as well as systems, processes and techniques to monitor portfolio performance against benchmarks are in place. Credit risk models for secured and unsecured portfolios are used to update the risk level of each loan on a monthly basis, reflecting the broad usage of risk models in portfolio quality reviews.

5.3.2 Wholesale Exposure Models

Wholesale exposures are assessed under the Foundation IRBA and include sovereign, bank, corporate and specialized lending exposures. The risk ratings for the wholesale exposures (other than securitisation exposures) have been mapped to likely corresponding external rating equivalents. A description of the rating grades is provided in the table to give a qualitative explanation of the risk benchmarks.

Sovereign exposures are risk rated using internal risk rating models and guidelines in line with IRBA portfolios. Factors relevant to country-specific macroeconomic risk, political risk, social risk and liquidity risk are reviewed objectively in the sovereign rating models to assess the sovereign credit risk in a disciplined and systematic approach.

Bank exposures are assessed using a bank rating model covering various credit risk factors such as capital levels and liquidity, asset quality, earnings, management and market sensitivity. The risk ratings derived are benchmarked against external credit risk ratings to ensure that the internal rating systems are well aligned and appropriately calibrated.

Large corporate credits are assessed using approved models and reviewed by designated credit approvers. Credit factors considered in the risk assessment process include the counterparty's financial standing and specific non-quantitative factors such as industry risk, access to funding, market standing and management strength.

The counterparty risk rating assigned to smaller business borrowers is primarily based on the counterparty's financial position and strength.

Credit ratings under the IRBA portfolios are, at a minimum, reviewed on an annual basis unless credit conditions require more frequent assessment. The counterparty risk rating process is reinforced by the facility risk rating system, which considers other exposure risk mitigants, such as collateral and third party guarantees.

A default is considered to have occurred with regard to a particular obligor when either or both of the two following events have taken place:

- Subjective default: Obligor is unlikely to pay its credit obligations in full, without recourse by DBS to actions such as realising security (if held)
- Technical default: Obligor is past due more than 90 days on any credit obligation to DBS

This is consistent with the guidance provided under the MAS' Notice to Banks No. 637 "Notice on Risk Based Capital Adequacy Requirements for Banks incorporated in Singapore" (MAS Notice 637).

A description of the internal ratings used and corresponding external ratings and MAS classification for the various portfolios is as follows:

GRADE (ACRR)	DESCRIPTION OF RATING GRADE	CLASSIFICATION	EQUIVALENT EXTERNAL RATING	MAS CLASSIFICATION	
PD Grade 1	Taking into account the impact of relevant economic, social or geopolitical conditions, capacity to meet its financial commitment is exceptional.	Exceptional	AAA	Passed	Performing Assets
PD Grade 2	Taking into account the impact of the relevant economic, social or geopolitical conditions, capacity to meet its financial commitment is excellent.	Excellent	AA+, AA, AA-	Passed	
PD Grade 3	More susceptible to adverse economic, social, geopolitical conditions and other circumstances. Capacity to meet its financial commitment is strong.	Strong	A+, A, A-	Passed	
PD Grade 4A/4B	Adequate protection against adverse economic, social or geopolitical conditions or changing circumstances. More likely to lead to a weakened capacity of the obligor to meet its financial commitment.	Good	BBB+/BBB	Passed	
PD Grade 5	Relatively worse off than an obligor rated "4B" but exhibits adequate protection parameters.	Satisfactory	BBB-	Passed	
PD Grade 6A/6B	Satisfactory capacity to meet its financial commitment but capacity may become inadequate due to adverse business, financial, economic, social or geopolitical conditions and changing circumstances.	Acceptable	BB+/BB	Passed	

GRADE (ACRR)	DESCRIPTION OF RATING GRADE	CLASSIFICATION	EQUIVALENT EXTERNAL RATING	MAS CLASSIFICATION	
PD Grade 7A/7B	Marginal capacity to meet its financial commitment but capacity may become inadequate or uncertain due to adverse business, financial, economic, social or geopolitical conditions and changing circumstances.	Marginal	BB-	Passed	Performing Assets
PD Grade 8A	Sub-marginal capacity to meet its financial commitment. Adverse business, financial, or economic conditions will likely impair the obligor's capacity or willingness to meet its financial commitment.	Sub-Marginal	B+	Passed	
PD Grade 8B/8C	Low capacity to meet its financial commitment. Adverse business, financial, or economic conditions will likely impair the obligor's capacity or willingness to meet its financial commitment.	Special Caution	B/B-	Special Mention	
PD Grade 9	Vulnerable to non-payment and is dependent upon favourable business, financial, and economic conditions for the obligor to meet its financial commitment. Likely to have little capacity to meet its financial commitment under adverse conditions.	Sub-Performing	CCC-C	Sub-Standard (Non-Defaulting)	Classified or NPA
PD Grade 10 and Above	An obligor rated '10' and above is in default (as defined under MAS Notice 637).	Default	D	Sub-Standard and Below (Defaulting)	

5.3.3 Specialised Lending Exposures

Specialised lending IRBA portfolios, consisting of income-producing real estate, project finance, object finance, hotel finance and commodities finance, adopt the supervisory slotting criteria specified under Annex 7v of MAS Notice 637. The supervisory slotting criteria guidelines under the supervisory rating categories are used to determine the risk weights to calculate the credit risk-weighted exposures.

5.3.4 Securitisation Exposures

DBS is not active in securitisation activities that are motivated by credit risk transfer or other strategic considerations. As a result, it does not securitise its own assets, nor does it acquire assets with a view to securitising them.

DBS arranges securitisations for clients and earns fees for arranging such transactions and placing the securities issued into the market. These transactions do not involve special purpose entities that are controlled by us. For transactions that are not underwritten, no securitisation exposures are assumed as a direct consequence of arranging the transactions. Any decision to invest in any such arranged transaction is subject to independent risk assessment. Where DBS provides an underwriting commitment, any securitisation exposure arising will be held in the trading book to be traded or sold down in accordance with internal policy and risk limits. In addition, we do not provide implicit support for any transactions we structure or in which we have invested.

We have processes in place to monitor the credit risk of our securitisation exposures.

- **Exposures to client asset-backed securitisations**
  We invest in clients' securitisation transactions from time to time, and this may include securitisation transactions arranged by either us or other parties. We may also act as liquidity facility provider, working capital facility provider or swap counterparty. Such exposures require the approval of the independent risk function prior to being assumed and are subject to regular risk review thereafter, taking into account the underlying risk characteristics of the assets.

- **Investment in collateralised debt obligations and asset-backed securitisations**
  We continue to hold certain investments in Collateralised Debt Obligations (CDOs) and asset-backed securitisations that were made before 2008. Allowances for credit losses have been made for the total exposures arising from investments in CDOs. The remaining exposures are reviewed regularly by the independent risk function. Other than these legacy exposures, we have invested in asset-backed securitisations in order to meet policy lending requirements in a certain jurisdiction. They require the approval of the independent risk function prior to being assumed and are subject to regular risk review thereafter, taking into account the underlying risk characteristics of the assets.

5.3.5 Credit Exposures Falling Outside of Internal Credit Risk Models

DBS applies the Standardised Approach (SA) for portfolios which are individually immaterial in terms of both size and risk profile and for transitioning portfolios. These portfolios include:

- IRBA-transitioning retail and wholesale exposures
- IRBA-exempt retail exposures
- IRBA-exempt wholesale exposures

The transitioning retail and wholesale exposures are expected to transit to the Advanced IRBA and Foundation IRBA respectively over the next few years, subject to certification by MAS. In the meantime, the SA has been applied.

The portfolios under the SA are subject to our overall governance framework and credit risk management practices. Under this framework, we continue to monitor the size and risk profile of these portfolios and will look to enhance risk measurement processes should these risk exposures become material.

We use external ratings for credit exposures under the SA, where relevant, and we only accept ratings from Standard & Poor's, Moody's and Fitch in such cases. We follow the process prescribed in MAS Notice 637 to map the ratings to the relevant risk weights.

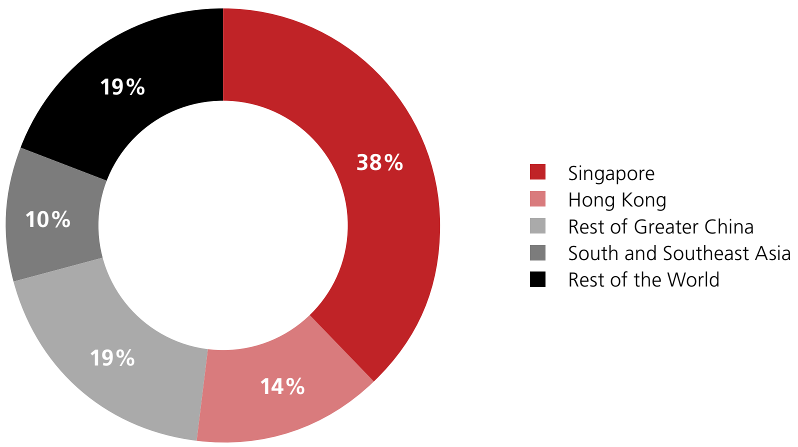
5.4 CREDIT RISK IN 2014

Concentration Risk

Geographically, our exposure remains predominantly in our home market of Singapore accounting for 38% of the portfolio. Our exposure to customers in Greater China ex-Hong Kong has grown steadily over the years as we continue to rebalance the geographic mix of our business and accounts for 19% of the overall portfolio by the end of 2014. We continue to look for opportunities to diversify out of the home market.

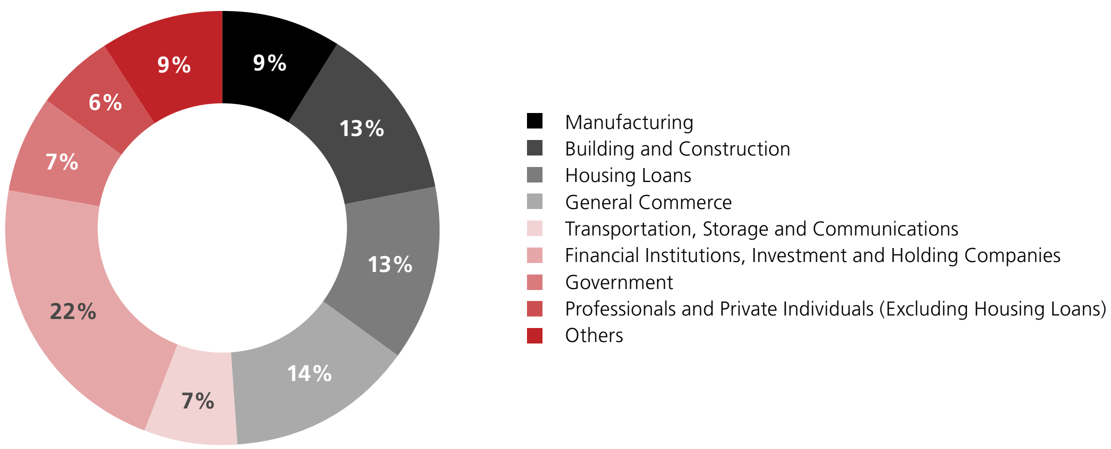
Our overall exposure is well distributed across various industries with General Commerce and Financial Institutions as the largest contributors in the wholesale portfolio.

Geographical Concentration



** Based on country of incorporation of customers*

Industry Concentration



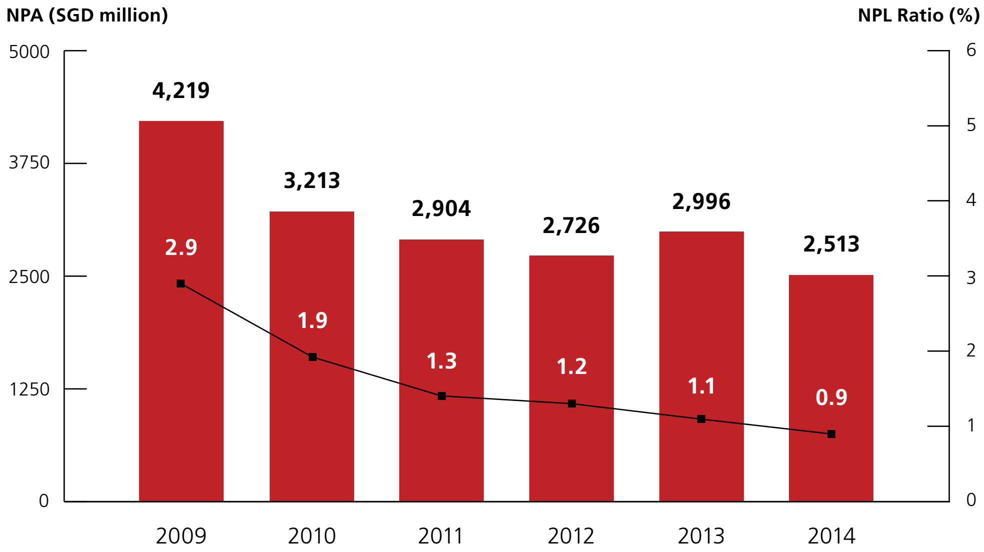
** Based on MAS Industry Code*

Please refer to Note 41.4 to the Financial Statements on page 174 for DBS' breakdown of concentration of credit risk.

Non-Performing Assets

Our NPA, in absolute terms, have generally been on a declining trend since 2009, with exception of 2013 when customers of our India branch faced liquidity stress resulting in downgrades. During 2014, our portfolio in India continued to be impacted by adverse business environment. However, there was reduction in overall NPA due to asset sales, settlements and write offs during the year.

Since 2009, our NPL ratio had decreased consistently from 2.9% to 0.9% in 2014, aided initially by general improvement in the economic situation and by early identification as well as proactive management of problem accounts.



Collateral Received

The tables below provide breakdowns by Loan-to-Value (LTV) bands for the borrowings secured by properties of the various market segments.

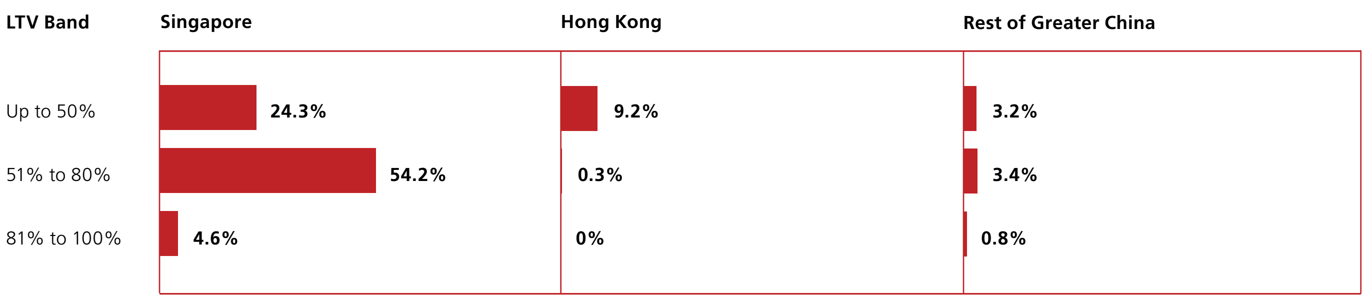
Residential Mortgages Loans

The LTV ratio is calculated using mortgage loans including undrawn commitments divided by the collateral value. Property valuations are determined by using a combination of professional appraisals and housing price indices.

The downward adjustments of property prices in Singapore have contributed to the increase in Singapore's exposures with LTV between 81% and 100%. Since February 2010, new loans are capped at LTV limits of up to 80%.

Percentage of Residential Mortgage Loans Breakdown by LTV Band

AS AT 31 DECEMBER 2014



AS AT 31 DECEMBER 2013

LTV Band	Singapore	Hong Kong	Rest of Greater China
Up to 50%	27.1%	10.5%	3.8%
51% to 80%	53.3%	0.9%	3.0%
81% to 100%	0.9%	0%	0.4%

Loans and Advances to Corporates Secured by Property

These loans are extended for the purpose of acquisition and/or development of real estate as well as for general working capital. More than 80% of our loans are fully collateralised, with the majority having LTV <80%.

The LTV ratio is calculated as loans and advances divided by the value of property, including tangible collaterals that secure the same facility. Tangible collaterals include cash, marketable securities and bank guarantees, vessels and aircrafts. Where collateral assets are shared by multiple loans and advances, the collateral value is pro-rated across the loans and advances protected by the collateral.

Percentage of Loans and Advances to Corporates Secured by Property Breakdown by LTV Band

AS AT 31 DECEMBER 2014

LTV Band	Singapore	Hong Kong	Rest of Greater China	South & Southeast Asia	Rest of the World
Up to 50%	37.0%	12.0%	3.3%	1.3%	0.9%
51% to 80%	21.1%	1.8%	1.2%	1.3%	0.7%
81% to 100%	3.5%	0.8%	0.6%	0.6%	0.0%
Partially Collateralised	4.7%	4.8%	1.6%	2.8%	0.0%

AS AT 31 DECEMBER 2013

LTV Band	Singapore	Hong Kong	Rest of Greater China	South & Southeast Asia	Rest of the World
Up to 50%	35.1%	12.4%	3.3%	1.2%	0.8%
51% to 80%	21.2%	1.8%	1.4%	1.7%	0.9%
81% to 100%	4.5%	0.6%	0.3%	0.8%	0.0%
Partially Collateralised	4.2%	4.6%	2.3%	3.0%	0.0%

Loans and Advances to Banks
In line with market standards, Loans and Advances to Banks are typically unsecured. We manage the risk of such exposures by keeping a tight control on the exposure tenor, and the credit quality of the bank counterparties.

Derivatives Counterparty Credit Risk by Markets and Settlement Methods
We continue to manage our derivatives counterparty risk exposures with netting and collateral arrangements to protect our balance sheet in the event of counterparty default.

A breakdown of our derivatives counterparty credit risk by markets (OTC vs exchange-traded) and settlement methods (cleared through a central counterparty vs settled bilaterally) can be found below.

Notional OTC & Exchange Traded Products

IN NOTIONAL TERMS, SGD MILLION	AS AT 31 DEC 2014
OTC derivatives cleared through a central counterparty	222,011
OTC derivatives settled bilaterally	1,642,049
Total OTC derivatives	**1,864,060**
Exchange traded derivatives	13,097
Total derivatives (only with external parties)	**1,877,157**

Please refer to Note 37 to the Financial Statements on page 161 for a breakdown of the derivatives positions held by DBS.

6 MARKET RISK
Our exposure to market risk is categorised into:

- **Trading portfolios:** Arising from positions taken for (i) market-making, (ii) client-facilitation and (iii) benefiting from market opportunities.
- **Non-trading portfolios:** Arising from (i) positions taken to manage the interest rate risk of our retail and commercial banking assets and liabilities, (ii) equity investments comprising of investments held for yield and/or long-term capital gains, (iii) strategic stakes in entities and (iv) structural foreign exchange risk arising mainly from our strategic investments which are denominated in currencies other than the SGD.

6.1 Market Risk Management at DBS

DBS' framework for market risk management comprises the following building blocks:

POLICIES	RISK METHODOLOGIES	PROCESSES, SYSTEMS AND REPORTS

POLICIES
The Market Risk Framework sets out DBS' overall approach towards market risk management. The Core Market Risk Policy (CMRP) establishes the base standards for market risk management within DBS. The Policy Implementation Guidance and Requirements (PIGR) complement the CMRP and set out guidance and requirements with more details for specific subject matters. Both CMRP and PIGR facilitate the identification, measurement, control, monitoring and reporting of market risk in a consistent manner within DBS. The Market Risk Stress Test Framework sets out the overall approach, standards and controls governing market risk stress testing across the Group. The criteria for determining the positions to be included in the trading book are stipulated in the Trading Book Policy Statement.

RISK METHODOLOGIES
Value-at-Risk (VaR) is a method that computes the potential losses on risk positions as a result of movements in market rates and prices, over a specified time horizon and to a given level of confidence. Our VaR model is based on historical simulation with a one-day holding period and a 95% level of confidence. Tail VaR (TVaR), which is an average of the potential losses beyond the given 95% level of confidence, is used by DBS to monitor and limit market risk exposures. The market risk economic capital that is allocated by the BRMC is linked to TVaR by a multiplier. TVaR is supplemented by risk control metrics such as sensitivities to risk factors and loss triggers for management action.

We conduct backtesting to verify the predictiveness of the VaR model. Backtesting compares VaR calculated for positions at the close of each business day with the Profit and Loss (P&L) which actually arise on those positions on the following business day. The backtesting P&L exclude fees and commissions, and revenues from intra-day trading. For backtesting, VaR at the 99% level of confidence and over a one-day holding period is used. We adopt the standardised approach to compute market risk regulatory capital under MAS Notice 637 for the trading book positions. Given the above, VaR backtesting would not impact the regulatory capital for market risk.

VaR models such as historical simulation VaR permit the estimation of the aggregate portfolio market risk potential loss due to a range of market risk factors and instruments. VaR models have limitations which include but are not limited to: (i) past changes in market risk factors may not provide accurate predictions of the future market movements and (ii) may understate the risk arising from severe market risk related events.

To monitor our vulnerability to unexpected but plausible extreme market risk related events, we have implemented an extensive stress testing policy for market risk where regular and multiple stress tests were run covering trading and non-trading portfolios through a combination of historical and hypothetical scenarios depicting risk factors movement.

TVaR is the key risk metric used to manage our assets and liabilities except for credit spread risk under Loans and Receivables where it is under the credit framework. We manage banking book interest rate risk arising from mismatches in the interest rate profile of assets, liabilities and capital instruments (and associated hedges), including basis risk arising from different interest rate benchmarks, interest rate re-pricing risk, yield curve risk and embedded optionality. Behavioural assumptions are applied in managing the interest rate risk of banking book deposits with indeterminate maturities. We measure interest rate risk in the banking book on a weekly basis.

Credit derivatives are used in the trading book with single name or index underlyings to support business strategy in building a regional Fixed Income franchise. We actively monitor our counterparty credit risk in credit derivative contracts. More than 90% of the gross notional value of our credit derivative positions as at 31 December 2014 is to 17 large, established names with which we maintain collateral agreements.

PROCESSES, SYSTEMS AND REPORTS
Robust internal control processes and systems are designed and implemented to support our approach for market risk management. Additionally, regular reviews of these control processes and systems are conducted. These reviews provide senior management with objective and timely assessments of the control processes and systems' appropriateness and effectiveness.

The day-to-day market risk monitoring, control and analysis is managed by the RMG Market and Liquidity Risk unit – an independent market risk management function that reports to the CRO. This group comprises risk control, risk analytics, production and reporting teams.

6.2 Market Risk in 2014

DBS' TVaR considers the market risks of both the trading and banking books. Our TVaR is tabulated below, showing the period-end, average, high and low TVaR.

In SGD million	As at 31 Dec 2014	1 Jan 2014 to 31 Dec 2014 Average	High	Low
Total	68	85	124	49

In SGD million	As at 31 Dec 2013	1 Jan 2013 to 31 Dec 2013 Average	High	Low
Total	87	66	89	31

DBS' major market risk driver is interest rate risk in the trading and banking books. The average TVaR for 2014 was higher than 2013 mainly due to more volatile rates scenarios for VaR calculation, changes of duration due to capital management, update of models for non-maturity deposits and increase in liquid assets.

The following table shows the period-end, average, high and low diversified TVaR and TVaR by risk class for Treasury's trading portfolios:

In SGD million	As at 31 Dec 2014	1 Jan 2014 to 31 Dec 2014 Average	High	Low
Diversified	16	12	19	8
Interest Rates	9	10	17	7
Foreign Exchange	5	5	8	2
Equity	2	1	3	1
Credit Spread	14	6	14	4
Commodity	#	1	2	#

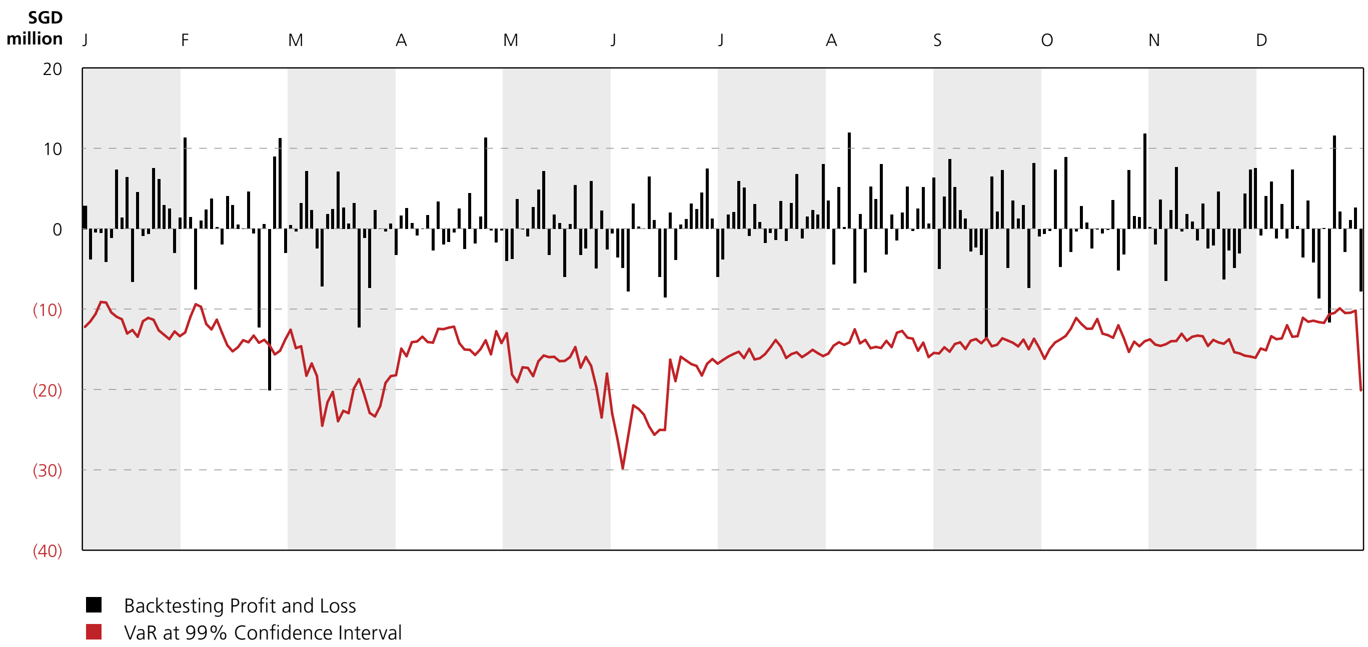
 # Amount under SGD 500,000

In SGD million	As at 31 Dec 2013	1 Jan 2013 to 31 Dec 2013 Average	High	Low
Diversified	11	10	14	8
Interest Rates	9	9	11	7
Foreign Exchange	4	6	9	3
Equity	1	1	1	#
Credit Spread	4	4	5	3
Commodity	1	1	1	#

 # Amount under SGD 500,000

In DBS, the main risk factors driving Treasury's trading portfolios in 2014 were interest rates, credit spreads and foreign exchange. Treasury's trading portfolios' average TVaR increased by SGD 2 million (20%) and this was driven partly by the recalibration of our own funding spread curve in February 2014.

Treasury's trading portfolio experienced three back-testing exceptions in 2014 compared with five in 2013. The exceptions occurred in February, September and December. Pronounced volatilities in foreign exchange and interest rate led to the exceptions in February and the second half of 2014 respectively.



The key market risk drivers of our non-trading portfolios are SGD and USD interest rate positions. The economic value impact of changes in interest rates is simulated under various assumptions for the non-trading risk portfolio. The economic value changes are negative SGD 275 million and SGD 489 million (2013: negative SGD 288 million and SGD 532 million) based on parallel shifts to all yield curves of 100 basis points and 200 basis points respectively. The reported figures are based on the worse of an upward or downward parallel shift in the yield curves.

GOVERNANCE

7 LIQUIDITY RISK

DBS' liquidity risk arises from its obligations to honour withdrawals of deposits, repayments of borrowed funds at maturity, and commitments to its customers to extend loans.

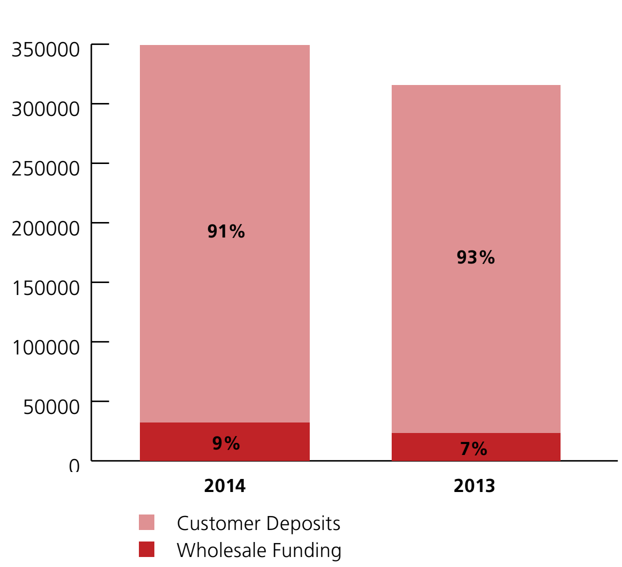
We seek to manage our liquidity in a manner that ensures that our liquidity obligations would continue to be honoured under normal as well as adverse circumstances.

7.1 Liquidity Risk Management at DBS

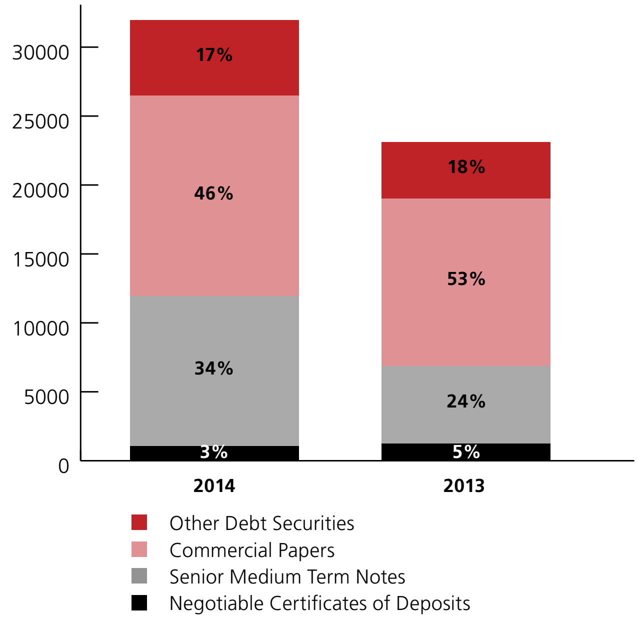
Liquidity Management and Funding Strategy

DBS strives to develop a diversified funding base with access to funding sources across retail and wholesale channels. The Group's funding strategy is anchored on strengthening our core deposit franchise, which constituted 91% of total funding sources as at 31 December 2014. Strong and sustainable growth of our customer deposit base in retail, wealth management, corporate and institutional segments across the markets that we operate in, is key to extending our long-term funding advantage.

Funding Sources (SGD million)



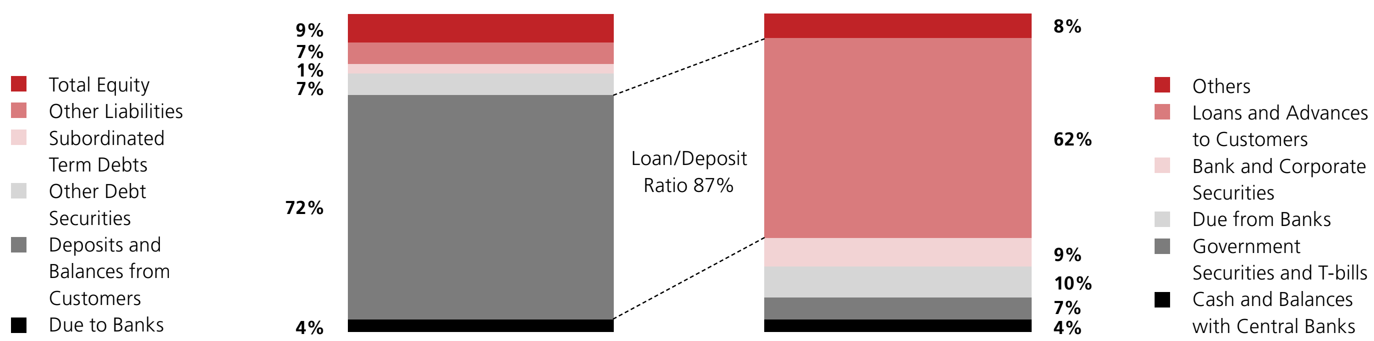
Wholesale Funding Breakdown (SGD million)



To complement core deposits, DBS has also focused on broadening our access to wholesale funding. This has been achieved by actively engaging and growing a diversified global base of high quality investors. Issuance of medium term notes, commercial papers, negotiable certificate of deposits and other debt securities as a secondary source of funding, enables greater flexibility and efficiency in liquidity management. 2014 saw growth in wholesale funding and a rebalancing of the wholesale funding mix from shorter-term commercial papers to medium term notes.

The diagrams below show our asset funding structure as at 31 December 2014.

Liabilities and Equity **Assets**



Please refer to Note 30 to the Financial Statements on page 152 for more details of our wholesale funding sources and Note 42.1 on page 175 for the contractual maturity profile of our assets and liabilities.

With increasing diversification of funding sources, optimising the mismatch in fund deployment against sources with respect to pricing, size, currency and tenor remains challenging. To this end, where practicable and transferable without loss in value, DBS actively makes use of the swap markets in the conversion of funds across currencies to deploy surplus funds across locations. As the swaps are typically shorter in contractual maturity than the deployment in loans, we are exposed to potential cashflow mismatches arising from the risk that counterparties may not roll over maturing swaps with us to support the continual funding of loans. This risk is mitigated by the setting of triggers on the amount of swaps transacted with the market and conservative assumptions on the cashflow treatment of swaps under the behavioural profiling of DBS' cashflow maturity gap analysis (see Section 7.2 on page 110).

Overseas entities are encouraged but not required to centralise majority of their borrowing and deployment of funds with Head Office, taking into account the relevant regulatory restrictions while maintaining a commensurate level of presence and participation in the local funding markets. These intra-group funding transactions are priced on an arm's length basis with reference to prevailing market rates and parameters set within the Group Funds Transfer Pricing policy.

During DBS' annual budget and planning process, each overseas location conducts an in-depth review on their projected loan and deposit growth as well as their net funding and liquidity profile for the next year. The consolidated Group funding and liquidity profiles are reviewed and revised as necessary by senior management. Each overseas location is required to provide justification if Head Office funding support is required.

The Group Assets and Liabilities Committee and respective Location Assets and Liabilities Committee regularly review balance sheet composition, growth in loans and deposits, utilisation of wholesale funding, momentum in business activities, market competition, economic outlook, market conditions and other factors that may affect liquidity in the continual refinement of DBS' funding strategy.

Approach to Liquidity Risk Management

DBS' framework for liquidity risk management comprises the following building blocks:

POLICIES	RISK METHODOLOGIES	PROCESSES, SYSTEMS AND REPORTS

POLICIES

The Liquidity Risk Framework sets out our overall approach towards liquidity risk management. The Framework describes the range of strategies employed by DBS to manage its liquidity. These include maintaining an adequate counterbalancing capacity (comprising liquid assets, the capacity to borrow from the money markets as well as forms of managerial interventions that improve liquidity) to address potential cashflow shortfalls and maintaining diversified sources of liquidity. In the event of a potential or actual crisis, DBS has in place a set of liquidity contingency and recovery plans to ensure that decisive actions are taken to ensure DBS maintains adequate liquidity.

The Core Liquidity Risk Policy establishes baseline standards for liquidity risk management within DBS. Policies and guidance documents communicate the base standards and detailed requirements throughout DBS and enhance our ability to manage liquidity risk.

RISK METHODOLOGIES

The primary measure used to manage liquidity within the tolerance defined by the Board is the cashflow maturity mismatch analysis. The analysis is performed on a regular basis under normal and adverse scenarios, and assesses the adequacy of the counterbalancing capacity to fund or mitigate any cashflow shortfalls that may occur as forecasted in the cashflow movements across successive time bands. To ensure that liquidity is managed in line with the Risk Appetite, core parameters underpinning the performance of the analysis, such as the types of scenarios, the survival period and the minimum level of liquid assets, are pre-specified for monitoring and control on a group-wide basis. Any occurrences of forecasted shortfalls that cannot be covered by the counterbalancing capacity would be escalated to the relevant committees for deliberation and actions.

Stress testing is performed mainly under the cashflow maturity mismatch analysis, and covers adverse scenarios involving shocks that are general market and/or name-specific in nature to assess vulnerability when run-offs in liabilities increase, rollovers of assets and/or liquidity assets buffers reduce. In addition, ad-hoc stress tests are performed as part of our recovery planning and ICAAP exercises.

Liquidity risk control measures, such as liquidity-related ratios and balance sheet analysis, are complementary tools to the cashflow maturity mismatch analysis and are performed regularly to obtain deeper insights and finer control over the liquidity profile across locations.

PROCESSES, SYSTEMS AND REPORTS

Robust internal control processes and systems underlie the overall approach to identifying, measuring, aggregating, controlling and monitoring liquidity risk across DBS. In 2014, we completed the development of an in-house integrated data platform that serves to aggregate relevant source data in a complete and accurate manner that facilitates timely and granular reporting of liquidity risk for internal and regulatory purposes.

The day-to-day liquidity risk monitoring, control reporting and analysis are managed by the RMG Market and Liquidity Risk unit – an independent liquidity risk management function that reports to the CRO. This group comprises risk control, risk analytics, production and reporting teams.

7.2 Liquidity Risk in 2014

For the purpose of risk management, we actively monitor and manage DBS' liquidity profile based on the cashflow maturity mismatch analysis.

In forecasting the cashflows under the analysis, behavioural profiling is necessary in cases where a product has indeterminate maturity or the contractual maturity does not realistically reflect the expected cashflows. An example would be maturity-indeterminate savings and current account deposits which are generally viewed as a source of stable funding for commercial banks and consistently exhibited stability even under historical periods of stress.

A conservative view is therefore adopted in the behavioural profiling of assets, liabilities and off-balance sheet commitments that have exhibited cashflow patterns that differ significantly from the contractual maturity profile shown under Note 42.1 of our Financial Statements on page 175.

The table below shows DBS' behavioural net and cumulative maturity mismatch between assets and liabilities over a 1-year period under a normal scenario without incorporating growth projections. DBS' liquidity is observed to remain adequate under the maturity mismatch analysis, amidst sustained growth in loans supported largely by stable sources of funds from deposits gathering and the issuance of medium term notes and commercial papers.

In SGD million[(a)]	Less than 7 days	1 week to 1 month	1 to 3 months	3 to 6 months	6 months to 1 year
As at 31 Dec 2014					
Net liquidity mismatch	21,364	(6,553)	7,767	8,404	10,803
Cumulative mismatch	21,364	14,811	22,578	30,982	41,785
As at 31 Dec 2013[(b)]					
Net liquidity mismatch	18,638	(2,642)	7,052	10,539	11,800
Cumulative mismatch	18,638	15,996	23,048	33,587	45,387

(a) Positive indicates a position of liquidity surplus. Negative indicates a liquidity shortfall that has to be funded
(b) As the behavioural assumptions used to determine the maturity mismatch between assets and liabilities are updated from time to time, the liquidity mismatches may not be directly comparable across past balance sheet dates

7.3 Liquid Assets

Liquid assets are assets that are readily available and can be easily monetised to meet liquidity shortfalls under times of stress. Such assets are internally defined under the governance of the relevant oversight committees, taking into account asset class, issuer type and credit rating, among other criteria, before they are reflected as available funds under the cashflow maturity mismatch analysis used to manage liquidity risk within the risk tolerance.

In addition to the characteristics of the liquid assets, the treasury function within DBS should be able to operationally monetise the pool of liquid assets to meet liquidity shortfalls under times of stress. A further requirement is that these liquid assets are unencumbered by being free of legal, regulatory, contractual or other restrictions.

In practice, liquid assets are maintained in key locations and currencies to ensure that operating entities in such locations possess a degree of self-sufficiency to support business needs as well as protect against contingencies. The main portion of DBS' liquid assets is centrally maintained in Singapore to support liquidity needs in smaller overseas subsidiaries and branches. Internally, DBS sets a requirement to maintain its pool of liquid assets above a minimum level as a source of contingent funds, taking into account projected stress shortfalls under its cashflow maturity mismatch analysis and other factors.

The table below shows DBS' encumbered and unencumbered liquid assets by instrument and counterparty against other assets in the same category under the balance sheet. Figures are based on the carrying amount as at the balance sheet date.

In SGD million	Liquid Assets				Others[d]	Total
	Encumbered	Unencumbered	Total [1]	Average[c]	[2]	[1] + [2]
As at 31 Dec 2014						
Cash and balances with central banks[a]	7,666	7,347	15,013	13,633	4,504	19,517
Due from banks[b]	-	12,563	12,563	11,478	29,700	42,263
Government securities and treasury bills	2,093	27,331	29,424	31,032	270	29,694
Banks and corporate securities	623	23,300	23,923	22,405	13,840	37,763
Total	10,382	70,541	80,923	78,548	48,314	129,237

(a) Unencumbered balances with central banks comprise holdings that are unrestricted and available overnight. The encumbered portion represents the mandatory balances held with central banks
(b) Liquid assets comprise nostro accounts and eligible certificates of deposits
(c) Total liquid assets reflected on an average basis over the four quarters in 2014
(d) 'Others' refer to assets that are not recognised as part of the available pool of liquid assets for liquidity management under stress due to (but not limited to) inadequate or non-rated credit quality, operational challenges in monetisation (for example, holdings in physical scrips), among other considerations

In addition to the above table, collateral received in reverse repo transactions amounting to SGD 4,001 million are recognised for liquidity management under stress.

As can be observed from the table, DBS' funding strategy in the normal course of its business does not rely on collateralised wholesale funding. Instead, liquid assets are maintained as a source of contingent funds to meet potential shortfalls that may arise under times of stress, as assessed under regulatory standards and our internal measures.

7.4 Regulatory Requirements

On 28 November 2014, the MAS published MAS' Notice to Banks No. 649 "Minimum Liquid Assets (MLA) and Liquidity Coverage Ratio (LCR)" (MAS Notice 649), which sets out the implementation of the Basel III LCR in Singapore. DBS, as a bank incorporated and headquartered in Singapore, is required to comply with the LCR standards under MAS Notice 649 from 1 January 2015. We are well above the minimum LCR requirements under MAS Notice 649.

Based on our internal assessment and participation in the Quantitative Impact Studies by the Basel Committee on Banking Supervision, DBS is well-positioned to meet the minimum standards of the Basel III Net Stable Funding Ratio (NSFR). The international timeline targeted for implementation is January 2018.

8 OPERATIONAL RISK

Operational risk includes processing errors, fraudulent acts, inappropriate behaviour of staff, vendors' misperformance, system failure and natural disasters. Operational risk is inherent in most of DBS' businesses and activities.

Our objective is to keep operational risk at appropriate levels, taking into account the markets DBS operates in, the characteristics of the businesses as well as the competitive and regulatory environment we are subject to.

8.1 Operational Risk Management at DBS

DBS' framework for operational risk management comprises the following building blocks:

POLICIES	RISK METHODOLOGIES	PROCESSES, SYSTEMS AND REPORTS

POLICIES
To govern operational risk management practices in a consistent manner, the Group Operational Risk Management Framework includes a set of Core Operational Risk Standards which provides guidance on the baseline controls to ensure a controlled and sound operating environment. There are also corporate operational risk policies which are owned by the respective corporate oversight functions and include key subject-specific policies such as Technology Risk Management Framework, Group Compliance Policy, Fraud Management Policy and Group Anti-Money Laundering, Countering the Financing of Terrorism and Sanctions Policy, New Product Approval Policy and Outsourcing Risk Policy.

RISK METHODOLOGIES

DBS adopts the standardised approach to compute operational risk regulatory capital. To manage and control operational risk, there are various tools including risk and control self-assessment, operational risk event management and key risk indicators monitoring. Risk and control self-assessment is used by each business or support unit to identify key operational risk and assess the degree of effectiveness of the internal controls. For those control issues identified, the units are responsible for developing action plans and tracking the timely resolution of these issues. Operational risk events are classified in accordance with Basel standards. Such events, including any significant incidents that may impact DBS' reputation, are required to be reported based on certain established thresholds. Key risk indicators with pre-defined escalation triggers are employed to facilitate risk monitoring in a forward-looking manner.

Additional methodologies are in place to address subject-specific risks, including but not limited to the following:

Technology Risk

Information Technology (IT) risk is managed in accordance with a Technology Risk Management Framework (which covers risk governance, communication, monitoring, assessment, mitigation and acceptance), supported by a set of IT policies and standards, control processes and risk mitigation programmes. DBS has also established policies and standards to manage and address cyber security risk.

Compliance Risk

Compliance risk is the risk of impairment to our ability to successfully conduct our business as a result of any failure to comply with law, regulatory requirement, industry code or standard of professional conduct applicable to the conduct of business in the financial sector. This includes, in particular, laws and regulations applicable to the licensing and conduct of banking or other financial businesses, financial crime such as anti-money laundering and countering the financing of terrorism, fraud and bribery/corruption.

We maintain a compliance programme designed to identify, assess and mitigate such risks through a combination of policy, and relevant systems and controls, coupled with the provision of relevant training and the execution of assurance processes. We also strongly believe in the need to promote a strong compliance culture. This is established through the leadership of our Board and senior management and aims to comply with the letter and spirit of the laws and regulatory standards in the environment in which we operate.

Fraud Risk

We have established minimum standards for our business and support units to prevent, detect, investigate and remediate against fraud and related events. This includes the components, key roles and the framework of the Fraud Management Programme through which the standards are to be implemented on a unit and geographical level. These standards aim to provide end-to-end management of fraud and related issues within DBS.

Money Laundering, Financing of Terrorism and Sanctions Risks

There are minimum standards for our business and support units to mitigate and manage our actual and/or potential exposure to money laundering, terrorist financing, sanctions, corruption, or other illicit financial activity. Accountabilities have also been established for the protection of the assets and reputation of DBS and the interests of customers and shareholders.

New Product and Outsourcing Risks

Each new product or service introduced or outsourcing initiative is subject to a risk review and sign-off process where relevant risks are identified and assessed by departments independent of the risk-taking unit proposing the product or service. Variations of existing products or services and outsourcing initiatives are also subject to a similar process.

Mitigation Programmes

Business Continuity Management plays an integral role in DBS' risk mitigation programme to manage business disruptions. A robust crisis management and business continuity management programme is in place within essential business services during unforeseen events. Planning for business resilience includes identification of key business processes via Business Impact Analysis as well as the documentation and maintenance of Business Continuity Plan (BCP). Overall BCP objectives are aimed at minimising the impact of business interruption arising from severe loss scenarios and to provide a reasonable level of service until normal business operations are resumed. The Crisis Management structure encompasses the incident management process from the point of incident to crisis declaration and activation of the relevant committees or teams to manage the crisis. Exercises are conducted annually to test the BCPs and crisis management protocol simulating varying scenarios. Scenarios include incidents such as technology incidents having enterprise-wide impact on essential banking services, natural disasters with wide geographical area impact, safety-at-risk incidents (e.g. terrorism) and other events leading to significant business disruption. Senior management provides an attestation to the BRMC on an annual basis including the state of business continuity readiness, extent of alignment to regulatory guidelines and disclosure of residual risks.

To mitigate losses from specific unexpected and significant event risks, DBS purchases group-wide insurance policies, under the Global Insurance Programme, from third-party insurers. These policies cover fraud and civil liability, property damage, general liability and directors' and officers' liability.

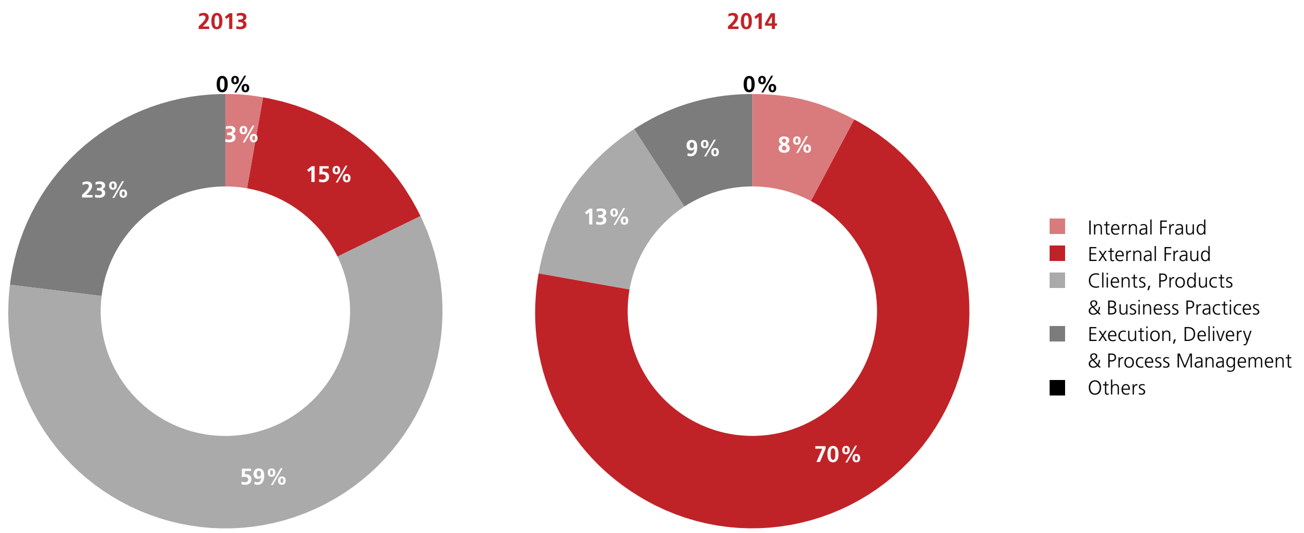
PROCESSES, SYSTEMS AND REPORTS

Robust internal control process and system are integral to identifying, monitoring, managing and reporting operational risk. DBS has implemented a web-based system that supports multiple operational risk management processes and tools including operational risk event reporting, risk and control self-assessment, key risk indicators, tracking of issues or action plans and operational risk reporting.

Units are responsible for the day-to-day management of operational risk in their products, processes, systems and activities in accordance with the various frameworks and policies. RMG Operational Risk and other corporate oversight functions provide oversight and monitor the effectiveness of operational risk management, assess key operational risk issues with the units to determine the impact across DBS, report and/or escalate key operational risks to relevant senior management and Board-level committees with recommendations on appropriate risk mitigation strategies.

8.2 Operational Risk in 2014

The total value of operational risk losses in 2014 was 0.13% of the DBS' total operating income, compared to 0.20% in 2013. The loss profile (net loss greater than SGD 10,000 and based on the date of detection of the operational risk event), was mainly categorised into the following four Basel risk event categories: (i) internal fraud; (ii) external fraud; (iii) clients, products and business practices and (iv) execution, delivery and process management.



Note: Others include: (v) employment practices and workplace safety; (vi) damage to physical assets and (vii) business distruption, system failure

Save for an isolated incident, external fraud losses comprised mainly credit card fraud, in particular, Card Not Present (CNP) fraud which accounted for approximately 70% of the losses in this category. This is in line with industry trend that CNP fraud is the fastest growing area due to the meteoric growth of e-commerce in the Asia-Pacific region. CNP fraud losses are generally recoverable subject to card association rules. We have continued to increase our vigilance and implemented mitigating measures such as adjustment of fraud parameters, random generation of card numbers and review of the setting of alert thresholds for sending short messaging system (SMS).

In addition, reduction in losses was also noted for execution, delivery and process management due to continuing efforts to manage and mitigate operational risk including automating manual processes, enhancing risk and control training and established internal deals governance and control framework/controls. We also embarked on a transition from control self assessment to risk and control self assessment to help the units better identify and manage operational risk.

9 REPUTATIONAL RISK

We view reputational risk as a typical outcome of any failure to manage the risks in our day-to-day activities/decisions as well as from changes in the operating environment. These risks include:

a. Financial risk (credit, market and liquidity risks), and
b. Inherent risk (operational and business/ strategic risks)

9.1 Reputational Risk Management at DBS

DBS' framework for reputational risk management comprises the following building blocks:

POLICIES	RISK METHODOLOGIES	PROCESSES, SYSTEMS AND REPORTS

POLICIES
We adopt a four-step approach i.e. prevent, detect, escalate and respond to reputational risk events. As reputational risk is a consequence from the failure to manage other risk types, the definitions and framework for managing such risks are articulated in the respective risk frameworks and policies. These are reinforced by sound corporate values that embed ethical behaviours and practices throughout DBS.

Policies are in place to protect consistency of the DBS brand and to assist in safeguarding our corporate identity and reputation.

RISK METHODOLOGIES
Under the various risk frameworks/ policies, DBS has established a number of mechanisms for ongoing risk monitoring for the various risk types. These take the form of risk limits, key risk indicators and other operating metrics, as well as the periodic risk and control self-assessment process. Apart from observations derived from internal sources, alerts from external parties/stakeholders also serve as an important source for detection of potential risk reputational risk events. In addition, there are policies relating to media communications, social media and corporate social responsibility to protect DBS' reputation. There are also escalation and response mechanisms in place for managing reputational risk.

While the respective risk frameworks address the individual risk types, the Reputational Risk Policy focuses specifically on stakeholders' perception of how well DBS manages its reputational risks. Stakeholders include customers, government agencies and regulators, investors, rating agencies, business alliances, vendors, trade unions, media the general public, Board & senior management and employees. DBS recognises that creating a sense of shared value through engagement with key stakeholder groups is imperative for its brand and reputation.

PROCESSES, SYSTEMS AND REPORTS
Units are responsible for the day-to-day management of reputational risk by ensuring that processes and procedures are in place to identify, assess and respond to reputational risk. Events of reputational risk impact are also featured in the reporting of risk profiles to senior management and Board-level committees.

9.2 Reputational Risk in 2014

DBS' priority is to prevent the occurrence of a reputational risk event rather than to take mitigating actions when it materialises. There were no significant reputational risk incidents which could endanger the DBS franchise in 2014.

APPENDIX

	GENERAL RECOMMENDATIONS	WHERE HAVE WE DISCLOSED THIS? (IN RISK SECTION UNLESS OTHERWISE STATED)
1	Present all related risk information together in any particular report.	Please refer to the table on page 87
2	Define the bank's risk terminology and risk measures and present key parameter values used.	Sections 2, 5.1, 6.1, 7.1, 8.1
3	Describe and discuss top and emerging risks, incorporating relevant information in the bank's external reports on a timely basis.	Section 2
4	Once the applicable rules are finalised, outline plans to meet each new key regulatory ratio, e.g. the net stable funding ratio, liquidity coverage ratio and leverage ratio and, once the applicable rules are in force, provide such key ratios.	Section 7.4 Refer to Capital Management and Planning Section
Risk Governance and Risk Management Strategies/Business Model		
5	Summarise prominently the bank's risk management organisation, processes and key functions.	Section 3
6	Provide a description of the bank's risk culture, and how procedures and strategies are applied to support the culture.	Section 4
7	Describe the key risks that arise from the bank's business models and activities, the bank's risk appetite in the context of its business models and how the bank manages such risks.	Sections 1, 2 and 4
8	Describe the use of stress testing within the bank's risk governance and capital frameworks. Stress testing disclosures should provide a narrative overview of the bank's internal stress testing process and governance.	Sections 4.2, 5.1, 6.1, 7.1
Capital Adequacy and Risk-Weighted Assets		
9	Provide minimum Pillar 1 capital requirements, including capital surcharges for G-SIBs and the application of counter-cyclical and capital conservation buffers or the minimum internal ratio established by management.	Refer to Capital Management and Planning section and Pillar 3 disclosures published on DBS website
10	Summarise information contained in the composition of capital templates adopted by the Basel Committee to provide an overview of the main components of capital, including capital instruments and regulatory adjustments. A reconciliation of the accounting balance sheet to the regulatory balance sheet should be disclosed.	Refer to Pillar 3 disclosures published on DBS website
11	Present a flow statement of movements since the prior reporting date in regulatory capital, including changes in common equity tier 1, tier 1 and tier 2 capital.	Refer to Capital Management and Planning section
12	Qualitatively and quantitatively discuss capital planning within a more general discussion of management's strategic planning, including a description of management's view of the required or targeted level of capital and how this will be established.	Refer to Capital Management and Planning section
13	Provide granular information to explain how risk-weighted assets (RWAs) relate to business activities and related risks.	Section 1

GENERAL RECOMMENDATIONS		WHERE HAVE WE DISCLOSED THIS? (IN RISK SECTION UNLESS OTHERWISE STATED)
14	Present a table showing the capital requirements for each method used for calculating RWAs for credit risk, including counterparty credit risk, for each Basel asset class as well as for major portfolios within those classes. For market risk and operational risk, present a table showing the capital requirements for each method used for calculating them.	Refer to Pillar 3 disclosures published on DBS website
15	Tabulate credit risk in the banking book showing average probability of default (PD) and LGD as well as exposure at default (EAD), total RWAs and RWA density for Basel asset classes and major portfolios within the Basel asset classes at a suitable level of granularity based on internal ratings grades.	Refer to Pillar 3 disclosures published on DBS website
16	Present a flow statement that reconciles movements in RWAs for the period for each RWA risk type.	Not implemented
17	Provide a narrative putting Basel Pillar 3 back-testing requirements into context, including how the bank has assessed model performance and validated its models against default and loss.	Section 6.1, 6.2
Liquidity		
18	Describe how the bank manages its potential liquidity needs and provide a quantitative analysis of the components of the liquidity reserve held to meet these needs, ideally by providing averages as well as period-end balances.	Sections 7.1, 7.3
Funding		
19	Summarise encumbered and unencumbered assets in a tabular format by balance sheet categories, including collateral received that can be rehypothecated or otherwise redeployed. This is to facilitate an understanding of available and unrestricted assets to support potential funding and collateral needs.	Section 7.3
20	Tabulate consolidated total assets, liabilities and off-balance sheet commitments by remaining contractual maturity at the balance sheet date. Present separately (i) senior unsecured borrowing (ii) senior secured borrowing (separately for covered bonds and repos) and (iii) subordinated borrowing. Banks should provide a narrative discussion of management's approach to determining the behavioural characteristics of financial assets and liabilities.	Section 7.2 Financial Statements Note 42.1
21	Discuss the bank's funding strategy, including key sources and any funding concentrations, to enable effective insight into available funding sources, reliance on wholesale funding, any geographical or currency risks and changes in those sources over time.	Section 7.1
Market Risk		
22	Provide information that facilitates users' understanding of the linkages between line items in the balance sheet and the income statement with positions included in the traded market risk disclosures (using the bank's primary risk management measures such as Value at Risk (VaR)) and non-traded market risk disclosures such as risk factor sensitivities, economic value and earnings scenarios and/or sensitivities.	Section 6.1

GENERAL RECOMMENDATIONS		WHERE HAVE WE DISCLOSED THIS? (IN RISK SECTION UNLESS OTHERWISE STATED)
23	Provide further qualitative and quantitative breakdowns of significant trading and non-trading market risk factors that may be relevant to the bank's portfolios beyond interest rates, foreign exchange, commodity and equity measures.	Sections 6.1, 6.2
24	Provide qualitative and quantitative disclosures that describe significant market risk measurement model limitations, assumptions, validation procedures, use of proxies, changes in risk measures and models through time and descriptions of the reasons for back-testing exceptions, and how these results are used to enhance the parameters of the model.	Sections 6.1, 6.2
25	Provide a description of the primary risk management techniques employed by the bank to measure and assess the risk of loss beyond reported risk measures and parameters, such as VaR, earnings or economic value scenario results, through methods such as stress tests, expected shortfall, economic capital, scenario analysis, stressed VaR or other alternative approaches. The disclosure should discuss how market liquidity horizons are considered and applied within such measures.	Sections 6.1, 6.2
Credit Risk		
26	Provide information that facilitates users' understanding of the bank's credit risk profile, including any significant credit risk concentrations.	Section 5.4 Financial Statements Note 41.4
27	Describe the policies for identifying impaired or non-performing loans, including how the bank defines impaired or non-performing, restructured and returned-to-performing (cured) loans as well as explanations of loan forbearance policies.	Section 5.1
28	Provide a reconciliation of the opening and closing balances of non-performing or impaired loans in the period and the allowance for loan losses. Disclosures should include an explanation of the effects of loan acquisitions on ratio trends, and qualitative and quantitative information about restructured loans.	Sections 5.1, 5.4 Financial Statements Note 41.2
29	Provide a quantitative and qualitative analysis of the bank's counterparty credit risk that arises from its derivatives transactions.	Section 5.1, 5.4
30	Provide qualitative information on credit risk mitigation, including collateral held for all sources of credit risk and quantitative information where meaningful.	Section 5.2, 5.4
Other Risks		
31	Describe 'other risk' types based on management's classifications and discuss how each one is identified, governed, measured and managed. In addition to risks such as operational risk, reputational risk, fraud risk and legal risk, it may be relevant to include topical risks such as business continuity, regulatory compliance, technology, and outsourcing.	Section 2, 8.1, 9
32	Discuss publicly known risk events related to other risks, including operational, regulatory compliance and legal risks, where material or potentially material loss events have occurred. Such disclosures should concentrate on the effect on the business, the lessons learned and the resulting changes to risk processes already implemented or in progress.	Section 8.2

Capital Management and Planning

OBJECTIVE

The capital management and planning process is overseen by the Capital Committee which is chaired by the Chief Financial Officer. Quarterly updates on the Group's capital position are provided to the Board of Directors which is responsible for our capital management objective and capital structure. Our capital management objective is to maintain a strong capital position consistent with regulatory requirements under the MAS' Notice to Banks No. 637 "Notice on Risk Based Capital Adequacy Requirements for Banks Incorporated in Singapore" (MAS Notice 637) and the expectations of various stakeholders, e.g., customers, investors and rating agencies. This objective is pursued while delivering returns to shareholders and ensuring that adequate capital resources are available for business growth and investment opportunities as well as adverse situations. We seek to pay sustainable dividends over time, in line with our capital management objective, long-term growth prospects and the need to maintain prudent capital levels in view of forthcoming regulatory changes. The Board has recommended a final dividend of SGD 0.30 per ordinary share, to which the Scrip Dividend Scheme is being applied, bringing the total ordinary dividend for the year to SGD 0.58.

PROCESS

The capital management objective is articulated concretely as capital targets that are consistent with the need to support organic and inorganic business growth in line with our strategic plans and risk appetite. A key tool for capital planning is the annual Internal Capital Adequacy Assessment Process (ICAAP). Through the ICAAP, we assess our forecast capital supply and demand relative to regulatory and internal capital targets, under various scenarios, including stress scenarios of differing scope and severity, over a three-year horizon.

Capital capacity is allocated on two dimensions: by business line and by entity. Capital allocations by business line are set as part of the budget process and monitored during the year. Return on regulatory capital is one of several metrics used to measure business performance. Capital allocations by entity seek to optimise the distribution of capital resources across entities, taking into account the capital adequacy requirements imposed on each subsidiary in its respective jurisdiction. Capital is allocated to ensure that each subsidiary is able to comply with regulatory requirements as it executes its business strategies in line with our strategy. During the course of the year, these subsidiaries did not experience any impediments to the distribution of dividends.

CAPITAL STRUCTURE

The capital structure is managed within regulatory norms in order to optimise the cost and flexibility offered by various capital resources. In order to achieve this, we assess the need and the opportunity to raise capital from the financial markets.

During the year, approximately 28 million ordinary shares were issued pursuant to the Scrip Dividend Scheme. This added SGD 489 million to share capital. Refer to Note 32 to the Financial Statements for details on the movement of share capital and treasury shares during the year.

DBS Bank Ltd. on 21 March 2014 redeemed the SGD 1,700 million 4.70% Class N Preference Shares in accordance with its Articles of Association.

DBS Bank Ltd. on 15 November 2014 redeemed the USD 750 million 5.00% Subordinated Notes due 2019 Callable with Step-up in 2014 in accordance with the terms and conditions of the notes.

On 19 November 2014, DBS Bank Ltd. offered to purchase for cash up to USD 550 million of the USD 900 million Floating Rate Subordinated Notes due 2021 Callable with Step-up in 2016. The transaction was completed on 8 January 2015, when USD 550 million of the notes were purchased and subsequently cancelled. The remaining USD 350 million of notes that were not repurchased are subject to the original terms and conditions of the notes.

Refer to Notes 31, 32, 33 and 35 to the Financial Statements as well as the Pillar 3 Main Features of Capital Instruments disclosure (www.dbs.com/investor/capital-instruments/default.page) for the terms of the capital instruments that are included in Eligible Total Capital.

The table below analyses the movement in Common Equity Tier 1, Additional Tier 1 and Tier 2 Capital during the year

STATEMENT OF CHANGES IN REGULATORY CAPITAL
FOR THE YEAR ENDED 31 DECEMBER 2014

	In $ millions
Common Equity Tier 1 (CET1) Capital	
Opening amount	32,648
Dividends paid	(1,468)
Issue of shares pursuant to Scrip Dividend Scheme	489
Issue of shares upon exercise of share options	13
Purchase of treasury shares	(79)
Cost of share-based payments	88
Profit for the year (attributable to shareholders)	4,046
Movements in other comprehensive income, including available-for-sale revaluation reserves	386
Others, including regulatory adjustments and transitional arrangements	(1,420)
Closing Amount	34,703
CET1 Capital	34,703
Additional Tier 1 Capital	
Opening amount	–
Movements in Additional Tier 1 capital instruments issued by fully-consolidated subsidiaries that meet criteria for inclusion	(949)
Others, including regulatory adjustments and transitional arrangements	949
Closing amount	–
Tier 1 Capital	34,703
Tier 2 Capital	
Opening amount	6,171
Movements in Tier 2 capital instruments issued by fully-consolidated subsidiaries that meet criteria for inclusion	(651)
Movements in provisions eligible as Tier 2 Capital	137
Closing amount	5,657
Total Capital	40,360

CAPITAL ADEQUACY RATIOS

The Group's Common Equity Tier 1 Capital Adequacy Ratio (CAR), Tier 1 CAR and Total CAR as at 31 December 2014, were well above the MAS' minimum requirements of 5.5%, 7.0% and 10.0% respectively. The table below sets out the capital resources and capital adequacy ratios as at 31 December 2014.

Refer to 'Five-Year Summary' for the historical trend of Tier 1 and Total CAR. Refer to www.dbs.com/investor/financial-performance/default.page for the Group's Pillar 3 Quantitative Disclosures which set out details on the Group's risk-weighted assets (RWA).

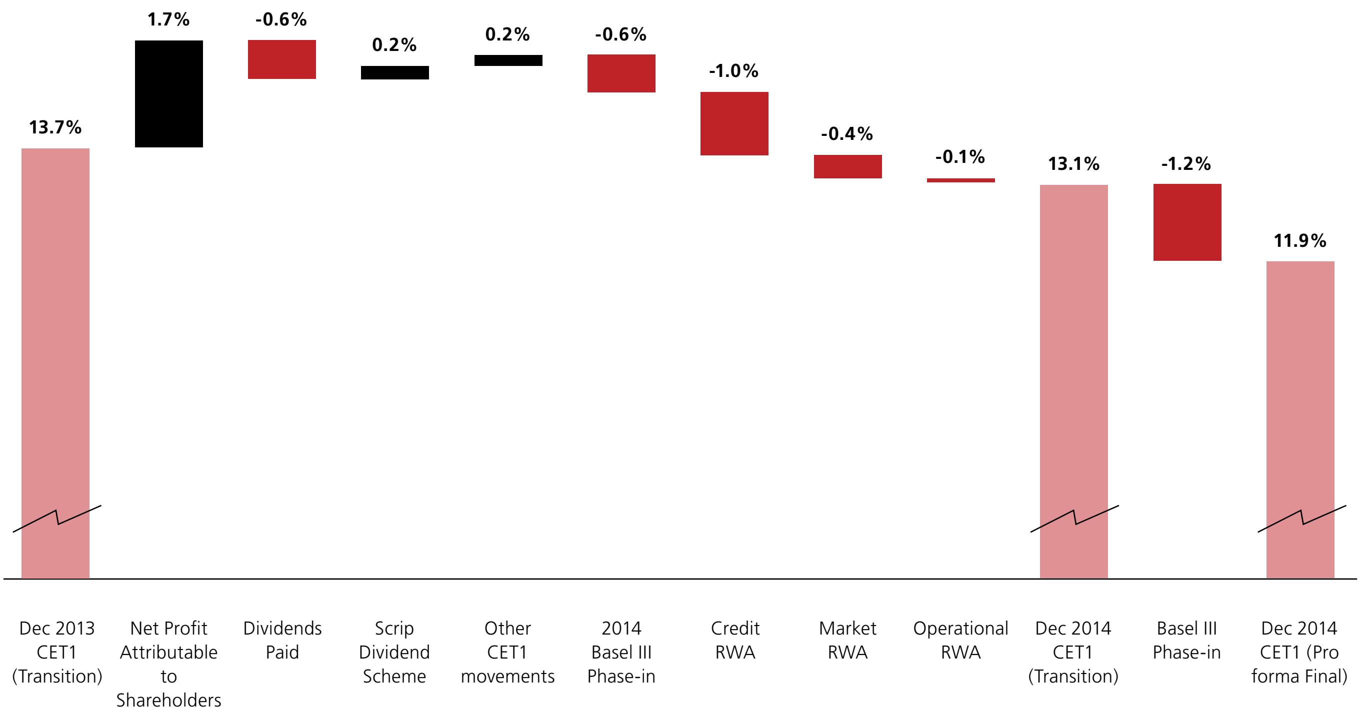
In $ millions, as at 31 December	2014	2013
Share capital	10,113	9,607
Disclosed reserves and others	26,814	23,918
Total regulatory adjustments to Common Equity Tier 1	(1,080)	(1)
Regulatory adjustments due to insufficient Additional Tier 1 capital	(1,144)	(876)
Common Equity Tier 1	34,703	32,648
Additional Tier 1 capital instruments[(1)]	3,179	4,144
Total regulatory adjustments to Additional Tier 1 capital	(3,179)	(4,144)
Tier 1 capital	34,703	32,648
Provisions eligible as Tier 2 capital	1,354	1,217
Tier 2 capital instruments[(1)]	4,304	4,955
Total regulatory adjustments to Tier 2 capital	(1)	(1)
Total capital	40,360	38,819
Risk-Weighted Assets (RWA)		
Credit RWA	206,423	188,124
Market RWA	41,813	35,092
Operational RWA	15,950	14,865
Total RWA	264,186	238,081
Capital Adequacy Ratio (CAR) (%)		
Common Equity Tier 1	13.1	13.7
Tier 1	13.1	13.7
Total	15.3	16.3
Pro forma Common Equity Tier 1 under final rules effective 1 January 2018	11.9	11.9
Minimum CAR (%)		
Common Equity Tier 1	5.5	4.5
Tier 1	7.0	6.0
Total	10.0	10.0

Note:

(1) As part of the Basel III transition arrangements, regulatory capital recognition of outstanding Tier 1 and Tier 2 capital instruments that no longer meet the minimum criteria is gradually being phased out. Fixing the base at the nominal amount of such instruments outstanding on 1 January 2013, their recognition was capped at 90% in 2013, with this cap decreasing by 10 percentage points in each subsequent year. To the extent a capital instrument is redeemed or amortised after 1 January 2013, the nominal amount serving as the base will not be reduced

The chart below analyses the drivers of the movement in Common Equity Tier 1 CAR during the year

Group Common Equity Tier 1 CAR (%)



REGULATORY CHANGE

We have been required to comply with the Basel Committee for Banking Supervision's Basel III capital adequacy framework since 1 January 2013, as implemented by MAS under MAS Notice 637.

MAS Notice 637 sets out a minimum Common Equity Tier 1 (CET1) CAR of 5.5% and a minimum Tier 1 CAR of 7.0% with effect from 1 January 2014, increasing to 6.5% and 8.0% respectively from 1 January 2015. The requirement for Total CAR remains unchanged at 10.0%. By 2015, the minimum capital requirements under MAS Notice 637 are two percentage points higher than the Basel III minima specified by the Basel Committee of 4.5%, 6.0% and 8.0% for CET1, Tier 1 and Total CAR respectively.

In line with Basel III, MAS Notice 637 also includes a capital conservation buffer (CCB) and a countercyclical buffer. The capital conservation buffer of 2.5% will be phased in from 1 January 2016 to 1 January 2019. The countercyclical buffer will be phased in from 1 January 2016 to 1 January 2019. The countercyclical buffer is not an ongoing requirement but only applied as and when specified by the relevant banking supervisors. These two buffers are to be maintained in the form of CET1 capital.

The table below summarises the minimum capital requirements under MAS Notice 637.

From 1 January	2014	2015	2016	2017	2018	2019
Minimum CAR %						
CET1 (a)	5.5	6.5	6.5	6.5	6.5	6.5
CCB (b)	-	-	0.625	1.25	1.875	2.5
CET1 including CCB (a) + (b)	5.5	6.5	7.125	7.75	8.375	9.0
Tier 1	7.0	8.0	8.625	9.25	9.875	10.5
Total	10.0	10.0	10.625	11.25	11.875	12.5
Maximum Countercyclical Buffer	-	-	0.625	1.25	1.875	2.5

In addition to changes in minimum capital requirements, Basel III also mandates various adjustments in the calculation of capital resources. These adjustments are being phased in up to 1 January 2018 and are for items such as goodwill and investments exceeding certain thresholds.

As part of the Basel III transition arrangements, regulatory capital recognition of outstanding Tier 1 and Tier 2 capital instruments that no longer meet the minimum criteria is gradually being phased out. Fixing the base at the nominal amount of such instruments outstanding on 1 January 2013, their recognition was capped at 90% in 2013, with this cap decreasing by 10 percentage points in each subsequent year. To the extent a capital instrument is redeemed or amortised after 1 January 2013, the nominal amount serving as the base will not be reduced. Our preference shares and subordinated term debts issued prior to 1 January 2013 are ineligible in the first instance as capital instruments under Basel III rules as they lack provisions for conversion to ordinary shares or write-down at the point of non-viability as determined by the MAS, but are accorded partial recognition under the Basel III transitional arrangements.

Our consolidated CET1 CAR at the end of the year was 13.1%. On a pro forma "look-through" basis, i.e., after all adjustments that will eventually be taken against CET1 by 1 January 2018, the consolidated CET1 CAR was 11.9%. This comfortably exceeded the eventual effective minimum CET1 CAR requirement under MAS Notice 637 of 9.0% effective on 1 January 2019. We are also well-positioned to comply with forthcoming leverage ratio requirements. At the end of the year the consolidated leverage ratio stood at 7.0%. This was well above the minimum 3% level being tested during the Basel Committee's 2013-2017 leverage ratio parallel run.

The Basel Committee has developed an indicator-based methodology for identifying global systemically important banks (G-SIBs) on which higher loss absorbency requirements will be imposed. While we are not a G-SIB, we are required to disclose the 12 indicators which are published on the Group website (www.dbs.com/investor/financial-performance/default.page).

Financial Statements

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

124 Consolidated Income Statement
125 Consolidated Statement Of Comprehensive Income
126 Balance Sheets
127 Consolidated Statement Of Changes In Equity
128 Consolidated Cash Flow Statement

Notes To The Financial Statements
129 Domicile and Activities
Summary of Significant Accounting Policies
136 Critical Accounting Estimates

INCOME STATEMENT
137 Net Interest Income
Net Fee and Commission Income
Net Trading Income
Net Income from Investment Securities
Other Income
138 Employee Benefits
Other Expenses
Allowances for Credit and Other Losses
139 Income Tax Expense
Earnings Per Ordinary Share

BALANCE SHEET: ASSETS
140 Classification of Financial Instruments
143 Cash and Balances with Central Banks
Government Securities and Treasury Bills
Bank and Corporate Securities
144 Loans and Advances to Customers
145 Financial Assets Transferred
Other Assets
146 Deferred Tax Assets/Liabilities
Subsidiaries and Consolidated Structured Entities
147 Associates and Joint Venture
149 Unconsolidated Structured Entities
Acquisitions
150 Properties and Other Fixed Assets
151 Goodwill and Intangibles

BALANCE SHEET: LIABILITIES
152 Deposits and Balances from Customers
Other Liabilities
Other Debt Securities
154 Subordinated Term Debts

BALANCE SHEET: SHARE CAPITAL AND RESERVES
155 Share Capital
156 Other Equity Instruments
Other Reserves and Revenue Reserves
158 Non-controlling Interests

OFF-BALANCE SHEET INFORMATION
159 Contingent Liabilities and Commitments
Financial Derivatives

ADDITIONAL INFORMATION
162 Share-based Compensation Plans
164 Related Party Transactions
Fair Value of Financial Instruments
169 Credit Risk
175 Liquidity Risk
177 Capital Management
Segment Reporting

DBS BANK LTD

180 Income Statement
181 Statement of Comprehensive Income
182 Balance Sheet
183 Notes to the Supplementary Financial Statements

185 Directors' Report
189 Statement by the Directors
190 Independent Auditor's Report

DBS Group Holdings Ltd and its Subsidiaries

Consolidated Income Statement

for the year ended 31 December 2014

In $ millions	Note	2014	2013
Income			
Interest income		**8,948**	7,986
Interest expense		**2,627**	2,417
Net interest income	4	**6,321**	5,569
Net fee and commission income	5	**2,027**	1,885
Net trading income	6	**901**	1,095
Net income from investment securities	7	**274**	276
Other income	8	**293**	273
Total income		**9,816**	9,098
Expenses			
Employee benefits	9	**2,294**	2,065
Other expenses	10	**2,036**	1,853
Allowances for credit and other losses	11	**667**	770
Total expenses		**4,997**	4,688
Share of profits of associates and joint venture		**79**	79
Profit before tax		**4,898**	4,489
Income tax expense	12	**713**	615
Net profit		**4,185**	3,874
Attributable to:			
Shareholders		**4,046**	3,672
Non-controlling interests		**139**	202
		4,185	3,874
Basic earnings per ordinary share ($)	13	**1.63**	1.50
Diluted earnings per ordinary share ($)	13	**1.61**	1.48

(The notes on pages 129 to 179 as well as the Risk Management section on pages 87 to 117 form part of these financial statements)

DBS Group Holdings Ltd and its Subsidiaries

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2014

In $ millions	2014	2013
Net profit	**4,185**	3,874
Other comprehensive income:		
Foreign currency translation differences for foreign operations	**96**	(87)
Share of other comprehensive income of associates and joint venture	**7**	(4)
Available-for-sale financial assets and others		
Net valuation taken to equity	**467**	(542)
Transferred to income statement	**(165)**	(176)
Tax on items taken directly to or transferred from equity	**(14)**	41
Other comprehensive income, net of tax	**391**	(768)
Total comprehensive income	**4,576**	3,106
Attributable to:		
Shareholders	**4,432**	2,900
Non-controlling interests	**144**	206
	4,576	3,106

(The notes on pages 129 to 179 as well as the Risk Management section on pages 87 to 117 form part of these financial statements)

DBS Group Holdings Ltd and its Subsidiaries

Balance Sheets

as at 31 December 2014

In $ millions	Note	Group 2014	Group 2013	Company 2014	Company 2013
Assets					
Cash and balances with central banks	15	**19,517**	18,726		
Government securities and treasury bills	16	**29,694**	27,497		
Due from banks		**42,263**	39,817	**13**	
Derivatives	37	**16,995**	17,426	**14**	
Bank and corporate securities	17	**37,763**	33,546		
Loans and advances to customers	18	**275,588**	248,654		
Other assets	20	**11,249**	8,925		
Associates and joint venture	23	**995**	1,166		
Subsidiaries	22	**–**	–	**19,416**	12,547
Properties and other fixed assets	26	**1,485**	1,449		
Goodwill and intangibles	27	**5,117**	4,802		
Total assets		**440,666**	402,008	**19,443**	12,547
Liabilities					
Due to banks		**16,176**	13,572		
Deposits and balances from customers	28	**317,173**	292,365		
Derivatives	37	**18,755**	18,132		
Other liabilities	29	**11,728**	11,594	**17**	11
Other debt securities	30	**31,963**	23,115	**1,661**	
Subordinated term debts	31	**4,665**	5,544		
Total liabilities		**400,460**	364,322	**1,678**	11
Net assets		**40,206**	37,686	**17,765**	12,536
Equity					
Share capital	32	**10,171**	9,676	**10,194**	9,704
Other equity instruments	33	**803**	803	**803**	803
Other reserves	34	**6,894**	6,492	**152**	136
Revenue reserves	34	**19,840**	17,262	**6,616**	1,893
Shareholders' funds		**37,708**	34,233	**17,765**	12,536
Non-controlling interests	35	**2,498**	3,453		
Total equity		**40,206**	37,686	**17,765**	12,536

(The notes on pages 129 to 179 as well as the Risk Management section on pages 87 to 117 form part of these financial statements)

DBS Group Holdings Ltd and its Subsidiaries

Consolidated Statement of Changes in Equity

for the year ended 31 December 2014

In $ millions	Share Capital	Other equity instruments	Other reserves	Revenue reserves	Total	Non-controlling interests	Total equity
2014							
Balance at 1 January	**9,676**	**803**	**6,492**	**17,262**	**34,233**	**3,453**	**37,686**
Issue of shares upon exercise of share options	**13**				**13**		**13**
Cost of share-based payments			**88**		**88**		**88**
Reclassification of reserves upon exercise of share options	**4**		**(4)**		**–**		**–**
Draw-down of reserves upon vesting of performance shares	**68**		**(68)**		**–**		**–**
Issue of shares pursuant to Scrip Dividend Scheme	**489**				**489**		**489**
Purchase of treasury shares	**(79)**				**(79)**		**(79)**
Redemption of preference shares of a subsidiary					**–**	**(895)**	**(895)**
Dividends paid to shareholders				**(1,468)**	**(1,468)**		**(1,468)**
Dividends paid to non-controlling interests					**–**	**(141)**	**(141)**
Change in non-controlling interests					**–**	**(63)**	**(63)**
Total comprehensive income			**386**	**4,046**	**4,432**	**144**	**4,576**
Balance at 31 December	**10,171**	**803**	**6,894**	**19,840**	**37,708**	**2,498**	**40,206**
2013							
Balance at 1 January	9,542	–	7,229	14,966	31,737	4,261	35,998
Issue of shares upon exercise of share options	18				18		18
Cost of share-based payments			76		76		76
Reclassification of reserves upon exercise of share options	4		(4)		–		–
Draw-down of reserves upon vesting of performance shares	37		(37)		–		–
Issue of shares pursuant to Scrip Dividend Scheme	103				103		103
Purchase of treasury shares	(28)				(28)		(28)
Issue of perpetual capital securities		803			803		803
Purchase of preference shares of a subsidiary					–	(805)	(805)
Dividends paid to shareholders				(1,376)	(1,376)		(1,376)
Dividends paid to non-controlling interests					–	(209)	(209)
Total comprehensive income			(772)	3,672	2,900	206	3,106
Balance at 31 December	9,676	803	6,492	17,262	34,233	3,453	37,686

(The notes on pages 129 to 179 as well as the Risk Management section on pages 87 to 117 form part of these financial statements)

DBS Group Holdings Ltd and its Subsidiaries

Consolidated Cash Flow Statement

for the year ended 31 December 2014

In $ millions	2014	2013
Cash flows from operating activities		
Net profit	**4,185**	3,874
Adjustments for non-cash items:		
Allowances for credit and other losses	**667**	770
Depreciation of properties and other fixed assets	**220**	214
Share of profits of associates and joint venture	**(79)**	(79)
Net gain on disposal (net of write-off) of properties and other fixed assets	**(35)**	(44)
Net income from investment securities	**(274)**	(276)
Net gain on disposal of associate	**(223)**	(221)
Cost of share-based payments	**88**	76
Income tax expense	**713**	615
Fair value gain on acquisition of interest in joint venture	**(3)**	–
Profit before changes in operating assets and liabilities	**5,259**	4,929
Increase/(Decrease) in:		
Due to banks	**2,604**	(1,779)
Deposits and balances from customers	**24,808**	38,901
Other liabilities	**1,306**	716
Other debt securities and borrowings	**8,643**	9,323
(Increase)/Decrease in:		
Restricted balances with central banks	**111**	(998)
Government securities and treasury bills	**(1,986)**	8,540
Due from banks	**(2,446)**	(10,427)
Loans and advances to customers	**(27,558)**	(38,845)
Bank and corporate securities	**(3,865)**	(8,117)
Other assets	**(2,167)**	(388)
Tax paid	**(733)**	(562)
Net cash generated from operating activities (1)	**3,976**	1,293
Cash flows from investing activities		
Proceeds from disposal of interest in associate	**435**	425
Acquisition of interest in associate and joint venture	**(88)**	(65)
Dividends from associates	**98**	52
Purchase of properties and other fixed assets	**(263)**	(227)
Proceeds from disposal of properties and other fixed assets	**55**	63
Acquisition of business (Note 25)	**(281)**	–
Net cash (used in)/generated from investing activities (2)	**(44)**	248
Cash flows from financing activities		
Increase in share capital	**502**	121
Purchase of treasury shares	**(79)**	(28)
Dividends paid to shareholders of the Company	**(1,468)**	(1,376)
Dividends paid to non-controlling interests	**(141)**	(209)
Issue of perpetual capital securities	**–**	803
Purchase of preference shares of a subsidiary	**–**	(805)
Payment upon maturity of subordinated term debts	**(977)**	–
Redemption of preference shares of a subsidiary	**(895)**	–
Change in non-controlling interests	**(63)**	–
Net cash used in financing activities (3)	**(3,121)**	(1,494)
Exchange translation adjustments (4)	**91**	(91)
Net change in cash and cash equivalents (1)+(2)+(3)+(4)	**902**	(44)
Cash and cash equivalents at 1 January	**10,949**	10,993
Cash and cash equivalents at 31 December (Note 15)	**11,851**	10,949

(The notes on pages 129 to 179 as well as the Risk Management section on pages 87 to 117 form part of these financial statements)

DBS Group Holdings Ltd and its Subsidiaries

Notes to the Financial Statements

for the year ended 31 December 2014

These Notes are integral to the financial statements.

The consolidated financial statements for the year ended 31 December 2014 were authorised for issue by the Directors on 9 February 2015.

1 DOMICILE AND ACTIVITIES

The Company, DBS Group Holdings Ltd, is incorporated and domiciled in the Republic of Singapore and has its registered office at 12 Marina Boulevard, Marina Bay Financial Centre Tower Three, Singapore 018982.

The Company is listed on the Singapore Exchange.

The Company is an investment holding, treasury and funding vehicle for the group. Its main subsidiary is DBS Bank Ltd (the Bank), which is engaged in a range of commercial banking and financial services, principally in Asia.

The financial statements relate to the Company and its subsidiaries (the Group) and the Group's interests in associates and joint ventures.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

COMPLIANCE WITH SINGAPORE FINANCIAL REPORTING STANDARDS (FRS)
The financial statements of the Company and the consolidated financial statements of the Group are prepared in accordance with Singapore Financial Reporting Standards (FRS) and related Interpretations promulgated by the Accounting Standards Council (ASC). In accordance with Section 201(19) of the Companies Act (the Act), the requirements of FRS 39 Financial Instruments: Recognition and Measurement in respect of loan loss provisioning are modified by the requirements of Notice to Banks No. 612 "Credit Files, Grading and Provisioning" (MAS Notice 612) issued by the Monetary Authority of Singapore. As permitted by Section 201(4B) of the Act, the Company's income statement has not been included in these financial statements.

The financial statements are presented in Singapore dollars and rounded to the nearest million, unless otherwise stated.

DIFFERENCES BETWEEN INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) AND FRS
Beyond the above modification to FRS related to MAS Notice 612, there are no significant differences between IFRS and FRS in terms of their application to the Group. The consolidated financial statements and the notes thereon satisfy all necessary disclosures under IFRS and FRS.

2.2 Significant estimates and judgement

The preparation of financial statements requires management to exercise judgement, use estimates and make assumptions in the application of policies and in reporting the amounts in the financial statements. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from these estimates. Critical accounting estimates and assumptions used that are significant to the financial statements, and areas involving a higher degree of judgement and complexity, are disclosed in Note 3.

2.3 Adoption of new and revised accounting standards

On 1 January 2014, the Group adopted the following new or revised FRS that are issued by the ASC and relevant for the Group. The adoption of these FRS has no significant impact on the financial statements of the Group.

AMENDMENTS TO FRS 32: OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES
The amendments to FRS 32 clarify the offsetting criteria in FRS 32 by explaining when an entity currently has a legally enforceable right to set off and when gross settlement is equivalent to net settlement.

FRS 110: CONSOLIDATED FINANCIAL STATEMENTS
FRS 110 introduces a new control model that focuses on whether the Group has power over an investee, exposure or rights to variable returns from its involvement with the investee, and the ability to use its power to affect those returns.

FRS 111: JOINT ARRANGEMENTS
FRS 111 focuses on the rights and obligations of the parties to the arrangement rather than its legal form. The two types of joint arrangements are joint operations in which the investors have rights to the assets and obligations for the liabilities of an arrangement and joint ventures in which the investors have rights to the net assets of the arrangement.

FRS 112: DISCLOSURES OF INTERESTS IN OTHER ENTITIES
FRS 112 includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, structured entities and other off-balance sheet vehicles.

INT FRS 121: LEVIES
INT FRS 121 sets out the accounting for an obligation to pay a levy that is not income tax.

In addition to the above, a number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2014. The Group has not applied these standards or amended standards in preparing these financial statements. None of them is expected to have a significant effect on the financial statements of the Group and the Company other than FRS 109.

FRS 109: Financial Instruments
FRS 109 replaces the existing guidance in FRS 39 Financial Instruments: Recognition and Measurement. It includes revised guidance on the classification and measurement of financial instruments and introduces a new expected credit loss model for impairment of financial assets as well as new requirements for general hedge accounting. The standard is effective for annual reporting periods beginning on or after 1 January 2018. Early adoption is permitted.

A summary of the most significant group accounting policies is described further below starting with those relating to the entire financial statements followed by those relating to the income statement, the balance sheet and other specific topics. This does not reflect the relative importance of these policies to the Group.

A) GENERAL ACCOUNTING POLICIES

2.4 Group Accounting

SUBSIDIARIES
Subsidiaries are entities (including structured entities) over which the Group has control. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are consolidated from the date control is transferred to the Group to the date control ceases.

The acquisition method is used to account for business combinations. Refer to Note 2.12 for the Group's accounting policy on goodwill.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

JOINT VENTURES
Joint ventures are arrangements over which the Group has joint control. The Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. Investment in joint ventures are accounted for using the equity method.

ASSOCIATES
Associates are entities over which the Group has significant influence, but no control where the Group generally holds a shareholding of between and including 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method.

2.5 Foreign currency treatment

FUNCTIONAL AND PRESENTATION CURRENCY
Items in the financial statements are measured using the functional currency of each entity in the Group, this being the currency of the primary economic environment in which the entity operates. The Group's financial statements are presented in Singapore dollars, which is the functional currency of the Company.

FOREIGN CURRENCY TRANSACTIONS AND BALANCES
Transactions in foreign currencies are measured using the exchange rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency of the entity undertaking the transaction at the exchange rates as at the balance sheet date. Foreign exchange differences arising from this translation are recognised in the income statement.

Non-monetary assets and liabilities measured at cost in a foreign currency are translated using the exchange rates at the date of the transaction.

Non-monetary assets and liabilities measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined, which is generally the balance sheet date.

Unrealised foreign exchange differences arising from non-monetary financial assets and liabilities classified as fair value through profit or loss are recognised in the income statement as trading income. For non-monetary financial assets such as equity investments classified as available-for-sale, unrealised foreign exchange differences are recorded in other comprehensive income and accumulated in equity until the assets are disposed of or become impaired, upon which they are reclassified to the income statement.

SUBSIDIARIES AND BRANCHES
The results and financial position of subsidiaries and branches whose functional currency is not Singapore dollars ("foreign operations") are translated into Singapore dollars in the following manner:

- Assets and liabilities are translated at the exchange rates as at the balance sheet date;
- Income and expenses in the income statement are translated at exchange rates prevailing at each month-end, approximating the exchange rates at the dates of the transactions; and
- All resulting exchange differences are recognised in other comprehensive income and accumulated under capital reserves in equity. When a foreign operation is disposed of, exchange differences are recognised in the income statement as part of the gain or loss on disposal.

For acquisitions prior to 1 January 2005, the foreign exchange rates at the respective dates of acquisition were used. Please refer to Note 27 for an overview of goodwill recorded. Goodwill and fair value adjustments arising on the acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of the foreign operation and translated at the closing rate.

2.6 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to management.

In preparing the segment information, amounts for each business segment are shown after the allocation of certain centralised costs, funding income and the application of transfer pricing, where appropriate. Transactions between segments are recorded within the segment as if they are third party transactions and are eliminated on consolidation.

Please refer to Note 44 for further details on business and geographical segment reporting.

B) INCOME STATEMENT

2.7 Income recognition

INTEREST INCOME AND INTEREST EXPENSE
Interest income and interest expense as presented in Note 4 arise from all interest-bearing financial assets and financial liabilities regardless of their classification and measurement, with the exception of the Group's structured investment deposits which are carried at fair value through profit or loss. Interest expense on such structured investment deposits are presented together with other fair value changes in trading income.

Interest income and interest expense are recognised on a time-proportionate basis using the effective interest method. The calculation includes significant fees and transaction costs that are integral to the effective interest rate, as well as premiums or discounts.

FEE AND COMMISSION INCOME
The Group earns fee and commission income from a diverse range of products and services provided to its customers.

Fee and commission income is generally recognised on the completion of a transaction. Such fees include underwriting fees, brokerage fees and fees related to completion of corporate finance transactions.

For a service that is provided over a period of time, fee and commission income is recognised over the period during which the related service is provided or credit risk is undertaken. Such fees include the income from issuance of financial guarantees.

Fee and commission income is recorded net of expenses directly related to it. These expenses typically include brokerage fees paid, card-related expenses and sales commissions, but do not include expenses for services delivered over a period (such as service contracts) and other expenses that are not specifically related to fee and commission income transactions.

DIVIDEND INCOME
Dividend income is recognised when the right to receive payment is established. This is generally the ex-dividend date for listed equity securities, and the date when shareholders approve the dividend for unlisted equity securities. Dividend income arising from held-for-trading financial assets is recognised in "Net trading income", while those arising from available-for-sale financial assets is recognised in "Net income from investment securities".

ALLOWANCES FOR CREDIT AND OTHER LOSSES
Please refer to Note 2.10 for the accounting policy on impairment of financial assets.

C) BALANCE SHEET

2.8 Financial assets

INITIAL RECOGNITION
Purchases and sales of all financial assets, even if their classification and measurement are subsequently changed, are recognised on the date that the Group enters into the contractual arrangements with counterparties. When the Group acts as a trustee or in a fiduciary capacity for assets it does not directly control or benefit from, the assets and the corresponding income belonging to a customer are excluded from the financial statements.

Financial assets are initially recognised at fair value, which is generally the transaction price.

CLASSIFICATION AND SUBSEQUENT MEASUREMENT
The Group classifies and measures financial assets based on their nature and the purpose for which they are acquired. This generally corresponds to the business models in which they are applied and how management monitors performance, as follows:

- Financial assets (other than derivatives) that are managed mainly for longer-term holding and collection of payments are classified as **loans and receivables**. These assets have fixed or determinable payments, are not quoted in an active market and are mainly in the segments "Consumer Banking/ Wealth Management" and "Institutional Banking". Loans and receivables are carried at amortised cost using the effective interest method.

- Financial assets that are managed on a fair value basis, which are mainly in the "Treasury" segment, are classified as **financial assets at fair value through profit or loss**. Such assets include instruments held for the purpose of short-term selling and market-making ("**held for trading**"), or designated under the fair value option if doing so eliminates or significantly reduces measurement or recognition inconsistencies that would otherwise arise, or if the financial asset contains an embedded derivative that would otherwise need to be separately recorded ("**designated at fair value through profit or loss**").

  Realised or unrealised gains or losses on such financial assets, except interest income, are taken to "Net trading income" in the income statement in the period they arise.

  Derivatives (including derivatives embedded in other contracts but separated for accounting purposes) are also categorised as **held for trading** unless they are designated as hedges in accordance with Note 2.18. Derivatives are classified as assets when the fair value is positive and as liabilities when the fair value is negative. Changes in the fair value of derivatives other than those designated as hedges are included in "Net trading income".

- Financial assets that the Group intends to hold to maturity are classified as **held to maturity**. These are Singapore Government securities that the Group holds for satisfying regulatory liquidity requirements and are held within the "Others" segment.

- The Group also holds other financial assets for the purpose of investment or satisfying regulatory liquidity requirements. Such assets are held for an indefinite period and may be sold in response to needs for liquidity or changes in interest rates, credit spreads, exchange rates or equity prices. Financial assets in this category are held in all business segments as well as the liquidity management unit in the "Others" segment. These assets are classified as **available-for-sale** and initially and subsequently measured at fair value.

  Unrealised gains or losses arising from changes in fair value are recognised in other comprehensive income and accumulated in available-for-sale revaluation reserves. When sold or impaired, the accumulated fair value adjustments in the available-for-sale revaluation reserves are reclassified to the income statement. Unquoted equity investments classified as available-for-sale for which fair values cannot be reliably determined are carried at cost, less impairment (if any).

Where the classification and measurement of financial assets do not reflect the management of the financial assets (or financial liabilities), the Group may apply hedge accounting where permissible and relevant to better reflect the management of the financial assets. Please refer to Note 2.18 for details on hedging and hedge accounting.

Please refer to Note 14 for further details on the types of financial assets classified and measured as above.

RECLASSIFICATION
When the purpose for holding a financial asset changes, or when FRS otherwise requires it, non-derivative financial assets are reclassified accordingly. Financial assets may be classified out of the fair value through profit or loss or available-for-sale categories only in particular circumstances as prescribed by FRS 39. In 2008 and 2009, the Group reclassified certain financial assets between categories as a result of a change in its holding intention. The reclassifications did not have a material impact on the income statement and statement of comprehensive income for the current year.

DETERMINATION OF FAIR VALUE
The fair value of financial assets is the price that would be received if the asset is sold in an orderly transaction between market participants at the measurement date. Fair value is generally estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments. Where applicable, a valuation reserve or pricing adjustment is applied to arrive at the fair value. The determination of fair value is considered a significant accounting policy for the Group and further details are disclosed in Note 40.

OFFSETTING
Financial assets and liabilities are presented net when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle them on a net basis, or realise the asset and settle the liability simultaneously.

DERECOGNITION
Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or when they have been transferred together with substantially all the risks and rewards of ownership.

The Group enters into certain transactions where it transfers financial assets recognised on its balance sheet but retains either all or a portion of the risks and rewards of the transferred financial assets. In such cases, the transferred financial assets are not derecognised from the balance sheet. Such transactions include repurchase transactions described in Note 2.11. They also include transactions where control over the financial asset is retained, for example, by a simultaneous transaction (such as options) with the same counterparty to which the asset is transferred. These are mainly transacted in the "Treasury" segment. In such cases the Group continues to recognise the asset to the extent of its continuing involvement which is the extent to which it is exposed to changes in the value of the transferred asset.

Please refer to Note 19 for disclosures on transferred financial assets.

2.9 Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand and non-restricted balances with central banks which are readily convertible into cash.

2.10 Impairment of financial assets

The Group assesses at each balance sheet date whether there is evidence that a financial asset or a group of financial assets is impaired.

(a) Financial assets classified as loans and receivables and held to maturity
The Group carries out regular and systematic reviews of all credit facilities extended to customers.

The criteria that the Group uses to determine whether there is evidence of an impairment loss include:

- Significant financial difficulty of the issuer or obligor, including breach of covenants and/or financial conditions.
- A breach of contract, such as a default or delinquency in interest or principal payments.
- Granting of a concession to the borrower, for economic or legal reasons relating to the borrower's financial difficulty, that the Group would not otherwise consider.
- High probability of bankruptcy or other financial reorganisation of the borrower.

SPECIFIC ALLOWANCES FOR CREDIT LOSSES
A specific allowance for credit losses is recognised if there is evidence that the Group will be unable to collect all amounts due under a claim according to the original contractual terms or the equivalent value. A "claim" means a loan, debt security or a commitment such as financial guarantees and letters of credit.

A specific allowance for credit losses is recorded as a reduction in the carrying value of a claim on the balance sheet. For an off-balance sheet item such as a commitment, a specific allowance for credit loss is recorded as "provision for loss in respect of off-balance sheet credit exposures" within "Other liabilities".

Specific allowances for credit losses are evaluated either individually or collectively for a portfolio.

Specific allowance for an individual credit exposure is made when existing facts, conditions or valuations indicate that the Group is not likely to collect the principal and interest due contractually on the claim. An allowance is reversed only when there has been an identifiable event that has led to an improvement in the collectability of the claim. The amount of specific allowance also takes into account the collateral value, which may be discounted to reflect the impact of a forced sale or untimely liquidation.

Overdue unsecured consumer loans which are homogenous in nature, such as credit card receivables, are pooled according to their delinquency behaviour and evaluated for impairment collectively as a group, taking into account the historical loss experience of such loans.

When a loan is uncollectible, it is written off against the related allowance for loan impairment. Such loans are written off after all the recovery procedures have been exhausted and the amount of the loss has been determined. Recoveries in full or in part of amounts previously written off are credited to the income statement in "Allowances for credit and other losses".

GENERAL ALLOWANCES FOR CREDIT LOSSES
Apart from specific allowances, the Group also recognises general allowances for credit losses. The Group maintains a level of allowances that is deemed sufficient to absorb the estimated credit losses inherent in its loan portfolio (including off-balance sheet credit exposures). The Group maintains general allowances of at least 1% of credit exposures arising from both on and off-balance sheet items (against which specific allowances have not been made), adjusted for collateral held. This is in accordance with the transitional arrangements under MAS Notice 612.

(b) Financial assets classified as available-for-sale
The Group assesses at each balance sheet date whether there is evidence that an available-for-sale financial asset is impaired.

In the case of an equity investment, a significant or prolonged decline in the fair value of the security below its cost is a factor in determining whether the asset is impaired.

When there is evidence of an impairment of an available-for-sale financial asset, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the income statement – is reclassified from the revaluation reserve within equity to the income statement.

For equity investments, impairment losses are not reversed until they are disposed of. For impaired debt instruments that subsequently recover in value, the impairment losses are reversed through the income statement if there has been an identifiable event that led to the recovery.

2.11 Repurchase agreements

Repurchase agreements (Repos) are treated as collateralised borrowings. The amount borrowed is reflected as a financial liability either as "Due to banks" or "Deposits and balances from customers". The securities sold under repos are treated as pledged assets and remain on the balance sheet at amortised cost or fair value depending on their classification.

Reverse repurchase agreements (Reverse repos) are treated as collateralised lending. The amount lent is reflected as a financial asset as "Cash and balances with central banks", "Due from banks" or "Loans and advances to customers".

Amounts paid and received in excess of the amounts borrowed and lent on the repos and reverse repos are amortised as interest expense and interest income respectively using the effective interest method.

2.12 Goodwill

Goodwill arising from business combinations generally represents the excess of the acquisition cost over the fair value of identifiable assets acquired and liabilities and contingent liabilities assumed on the acquisition date. Goodwill is stated at cost less impairment losses and is tested at least annually for impairment.

At the acquisition date, any goodwill acquired is allocated to each of the cash-generating units (CGU) or group of CGUs expected to benefit from the combination's synergies.

An impairment loss is recognised when the carrying amount of a CGU, or group of CGUs, including the goodwill, exceeds the applicable recoverable amount. The recoverable amount of a CGU or CGU group is the higher of the CGU's or CGU group's fair value less cost to sell and its value-in-use. An impairment loss on goodwill is recognised in the income statement and cannot be reversed in subsequent periods.

2.13 Properties and other fixed assets

Properties (including investment properties) and other fixed assets are stated at cost less accumulated depreciation and impairment losses.

Depreciation is calculated using the straight-line method over the estimated useful lives of the assets.

Generally, the useful lives are as follows:

Buildings	50 years or over the remaining lease period, whichever is shorter.
Leasehold land	100 years or over the remaining lease period, whichever is shorter. Leasehold land where the unexpired lease period is more than 100 years is not depreciated.
Computer software	3 – 5 years
Office equipment, furniture and fittings	5 – 10 years

Please refer to Note 26 for the details of properties and other fixed assets and their movements during the year.

2.14 Financial liabilities

INITIAL RECOGNITION, CLASSIFICATION AND SUBSEQUENT MEASUREMENT
Financial liabilities are initially recognised at fair value.
The Group generally classifies and measures its financial liabilities in accordance with the purpose for which the financial liabilities are incurred and managed. Accordingly:

- Financial liabilities are classified as **financial liabilities at fair value through profit or loss** if they are incurred for the purpose of repurchasing in the near term ("***held for trading***"), and this may include debt securities issued and short positions in securities for the purpose of ongoing market-making or trading. Financial liabilities at fair value through profit or loss can also be designated by management on initial recognition ("***designated at fair value through profit or loss***"). Financial liabilities in this classification are usually within the "Treasury" segment.

  In addition, some financial liabilities used to fund specific financial assets measured at fair value through profit or loss are designated under the fair value option when doing so eliminates or significantly reduces measurement or recognition inconsistencies that would otherwise arise.

  Realised or unrealised gains or losses on financial liabilities held for trading and financial liabilities designated under the fair value option, except interest expense, are taken to "Net trading income" in the income statement in the period they arise. Interest expense on structured investment deposits at fair value through profit or loss are also presented together with other fair value changes in "Net trading income".

- Derivative liabilities are treated consistently with derivative assets. Please refer to Note 2.8 for the accounting policy on derivatives.

- Other financial liabilities are carried at **amortised cost** using the effective interest method. These comprise predominantly the Group's "Deposits and balances from customers", "Due to banks" and "Other debt securities".

Please refer to Note 14 for further details on the types of financial liabilities classified and measured as above.

DETERMINATION OF FAIR VALUE
The fair value of financial liabilities is the price that would be paid to transfer the liability in an orderly transaction between market participants at the measurement date.

Please refer also to Note 40 for further fair value disclosures.

DERECOGNITION
A financial liability is derecognised from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired.

2.15 Loan commitments, Letters of credit and Financial guarantees

LOAN COMMITMENTS
Loan commitments are typically not financial instruments and are not recognised on the balance sheet. They are disclosed in accordance with FRS 37 and form part of the disclosures in Note 36. Upon a loan draw-down, the amount of the loan is accounted for under "loans and receivables" as described in Note 2.8.

LETTERS OF CREDIT
Letters of credit are recorded off-balance sheet as contingent liabilities upon issuance, and the corresponding payables to the beneficiaries and receivables from the applicants are recognised on-balance sheet upon acceptance of the underlying documents.

FINANCIAL GUARANTEES
A financial guarantee is initially recognised in the financial statements at fair value on the date the guarantee is given. This is generally the amount (fee) paid by the counterparty. Subsequently, the fee is recognised over time as income in accordance with the principles in Note 2.7.

Off-balance sheet credit exposures are managed for credit risk in the same manner as financial assets. Please refer to Note 2.10 on the Group's accounting policies on specific allowances for credit losses.

2.16 Provisions and other liabilities

Provisions for other liabilities of uncertain timing and amounts are recognised when:

- the Group has a present legal or constructive obligation as a result of past events;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate of the amount of the obligation can be made.

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the balance sheet date.

2.17 Share capital and other instruments classified as equity

Ordinary shares, preference shares and other instruments which do not result in the Group having a contractual obligation to deliver cash or another financial asset, or to exchange financial assets or financial liabilities with the holder under conditions that are potentially unfavourable to the Group, are classified as equity. Distributions arising from such instruments are recognised in equity as there is no contractual obligation to pay distributions on these instruments. Incremental external costs directly attributable to the issuance of such instruments are accounted for as a deduction from equity.

When any entity within the Group purchases the Company's ordinary shares ("treasury shares"), the consideration paid, including any directly attributable incremental cost is presented as a component within equity, until they are cancelled, sold or reissued.

When treasury shares are subsequently cancelled, the cost of the treasury shares is deducted against either the share capital account or retained earnings. When treasury shares are subsequently sold or reissued, any realised gain or loss on sale or reissue, net of any directly attributable incremental transaction costs and related income tax, is recognised in capital reserves.

For ordinary and preference shares, interim dividends are recorded during the financial year in which they are declared payable. Final dividends are recorded during the financial year in which the dividends are approved by the shareholders at the Annual General Meeting.

D) OTHER SPECIFIC TOPICS

2.18 Hedging and hedge accounting

The Group uses derivative contracts mainly as part of its risk management strategies for hedging interest rate risk arising from maturity mismatches or for hedging currency risk arising from currency mismatches and cash flows in foreign currencies.

In some cases, where the strict criteria in FRS 39 are met, hedge accounting is applied as set out in subsequent paragraphs. At the inception of each hedging relationship, the Group documents the relationship between the hedging instrument and the hedged item; the risk management objective for undertaking the hedge transaction; and the methods used to assess the effectiveness of the hedge. At inception and on an on-going basis, the Group also documents its assessment of whether the hedging instrument is highly effective in offsetting changes in the fair value or cash flows of the hedged item.

FAIR VALUE HEDGE

The Group's fair value hedges consist principally of interest rate swaps used for managing the interest rate gaps that naturally arise from its purchases or issues of debt securities, and where a mismatch in the measurement between the hedging derivative and the hedged item exists. Such hedges are mainly used in the "Treasury" and "Others" segments.

For a qualifying fair value hedge, the changes in the fair value of the hedging derivatives are recorded in the income statement, together with any changes in the fair value of the hedged item attributable to the hedged risk.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item is amortised to the income statement over its remaining maturity, using the effective interest method.

CASH FLOW HEDGE

For transactions with highly probable cash flows, derivatives are used to hedge against cash flow variability due to exchange rate movements in certain situations. Cash flow hedge accounting is principally applied in such cases.

The effective portion of changes in the fair value of a derivative designated and qualifying as a cash flow hedge is recognised in other comprehensive income and accumulated under the cash flow hedge reserve in equity. This amount is reclassified to the income statement in the periods when the hedged forecast cash flows affect the income statement. The ineffective portion of the gain or loss is recognised immediately in the income statement under "Net trading income".

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in the cash flow hedge reserve remains until the forecast transaction is recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss in the cash flow hedge reserve is reclassified from equity to the income statement.

NET INVESTMENT HEDGE

Net investment hedge accounting is applied to hedged investments in foreign operations which comprise certain subsidiaries, branches, associates and joint ventures with a functional currency different from that of the Company. Under the Group's hedging strategy, the carrying amount of these investments could be fully hedged, partially hedged or not hedged at all.

Hedges of net investments in the Group's foreign operations are accounted for in a manner similar to cash flow hedges. On disposal of the foreign operations, the cumulative gain or loss in the capital reserves is reclassified to the income statement as part of the gain or loss on disposal.

ECONOMIC HEDGES WHICH DO NOT QUALIFY FOR HEDGE ACCOUNTING

Some derivatives may be transacted as economic hedges as part of the Group's risk management but do not qualify for hedge accounting under FRS 39. These include swaps and other derivatives (e.g. futures and options) that the Group transacts to manage interest rate, foreign exchange or other risks. Such derivatives are treated in the same way as derivatives held for trading purposes, i.e. realised and unrealised gains and losses are recognised in "Net trading income". In some cases, the hedged exposures are designated at fair value through profit or loss, thereby achieving some measure of offset in the income statement.

Please refer to Note 37.2 for disclosures on hedging derivatives.

2.19 Employee benefits

Employee benefits, which include base pay, cash bonuses, share-based compensation, contribution to defined contribution plans such as the Central Provident Fund and other staff-related allowances, are recognised in the income statement when incurred. For defined contribution plans, contributions are made to publicly or privately administered funds on a mandatory, contractual or voluntary basis. Once the contributions have been paid, the Group has no further payment obligations.

Employee entitlement to annual leave is recognised when they accrue to employees. A provision is made for the estimated liability for annual unutilised leave as a result of services rendered by employees up to the balance sheet date.

2.20 Share-based compensation

Employee benefits also include share-based compensation, namely the DBSH Share Ownership Scheme (the Scheme), the DBSH Share Option Plan, the DBSH Share Plan and the DBSH Employee Share Plan (the Plans). The details of the Scheme and Plans are described in Note 38.

Equity instruments granted and ultimately vested under the Plans are recognised in the income statement based on the fair value of the equity instrument at the date of grant. The expense is amortised over the vesting period of each award, with a corresponding adjustment to the share option/plan reserves. Monthly contributions to the Scheme are expensed off when incurred.

For the DBSH Share Plan and the DBSH Employee Share Plan, a trust has been set up for each share plan. The employee trust funds are consolidated and the DBSH shares held by the trust funds are accounted for as "treasury shares", which is presented as a deduction within equity.

2.21 Current and deferred taxes

Current income tax for current and prior periods is recognised as the amount expected to be paid or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. The Group considers uncertain tax positions generally at the level of the total tax liability to each tax authority for each period. The liability is determined based on the total amount of current tax expected to be paid, taking into account all tax uncertainties, using either an expected value approach or a single best estimate of the most likely outcome.

Tax assets and liabilities of the same type (current or deferred) are offset when a legal right of offset exists and settlement in this manner is intended. This applies generally when they arise from the same tax reporting group and relate to the same tax authority.

Deferred income tax is provided on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted by the balance sheet date.

The amount of deferred tax assets recognised takes into account the likelihood the amount that can be used to offset payable taxes on future profits.

Deferred tax related to fair value re-measurement of available-for-sale investments, which are recognised outside profit or loss, is also recognised outside profit or loss, i.e. in other comprehensive income and accumulated in the available-for-sale revaluation reserves.

3 CRITICAL ACCOUNTING ESTIMATES

The Group's accounting policies and use of estimates are integral to the reported amounts in the financial statements. Certain accounting estimates require management's judgement in determining the appropriate methodology for valuation of assets and liabilities. Procedures are in place to ensure that methodologies are reviewed and revised as appropriate. The Group believes its estimates for determining the valuation of its assets and liabilities are appropriate.

The following is a brief description of the Group's critical accounting estimates that involve management's valuation judgement.

3.1 Impairment allowances

It is the Group's policy to recognise, through charges against profit, specific and general allowances in respect of estimated and inherent credit losses in its portfolio as described in Note 2.10.

In estimating specific allowances, the Group assesses the gap between borrowers' obligations to the Group and their repayment ability. The assessment takes into account various factors, including the economic or business outlook, the future profitability of the borrowers and the liquidation value of collateral. Such assessment requires considerable judgement.

Another area requiring judgement is the calculation of general allowances, which are determined after taking into account historical data and management's assessment of the current economic and credit environment, country and portfolio risks, as well as industry practices. Please refer to Risk Management section for a further description of the Group's credit risk management.

3.2 Fair value of financial instruments

The majority of the Group's financial instruments reported at fair value are based on quoted and observable market prices or on internally developed models that are based on independently sourced market parameters.

The fair value of financial instruments without an observable market price in an active market may be determined using valuation models. The choice of model requires significant judgement for complex products especially those in the "Treasury" segment.

Policies and procedures have been established to facilitate the exercise of judgement in determining the risk characteristics of various financial instruments, discount rates, estimates of future cash flows and other factors used in the valuation process.

Please refer to Note 40 for details on fair valuation and fair value hierarchy of the Group's financial instruments measured at fair value.

3.3 Goodwill

The Group performs an impairment review to ensure that the carrying amount of a CGU to which goodwill is allocated does not exceed the recoverable amount of the CGU. Note 27 provides details of goodwill at the reporting date.

The recoverable amount represents the present value of the estimated future cash flows expected to arise from continuing operations. Therefore, in arriving at the recoverable amount, management exercises judgement in estimating the future cash flows, growth rate and discount rate.

3.4 Income taxes

The Group has exposure to income taxes in numerous jurisdictions. Significant judgement is involved in determining the Group's provision for income taxes. The Group recognises liabilities for expected tax issues based on reasonable estimates of whether additional taxes will be due. Where uncertainty exists around the Group's tax position including resolution of any related appeals or litigation processes, appropriate provisions are provided based on technical merits of the positions with the same tax authority. Note 21 provides details of the Group's deferred tax assets/liabilities. In general, determination of the value of assets/liabilities relating to carry forward tax losses requires judgement.

4 NET INTEREST INCOME

In $ millions	The Group 2014	The Group 2013
Cash and balances with central banks and Due from banks	**577**	460
Customer non-trade loans	**5,256**	4,710
Trade assets	**1,583**	1,458
Debt securities	**1,532**	1,358
Total interest income	**8,948**	7,986
Deposits and balances from customers	**2,086**	1,926
Other borrowings	**541**	491
Total interest expense	**2,627**	2,417
Net interest income	**6,321**	5,569

Comprising:		
Interest income for financial assets at fair value through profit or loss	**595**	329
Interest income for financial assets not at fair value through profit or loss	**8,353**	7,657
Interest expense for financial liabilities at fair value through profit or loss	**(142)**	(107)
Interest expense for financial liabilities not at fair value through profit or loss	**(2,485)**	(2,310)
Total	**6,321**	5,569

5 NET FEE AND COMMISSION INCOME

In $ millions	The Group 2014	The Group 2013
Brokerage	**173**	214
Investment banking	**243**	191
Trade and transaction services[(b)]	**515**	531
Loan-related	**385**	367
Cards[(c)]	**369**	337
Wealth management	**507**	412
Others	**83**	69
Fee and commission income	**2,275**	2,121
Less: fee and commission expense	**248**	236
Net fee and commission income[(a)]	**2,027**	1,885

(a) Includes net fee and commission income of $35 million (2013: $28 million), which was derived from the provision of trust and other fiduciary services during the year. Net fee and commission income earned from financial assets or liabilities not at fair value through profit or loss was $687 million (2013: $671 million) during the year
(b) Includes trade & remittances, guarantees and deposit-related fees
(c) Card fees are net of interchange fees paid

6 NET TRADING INCOME

In $ millions	The Group 2014	The Group 2013
Net trading income		
– Foreign exchange	**558**	981
– Interest rates, credit, equities and others[(a)]	**346**	138
Net gain/(loss) from financial assets designated at fair value	**9**	(24)
Net loss from financial liabilities designated at fair value	**(12)**	#
Total	**901**	1,095

 # Amount under $500,000
(a) Includes dividend income of $19 million (2013: $14 million)

7 NET INCOME FROM INVESTMENT SECURITIES

In $ millions	The Group 2014	The Group 2013
Debt securities		
– Available-for-sale	**122**	89
– Loans and receivables	**4**	5
Equity securities[(a)]	**148**	182
Total [(b)]	**274**	276
Comprising net gains transferred from:		
Available-for-sale revaluation reserves	**212**	197

(a) Includes dividend income of $57 million (2013: $69 million)
(b) Includes fair value impact of hedges for the investment securities

8 OTHER INCOME

In $ millions	The Group 2014	The Group 2013
Rental income	**35**	29
Net gain on disposal of properties and other fixed assets	**43**	44
Others[(a)]	**215**	200
Total	**293**	273

(a) 2014 includes an amount of $198 million, comprising a gain of $223 million for the divestment of remaining stake in the Bank of the Philippine Islands (BPI) less a sum of $25 million donated to National Gallery Singapore. 2013 includes an amount of $171 million, comprising a gain of $221 million for the partial divestment of BPI less a sum of $50 million set aside to establish the DBS Foundation to further the Group's commitment to social and community development. Refer to Note 23

9 EMPLOYEE BENEFITS

In $ millions	The Group 2014	2013
Salaries and bonus	**1,887**	1,689
Contributions to defined contribution plans	**111**	98
Share-based expenses	**85**	76
Others	**211**	202
Total	**2,294**	2,065

10 OTHER EXPENSES

In $ millions	The Group 2014	2013
Computerisation expenses[(a)]	**777**	678
Occupancy expenses[(b)]	**369**	365
Revenue-related expenses	**240**	231
Others[(c)]	**650**	579
Total	**2,036**	1,853

(a) Includes hire and maintenance costs of computer hardware and software
(b) Includes rental expenses of office and branch premises of $220 million (2013: $216 million) and amounts incurred in the maintenance and service of buildings
(c) Includes office administration expenses (e.g. printing, stationery, telecommunications, etc), and legal and professional fees

In $ millions	The Group 2014	2013
Depreciation expenses	**220**	214
Hire and maintenance of fixed assets, including building-related expenses	**388**	355
Expenses on investment properties	**7**	7
Audit fees payable to external auditors[(a)]:		
– Auditors of the Company	**3**	3
– Associated firms of Auditors of the Company	**4**	4
Non audit fees payable to external auditors[(a)]:		
– Auditors of the Company	**1**	1
– Associated firms of Auditors of Company	**1**	1

(a) PricewaterhouseCoopers network firms

11 ALLOWANCES FOR CREDIT AND OTHER LOSSES

In $ millions	The Group 2014	2013
Loans and advances to customers (Note 18)	**620**	726
Investment securities		
– Available-for-sale	**15**	8
– Loans and receivables	**2**	8
Properties and other fixed assets	**–**	(1)
Off-balance sheet credit exposures	**23**	23
Others (bank loans and sundry debtors)	**7**	6
Total	**667**	770

The table below shows the movements in specific and general allowances during the year for the Group:

In $ millions	Balance at 1 January	Charge/ (Write-back) to income statement	The Group Net write-off during the year	Exchange and other movements	Balance at 31 December
2014					
Specific allowances					
Loans and advances to customers (Note 18)	**1,129**	**478**	**(687)**	**63**	**983**
Investment securities	**69**	**15**	**(8)**	**4**	**80**
Properties and other fixed assets	**48**	**–**	**–**	**(1)**	**47**
Off-balance sheet credit exposures	**1**	**7**	**(3)**	**–**	**5**
Others (bank loans and sundry debtors)	**53**	**7**	**(17)**	**1**	**44**
Total specific allowances	**1,300**	**507**	**(715)**	**67**	**1,159**
Total general allowances for credit exposures	**2,865**	**160**	**–**	**29**	**3,054**
Total allowances	**4,165**	**667**	**(715)**	**96**	**4,213**
2013					
Specific allowances					
Loans and advances to customers (Note 18)	1,217	416	(552)	48	1,129
Investment securities	71	7	(11)	2	69
Properties and other fixed assets	50	(1)	(1)	–	48
Off-balance sheet credit exposures	2	1	–	(2)	1
Others (bank loans and sundry debtors)	39	7	(2)	9	53
Total specific allowances	1,379	430	(566)	57	1,300
Total general allowances for credit exposures	2,511	340	–	14	2,865
Total allowances	3,890	770	(566)	71	4,165

12 INCOME TAX EXPENSE

In $ millions	The Group 2014	2013
Current tax expense		
– Current year	**756**	704
– Prior years' provision	**15**	(28)
Deferred tax expense		
– Prior years' provision	**(10)**	(3)
– Origination of temporary differences	**(48)**	(58)
Total	**713**	615

The deferred tax credit in the income statement comprises the following temporary differences:

In $ millions	The Group 2014	2013
Accelerated tax depreciation	**12**	3
Allowances for loan losses	**(67)**	(51)
Other temporary differences	**(3)**	(13)
Deferred tax credit to income statement	**(58)**	(61)

The tax on the Group's profit (before share of profits of associates and joint venture) differs from the theoretical amount that would arise using the Singapore basic tax rate as follows:

In $ millions	The Group 2014	2013
Profit	**4,819**	4,410
Prima facie tax calculated at a tax rate of 17% (2013: 17%)	**819**	750
Effect of different tax rates in other countries	**(5)**	23
Net income not subject to tax	**(107)**	(97)
Net income taxed at concessionary rate	**(117)**	(74)
Others	**123**	13
Income tax expense charged to income statement	**713**	615

Deferred income tax relating to available-for-sale financial assets and others of $14 million was charged directly to equity (2013: $41 million credited to equity).

Refer to Note 21 for further information on deferred tax assets/ liabilities.

13 EARNINGS PER ORDINARY SHARE

Number of shares (millions)		The Group 2014	2013
Weighted average number of ordinary shares in issue	(a)	**2,457**	2,441
Dilutive effect of share options		**#**	#
Full conversion of non-voting redeemable CPS		**30**	30
Weighted average number of ordinary shares in issue (diluted)	(aa)	**2,487**	2,472

Amount under $500,000

In $ millions		The Group 2014	2013
Net profit attributable to shareholders (Net profit less dividends on other equity instruments)	(b)	**4,007**	3,669
Net profit (less dividends on CPS and other equity instruments)	(c)	**3,999**	3,660
Earnings per ordinary share ($)			
Basic	(c)/(a)	**1.63**	1.50
Diluted	(b)/(aa)	**1.61**	1.48

For the purpose of calculating the diluted earnings per ordinary share, the weighted average number of ordinary shares in issue is adjusted to take into account the effect of a full conversion of non-voting redeemable convertible preference shares (CPS) and the exercise of all outstanding share options granted to employees when such shares would be issued at a price lower than the average share price during the financial year.

14 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	The Group 2014						
In $ millions	Held for trading	Designated at fair value through profit or loss	Loans and receivables/ amortised cost	Available-for-sale	Held to maturity	Hedging derivatives	Total
Assets							
Cash and balances with central banks	**841**	**–**	**14,464**	**4,212**	**–**	**–**	**19,517**
Government securities and treasury bills	**6,943**	**–**	**27**	**21,551**	**1,173**	**–**	**29,694**
Due from banks	**6,127**	**–**	**34,924**	**1,212**	**–**	**–**	**42,263**
Derivatives	**16,786**	**–**	**–**	**–**	**–**	**209**	**16,995**
Bank and corporate securities	**10,631**	**70**	**13,346**	**13,716**	**–**	**–**	**37,763**
Loans and advances to customers	**–**	**1,228**	**274,360**	**–**	**–**	**–**	**275,588**
Other financial assets	**–**	**–**	**10,992**	**–**	**–**	**–**	**10,992**
Total financial assets	**41,328**	**1,298**	**348,113**	**40,691**	**1,173**	**209**	**432,812**
Other asset items outside the scope of FRS 39[(a)]							**7,854**
Total assets							**440,666**
Liabilities							
Due to banks	**567**	**–**	**15,609**	**–**	**–**	**–**	**16,176**
Deposits and balances from customers	**369**	**742**	**316,062**	**–**	**–**	**–**	**317,173**
Derivatives	**18,571**	**–**	**–**	**–**	**–**	**184**	**18,755**
Other financial liabilities	**1,189**	**–**	**9,494**	**–**	**–**	**–**	**10,683**
Other debt securities	**3,674**	**1,297**	**26,992**	**–**	**–**	**–**	**31,963**
Subordinated term debts	**–**	**–**	**4,665**	**–**	**–**	**–**	**4,665**
Total financial liabilities	**24,370**	**2,039**	**372,822**	**–**	**–**	**184**	**399,415**
Other liability items outside the scope of FRS 39 [(b)]							**1,045**
Total liabilities							**400,460**

(a) Includes associates and joint venture, goodwill and intangibles, properties and other fixed assets and deferred tax assets
(b) Includes current tax liabilities, deferred tax liabilities and provision for loss in respect of off-balance sheet credit exposures

In $ millions	Held for trading	Designated at fair value through profit or loss	Loans and receivables/ amortised cost	Available-for-sale	Held to maturity	Hedging derivatives	Total
			The Group 2013				
Assets							
Cash and balances with central banks	–	–	14,789	3,937	–	–	18,726
Government securities and treasury bills	6,220	–	39	20,689	549	–	27,497
Due from banks	2,375	–	35,745	1,697	–	–	39,817
Derivatives	17,174	–	–	–	–	252	17,426
Bank and corporate securities	8,713	75	11,907	12,851	–	–	33,546
Loans and advances to customers	–	883	247,771	–	–	–	248,654
Other financial assets	–	–	8,720	–	–	–	8,720
Total financial assets	34,482	958	318,971	39,174	549	252	394,386
Other asset items outside the scope of FRS 39 [(a)]							7,622
Total assets							402,008
Liabilities							
Due to banks	82	–	13,490	–	–	–	13,572
Deposits and balances from customers	569	1,374	290,422	–	–	–	292,365
Derivatives	17,914	–	–	–	–	218	18,132
Other financial liabilities	1,353	–	9,012	–	–	–	10,365
Other debt securities	2,651	965	19,499	–	–	–	23,115
Subordinated term debts	–	–	5,544	–	–	–	5,544
Total financial liabilities	22,569	2,339	337,967	–	–	218	363,093
Other liability items outside the scope of FRS 39 [(b)]							1,229
Total liabilities							364,322

(a) Includes associates and joint venture, goodwill and intangibles, properties and other fixed assets and deferred tax assets
(b) Includes current tax liabilities, deferred tax liabilities and provision for loss in respect of off-balance sheet credit exposures

Financial assets and liabilities are presented net when there is a legally enforceable right to set off the recognised amounts, and there is intention to settle them on a net basis or to realise the asset and settle the liability simultaneously.

FINANCIAL ASSETS AND LIABILITIES OFFSET ON THE BALANCE SHEET

As at 31 December 2014, "Loans and advances to customers" of $2,168 million (2013: $2,452 million) were set off against "Deposits and balances from customers" of $2,176 million (2013: $2,600 million) because contractually the Group has a legally enforceable right to set off these amounts, and intends to settle the loans and the deposits simultaneously at maturity or termination dates. This resulted in a net amount of $8 million being reported under "Deposits and balances from customers" as at 31 December 2014 (2013: $148 million).

FINANCIAL ASSETS AND LIABILITIES SUBJECT TO NETTING AGREEMENT BUT NOT OFFSET ON THE BALANCE SHEET

The Group enters into master netting arrangements with counterparties where it is appropriate and feasible to do so to mitigate counterparty risk. The credit risk associated with favourable contracts is reduced by a master netting arrangement to the extent that if an event of default occurs, all amounts with the counterparty are settled on a net basis. Master netting arrangements do not result in an offset of financial assets and liabilities on the balance sheet, as the legal right to set off the transactions is conditional upon default.

These agreements include derivative master agreements (including the International Swaps and Derivatives Association (ISDA) Master Agreement), global master repurchase agreements and global securities lending agreements. The collateral received and placed under these agreements is generally conducted under terms that are in accordance with normal market practice. In these agreements, the counterparty is typically allowed to sell or re-pledge those non-cash collateral (i.e. securities) lent or transferred, but has an obligation to return the securities at maturity. If the securities decrease in value, the Group may, in certain circumstances, be required to place additional cash collateral, and typically the counterparty has recourse only to the securities.

In addition, the Group receives cash and other collateral such as marketable securities to reduce its credit exposure. The Group also engages in a variety of counterparty credit mitigation arrangements in addition to netting and collateral arrangements.

The disclosures set out in the tables below pertain to financial assets and liabilities that are not offset in the Group's balance sheet but are subject to enforceable master netting arrangement or similar agreement that covers similar financial instruments. The disclosures enable the understanding of both the gross and net amounts, as well as provide additional information on how such credit risk is mitigated.

Types of financial assets/liabilities In $ millions	Carrying amounts on balance sheet (A)	Financial instruments not in scope of offsetting disclosures (B)	Gross recognised financial instruments in scope (A – B= C + D +E)	Related amounts not set off on balance sheet: Financial instruments (C)	Related amounts not set off on balance sheet: Cash collateral received/ placed (D)	Net amounts in scope (E)
2014						
Financial Assets						
Derivatives	**16,995**	**7,421**[a]	**9,574**	**8,884**[a]	**493**	**197**
Reverse repurchase agreements	**4,025**[b]	**441**	**3,584**	**3,580**	**–**	**4**
Securities borrowings	**78**[c]	**–**	**78**	**74**	**–**	**4**
Total	**21,098**	**7,862**	**13,236**	**12,538**	**493**	**205**
Financial Liabilities						
Derivatives	**18,755**	**6,653**[a]	**12,102**	**8,729**[a]	**2,867**	**506**
Repurchase agreements	**1,821**[d]	**480**	**1,341**	**1,328**	**13**	**–**
Payable in respect of short sale of securities	**1,189**[e]	**553**	**636**	**635**	**–**	**1**
Securities lendings	**4**[f]	**–**	**4**	**4**	**–**	**–**
Total	**21,769**	**7,686**	**14,083**	**10,696**	**2,880**	**507**
2013						
Financial Assets						
Derivatives	17,426	7,205[a]	10,221	9,802[a]	309	110
Reverse repurchase agreements	4,780[b]	597	4,183	4,171	–	12
Securities borrowings	35[c]	–	35	34	–	1
Total	22,241	7,802	14,439	14,007	309	123
Financial Liabilities						
Derivatives	18,132	6,028[a]	12,104	9,845[a]	1,637	622
Repurchase agreements	1,501[d]	39	1,462	1,462	–	–
Payable in respect of short sale of securities	1,353[e]	844	509	508	–	1
Securities lendings	–	–	–	–	–	–
Total	20,986	6,911	14,075	11,815	1,637	623

(a) Related amounts under "Financial Instruments" are prepared on the same basis as netting arrangements recognised for computation of Capital Adequacy Ratio (CAR) as set out under MAS Notice 637 (unaudited), which incorporates a conservative stance on enforceable netting. Accordingly, the amounts shown under "Financial instruments not in scope of offsetting disclosures" are those where either no netting agreement exists or where the netting agreement has not been recognised for computation of CAR

(b) Reverse repurchase agreements are presented under separate line items on the balance sheet, namely "Cash and balances with central banks", "Due from banks" and "Loans and advances to customers"

(c) Cash collateral placed under securities borrowings are presented under "Other assets" on the balance sheet

(d) Repurchase agreements are presented under separate line items on the balance sheet, namely "Due to banks" and "Deposits and balances from customers"

(e) Payable in respect of short sale of securities are presented under "Other liabilities" on the balance sheet

(f) Cash collateral received under securities lendings are presented under "Other liabilities" on the balance sheet

15 CASH AND BALANCES WITH CENTRAL BANKS

In $ millions	The Group 2014	2013
Cash on hand	**1,936**	1,803
Non-restricted balances with central banks	**9,915**	9,146
Cash and cash equivalents	**11,851**	10,949
Restricted balances with central banks[a]	**7,666**	7,777
Total	**19,517**	18,726

(a) Mandatory balances with central banks

16 GOVERNMENT SECURITIES AND TREASURY BILLS

	The Group				
In $ millions	Held for trading	Loans and receivables[c]	Available-for-sale	Held to maturity[d]	Total
2014					
Singapore Government securities and treasury bills[a]	**1,963**	**–**	**6,357**	**1,173**	**9,493**
Other government securities and treasury bills[b]	**4,980**	**27**	**15,194**	**–**	**20,201**
Total	**6,943**	**27**	**21,551**	**1,173**	**29,694**
2013					
Singapore Government securities and treasury bills[a]	2,013	–	7,332	549	9,894
Other government securities and treasury bills[b]	4,207	39	13,357	–	17,603
Total	6,220	39	20,689	549	27,497

(a) Includes financial assets transferred of $522 million (2013: $564 million) (See Note 19)
(b) Includes financial assets transferred of $1,571 million (2013: $1,450 million) (See Note 19)
(c) The fair value of securities classified as loans and receivables amounted to $27 million (2013: $39 million)
(d) The fair value of securities classified as held to maturity amounted to $1,189 million (2013: $537 million)

17 BANK AND CORPORATE SECURITIES

	The Group				
In $ millions	Held for trading	Designated at fair value through profit or loss	Loans and receivables[a]	Available-for-sale	Total
2014					
Bank and corporate debt securities[b]	**9,851**	**70**	**13,503**	**12,257**	**35,681**
Less: Impairment allowances	**–**	**–**	**(157)**	**–**	**(157)**
Equity securities	**780**	**–**	**–**	**1,459**	**2,239**
Total	**10,631**	**70**	**13,346**	**13,716**	**37,763**
2013					
Bank and corporate debt securities[b]	8,129	75	12,036	11,551	31,791
Less: Impairment allowances	–	–	(129)	–	(129)
Equity securities	584	–	–	1,300	1,884
Total	8,713	75	11,907	12,851	33,546

(a) The fair value of securities classified as loans and receivables amounted to $13,567 million (2013: $11,992 million)
(b) Includes financial assets transferred of $623 million (2013: $902 million) (See Note 19)

18 LOANS AND ADVANCES TO CUSTOMERS

In $ millions	The Group 2014	2013
Gross	**279,154**	252,181
Less: Specific allowances	**983**	1,129
General allowances	**2,583**	2,398
	275,588	248,654
Analysed by product		
Long-term loans	**116,633**	100,950
Short-term facilities	**58,819**	51,896
Housing loans	**52,866**	49,147
Trade loans	**50,836**	50,188
Gross total	**279,154**	252,181
Analysed by currency		
Singapore dollar	**109,493**	101,456
Hong Kong dollar	**32,476**	29,463
US dollar	**96,552**	84,998
Chinese yuan	**20,399**	18,401
Others	**20,234**	17,863
Gross total	**279,154**	252,181

Refer to Note 41.4 for breakdown of loans and advances to customers by geography and by industry.

The table below shows the movements in specific and general allowances for loans and advances to customers during the year for the Group:

In $ millions	Balance at 1 January	Charge/ (Write-back) to income statement	Net write-off during the year	Exchange and other movements	Balance at 31 December
2014					
Specific allowances					
Manufacturing	**240**	**151**	**(80)**	**20**	**331**
Building and construction	**42**	**156**	**(91)**	**8**	**115**
Housing loans	**9**	**1**	**(2)**	**–**	**8**
General commerce	**142**	**49**	**(61)**	**10**	**140**
Transportation, storage and communications	**465**	**(32)**	**(290)**	**10**	**153**
Financial institutions, investment and holding companies	**146**	**19**	**(80)**	**5**	**90**
Professionals and private individuals (excluding housing loans)	**48**	**76**	**(76)**	**5**	**53**
Others	**37**	**58**	**(7)**	**5**	**93**
Total specific allowances	**1,129**	**478**	**(687)**	**63**	**983**
Total general allowances	**2,398**	**142**	**–**	**43**	**2,583**
Total allowances	**3,527**	**620**	**(687)**	**106**	**3,566**
2013					
Specific allowances					
Manufacturing	222	108	(100)	10	240
Building and construction	34	30	(23)	1	42
Housing loans	10	(2)	–	1	9
General commerce	149	139	(154)	8	142
Transportation, storage and communications	501	(54)	(3)	21	465
Financial institutions, investment and holding companies	232	13	(105)	6	146
Professionals and private individuals (excluding housing loans)	45	166	(166)	3	48
Others	24	16	(1)	(2)	37
Total specific allowances	1,217	416	(552)	48	1,129
Total general allowances	2,092	310	–	(4)	2,398
Total allowances	3,309	726	(552)	44	3,527

Included in loans and advances to customers are loans designated at fair value, as follows:

In $ millions	The Group 2014	2013
Fair value designated loans and advances and related credit derivatives/enhancements		
Maximum credit exposure	**1,228**	883
Credit derivatives/enhancements – protection bought	**(1,228)**	(883)
Cumulative change in fair value arising from changes in credit risk	**(194)**	(138)
Cumulative change in fair value of related credit derivatives /enhancements	**194**	138

Changes in fair value arising from changes in credit risk are determined as the amount of change in fair value that is not attributable to changes in market conditions that give rise to market risk. These changes in market conditions include changes in a benchmark interest rate, foreign exchange rate or index of prices or rates.

During the year, the amount of change in the fair value of the loans and advances attributable to credit risk was a loss of $56 million (2013: loss of $77 million). During the year, the amount of change in the fair value of the related credit derivatives/enhancements was a gain of $56 million (2013: gain of $77 million).

19 FINANCIAL ASSETS TRANSFERRED

The Group transfers financial assets to third parties or structured entities in the course of business, for example when it pledges securities as collateral for repurchase agreements or when it undertakes securities lending arrangements.

Transferred assets are derecognised in the Group's financial statements when substantially all of their risks and rewards are also transferred. Among them is pledged collateral (mainly cash) for derivative transactions under credit support annexes agreements. Derecognised assets that were subject to the Group's partial continuing involvement were not material in 2014 and 2013.

Where the Group retains substantially all the risks and rewards of the transferred assets, they continue to be recognised in the Group's financial statements. These assets are described below.

SECURITIES

Securities transferred under repurchase agreements and securities lending arrangements are generally conducted under terms in line with normal market practice. The counterparty is typically allowed to sell or re-pledge the securities but has an obligation to return them at maturity. If the securities decrease in value, the Group may, in certain circumstances, be required to place additional cash collateral. The counterparty typically has no further recourse to the Group's other assets beyond the transferred securities.

For repurchase agreements, the securities transferred are either classified as "fair value through profit or loss" or "available-for-sale". The Group receives cash in exchange and records a financial liability for the cash received. The Group also pledged assets to secure its short position in securities and to facilitate settlement operations. The fair value of the associated liabilities approximates the carrying amount of $2,457 million (2013: $2,010 million), which are recorded under "Due to banks", "Deposits and balances from customers" and "Other liabilities" on the balance sheet.

For securities lending transactions, the securities lent are classified as "available-for-sale" or "loans and receivables" on the balance sheet, and the carrying amount approximates the fair value. As the Group mainly receives other financial assets in exchange, the associated liabilities recorded are not material.

In $ millions	The Group 2014	2013
Securities pledged and transferred		
Singapore Government securities and treasury bills	**522**	564
Other government securities and treasury bills	**1,571**	1,450
Bank and corporate debt securities	**623**	902
Total securities pledged and transferred	**2,716**	2,916

The Group also enters into structured funding transactions where it retains the contractual rights to receive cash flows of financial assets, but assumes a contractual obligation to pay these cash flows under the issued notes. The carrying amounts and fair values of these financial assets and liabilities both amount to $1,317 million (2013: $883 million).

20 OTHER ASSETS

In $ millions	The Group 2014	2013
Accrued interest receivable	**1,194**	941
Deposits and prepayments	**268**	290
Clients' monies receivable from securities business	**636**	633
Sundry debtors and others	**8,894**	6,856
Deferred tax assets (Note 21)	**257**	205
Total	**11,249**	8,925

21 DEFERRED TAX ASSETS/LIABILITIES

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same tax authority. The deferred tax assets and liabilities are determined after appropriate offsetting, as shown in "Other assets" (Note 20) and "Other liabilities" (Note 29) respectively.

Deferred tax assets and liabilities comprise the following temporary differences:

	The Group	
In $ millions	**2014**	**2013**
Deferred income tax assets		
Allowances for loan losses	**254**	187
Other temporary differences	**137**	85
	391	272
Amounts offset against deferred tax liabilities	**(134)**	(67)
Total	**257**	205
Deferred income tax liabilities		
Accelerated tax depreciation	**104**	92
Available-for-sale financial assets and others	**20**	6
Other temporary differences	**60**	11
	184	109
Amounts offset against deferred tax assets	**(134)**	(67)
Total	**50**	42
Net deferred tax assets	**207**	163

22 SUBSIDIARIES AND CONSOLIDATED STRUCTURED ENTITIES

	The Company	
In $ millions	**2014**	**2013**
Unquoted equity shares, at cost	**15,326**	10,326
Preference shares, at cost (Note 35)	**–**	805
Due from subsidiaries	**4,090**	1,416
	19,416	12,547

22.1 Main operating subsidiaries

The main operating subsidiaries within the Group are listed below:

Name of subsidiary	Country of incorporation	Effective shareholding % 2014	2013
Commercial Banking			
DBS Bank Ltd	Singapore	**100**	100
DBS Bank (Hong Kong) Limited*	Hong Kong	**100**	100
DBS Bank (China) Limited*	China	**100**	100
DBS Bank (Taiwan) Limited*	Taiwan	**100**	100
PT Bank DBS Indonesia*	Indonesia	**99**	99
Merchant Banking			
The Islamic Bank of Asia Limited	Singapore	**50**	50
Stockbroking			
DBS Vickers Securities Holdings Pte Ltd	Singapore	**100**	100

* *Audited by PricewaterhouseCoopers network firms outside Singapore*

The Group's main subsidiaries are regulated banks and non-bank financial institutions. Statutory, contractual or regulatory requirements as well as protective rights of non-controlling interests may restrict the ability of the Company to access and transfer assets freely to or from other entities within the Group and to settle liabilities of the Group. Since the Group did not have any material non-controlling interests as at the balance sheet dates, any protective rights associated with these did not give rise to significant restrictions in 2013 and 2014.

Refer to Note 35 for information on non-controlling interests.

22.1.1 Acquisition of interest in joint venture

ACQUISITION OF HUTCHISON DBS CARD LIMITED (SINCE RENAMED AS DBS COMPASS LIMITED)

On 16 June 2014, DBS Bank (Hong Kong) Limited, an indirect wholly-owned subsidiary, acquired the remaining 50% stake it did not own in Hutchison DBS Card Limited (since renamed as DBS Compass Limited) for a cash consideration of $88 million (HK$ 546 million) from Whampoa Limited (Note 23). The acquisition resulted in the recognition of goodwill amounting to $27 million and intangible assets of $6 million. The Group equity accounted the profits of DBS Compass Limited up to 30 June 2014. With effect from 1 July 2014, DBS Compass Limited was consolidated as a subsidiary.

22.2 Consolidated structured entities

The main structured entities controlled and consolidated by the Group are listed below. These entities are inactive as at 31 December 2014.

Name of entity	Purpose of consolidated structured entity	Country of incorporation
Zenesis SPC	Issuance of structured notes	Cayman Islands
Constellation Investment Ltd	Issuance of structured notes	Cayman Islands

The Group uses these entities for the issuance of rated credit linked notes and enters into credit default swaps to provide hedging on the credit risks of the reference portfolio. The Group has contractual arrangements which may require it to provide financial support. No financial support was provided by the Group.

23 ASSOCIATES AND JOINT VENTURE

In $ millions	The Group 2014	2013
Quoted equity securities, at cost[(a)]	**71**	148
Unquoted equity securities, at cost	**779**	783
Sub-total	**850**	931
Share of post acquisition reserves	**145**	235
Total	**995**	1,166

(a) The market value of quoted associates amounted to $50 million (2013: $525 million)

The Group's share of income and expenses, assets and liabilities and off-balance sheet items of the associates and joint venture at 31 December are as follows:

In $ millions	The Group 2014	2013
Income statement		
Share of income	**222**	367
Share of expenses	**(143)**	(282)
Balance sheet		
Share of total assets	**1,700**	3,937
Share of total liabilities	**705**	2,712
Off-balance sheet		
Share of contingent liabilities and commitments	**#**	46

Amount under $500,000

23.1 Main associates and joint venture

The main associates and joint venture of the Group are listed below:

Name of associate or joint venture	Country of incorporation	Effective shareholding % 2014	2013
Quoted			
Bank of the Philippine Islands [(a)] *	The Philippines	–	5.0
Hwang Capital (Malaysia) Bhd [(b)] * (previously known as Hwang – DBS (Malaysia) Bhd)	Malaysia	**27.7**	27.7
Unquoted			
Central Boulevard Development Pte Ltd**	Singapore	**33.3**	33.3
Network for Electronic Transfers (Singapore) Pte Ltd	Singapore	**33.3**	33.3
Changsheng Fund Management Company**	China	**33.0**	33.0
DBS Compass Limited*	British Virgin Islands	**100.0** [(c)]	50.0

* *Audited by PricewaterhouseCoopers network firms outside Singapore*
** *Audited by other auditors*
(a) *The Group's effective interest in Bank of the Philippine Islands (BPI) was held via Ayala DBS Holdings Inc.(ADHI). BPI is an associate of ADHI*
(b) *Shareholding includes 4.15% held through the Bank*
(c) *Refer to Note 22*

As of 31 December 2014 and 31 December 2013, no associate or joint venture was individually material to the Group. As a non-controlling shareholder, the Group's ability to receive dividends is subject to agreement with other shareholders. The associates and joint venture may also be subject to statutory, contractual or regulatory requirements restricting dividend payments or to repay loans or advances made.

The Group's share of commitments and contingent liabilities of the associates and joint venture as well as its commitments to finance or otherwise provide resources to them are not material.

23.2 Disposal of interests in associates

DIVESTMENT OF BANK OF THE PHILIPPINE ISLANDS (BPI)

On 11 November 2013, the Group entered into an agreement to divest its shares in ADHI for a total consideration of $850 million (PHP 29.6 billion). ADHI was a joint venture through which the Group held an effective interest of 9.9% in BPI. The transaction was completed in two equal tranches. After the first tranche was completed in November 2013, the Group was left with an effective stake of 5.0% in BPI. The remaining tranche was completed on 8 January 2014 and a net gain of $198 million was recorded (Note 8) for the year ended 31 December 2014.

DIVESTMENT OF OPERATING BUSINESS BY HWANG CAPITAL (MALAYSIA) BERHAD

On 7 April 2014, Hwang Capital (Malaysia) Berhad sold 100% equity interest in HwangDBS Investment Bank Berhad, 100% equity interest in HDM Futures Sdn Bhd, 53% equity interest in Hwang Investment Management Berhad and 49% equity interest in Asian Islamic Investment Management Sdn Bhd for an aggregate cash consideration of $537 million (RM 1,396 million). A profit of $38 million was recognised as the Group's share of associate's profit from the transaction.

24 UNCONSOLIDATED STRUCTURED ENTITIES

"Unconsolidated structured entities" are those structured entities as defined by FRS 112 and are not controlled by the Group. To facilitate customer transactions and for specific investment opportunities, the Group in the normal course of business enters into transactions with a range of counterparties, some of which would be defined as unconsolidated structured entities.

While the economic exposures may be the same as those to other type of entities, FRS 112 specifically requires companies to disclose such exposures arising from transactions with unconsolidated structured entities. The table below reflects the exposures to third party securitisation structures where the Group holds an interest in the normal course of business.

As is the case with other types of counterparties, the carrying amount from transactions with unconsolidated structured entities have been included in the Group's financial statements.

The risks arising from such transactions are subject to the Group's risk management practices.

	The Group	
In $ millions	**2014**	**2013**
The Group's maximum exposure:		
Derivatives	**4**	8
Bank and corporate securities	**968**	459
Loans and advances to customers	**96**	87
Other assets	**1**	1
Total assets	**1,069**	555
Commitments and guarantees	**202**	208
Maximum Exposure to Loss	**1,271**	763
Derivatives	**17**	5
Total liabilities	**17**	5
Total income from the Group's interest	**18**	19

The table above represents the Group's maximum exposure to loss which for on-balance sheet assets and liabilities are represented by the carrying amount, and does not reflect mitigating effects from the availability of netting and financial instruments that the Group may utilise to economically hedge the risks inherent in third party structured entities, or risk-reducing effects of collateral or other credit enhancements.

The Group also sponsors third party structured entities, primarily by acting as lead arranger, underwriter or book runner for the issuance of securities by clients or by providing nominee services. Income, in the nature of fees from and assets transferred by all parties to sponsored structured entities, was not material.

The total assets of the third party structured entities are not considered meaningful for the purposes of understanding the related risks since they are neither representative of the Group's exposure nor the income earned, and so have not been presented.

The Group has not provided any specific non-contractual financial support during the period and does not expect to provide non-contractual support to these third party structured entities in the future.

25 ACQUISITIONS

On 17 March 2014, the Group entered into an agreement to acquire the Asian private banking business of Societe Generale in Singapore and Hong Kong, as well as selected parts of its trust business, for a total cash consideration of $281 million (US$220 million). This amount, which represented approximately 1.75% of assets under management of US$12.6 billion as at 31 December 2013, was recorded as goodwill. The transaction was completed on 6 October 2014.

On the same day, the Group received cash of $1,187 million, being the difference between the assets of $2,560 million and liabilities of $3,747 million transferred from Societe Generale.

26 PROPERTIES AND OTHER FIXED ASSETS

The Group leases out investment properties under operating leases. The leases typically run for an initial period of one to five years, and may contain an option to renew the lease after that date at which time all terms will be renegotiated.

The minimum lease receivables as at the balance sheet date are as follows:

In $ millions	The Group 2014	2013
Minimum lease receivable		
Not later than 1 year	**32**	30
Later than 1 year but not later than 5 years	**49**	66
Later than 5 years	**#**	–
Total	**81**	96

Amount under $500,000

In $ millions	The Group Investment properties	Owner-occupied properties	Other fixed assets[(a)]	Subtotal of non-investment properties and other fixed assets	Total
	(1)	(2)	(3)	(4)=(2)+(3)	(5)=(1)+(4)
2014					
Cost					
Balance at 1 January	**663**	**513**	**1,382**	**1,895**	**2,558**
Additions	**–**	**5**	**258**	**263**	**263**
Disposals	**(17)**	**(3)**	**(105)**	**(108)**	**(125)**
Transfers	**(4)**	**4**	**–**	**4**	**–**
Exchange differences	**2**	**19**	**18**	**37**	**39**
Balance at 31 December	**644**	**538**	**1,553**	**2,091**	**2,735**
Less: Accumulated depreciation					
Balance at 1 January	**169**	**96**	**796**	**892**	**1,061**
Depreciation charge	**7**	**13**	**200**	**213**	**220**
Disposals	**(5)**	**(3)**	**(97)**	**(100)**	**(105)**
Transfers	**(2)**	**2**	**–**	**2**	**–**
Exchange differences	**1**	**12**	**14**	**26**	**27**
Balance at 31 December	**170**	**120**	**913**	**1,033**	**1,203**
Less: Allowances for impairment	**–**	**47**	**–**	**47**	**47**
Net book value at 31 December	**474**	**371**	**640**	**1,011**	**1,485**
Market value at 31 December	**913**	**817**			

In $ millions	Investment properties	Owner-occupied properties	Other fixed assets[a]	Subtotal of non-investment properties and other fixed assets	Total
	The Group				
	(1)	(2)	(3)	(4)=(2)+(3)	(5)=(1)+(4)
2013					
Cost					
Balance at 1 January	654	514	1,234	1,748	2,402
Additions	–	10	217	227	227
Disposals	–	(18)	(77)	(95)	(95)
Transfers	7	(7)	–	(7)	–
Exchange differences	2	14	8	22	24
Balance at 31 December	663	513	1,382	1,895	2,558
Less: Accumulated depreciation					
Balance at 1 January	157	89	664	753	910
Depreciation charge	8	13	193	206	214
Disposals	–	(9)	(67)	(76)	(76)
Transfers	3	(3)	–	(3)	–
Exchange differences	1	6	6	12	13
Balance at 31 December	169	96	796	892	1,061
Less: Allowances for impairment	–	48	–	48	48
Net book value at 31 December	494	369	586	955	1,449
Market value at 31 December	793	756			

(a) Refers to computer hardware, software, office equipment, furniture and fittings and other fixed assets

26.1 PWC Building is held as an investment property. Its net book value was $392 million as at 31 December 2014 (2013: $398 million), and its fair value was independently appraised at $692 million (2013: $599 million).

26.2 The market values of investment properties are determined using investment method, or using a combination of comparable sales and investment methods. The properties are classified under Level 3 of the fair value hierarchy and the significant unobservable input used for valuation is market yields. As at 31 December 2014, there were no transfers into or out of Level 3.

27 GOODWILL AND INTANGIBLES

The carrying amounts of the Group's goodwill and intangibles arising from business acquisitions are as follows:

In $ millions	The Group 2014	2013
DBS Bank (Hong Kong) Limited	**4,631**	4,631
Wealth Management Business[a] (Note 25)	**281**	–
DBS Vickers Securities Holdings Pte Ltd	**154**	154
Others	**51**	17
Total	**5,117**	4,802

(a) Relates to acquisition of Societe Generale's Asian private banking business

The carrying amounts of the CGUs are reviewed at least once a year to determine if the goodwill associated with them should be impaired. If a CGU's carrying amount exceeds its recoverable value, a goodwill impairment charge is recognised in the income statement.

The recoverable value is determined based on a value-in-use calculation. The CGU's five-year projected cash flows, taking into account projected regulatory capital requirements, are discounted by its cost of capital to derive their present value. To derive the value beyond the fifth year, a long-term growth rate is imputed to the fifth-year cash flow and then discounted by the cost of capital to derive the terminal value. The long-term growth rate used does not exceed the historical long-term growth rate of the market the CGU operates in. The recoverable value is the sum of the present value of the five-year cash flows and the terminal value.

A growth rate of 4.5% (2013: 4.5%) and discount rate of 9.0% (2013: 9.0%) were assumed in the value-in-use calculation for DBS Bank (Hong Kong) Limited.

The process of evaluating goodwill impairment involves management judgement and prudent estimates of various factors including future cash flows as well as the cost of capital and long-term growth rates. The results can be highly sensitive to the assumptions used. Management believes that any reasonably possible change in the key assumptions would not cause the carrying amount of the operating unit to exceed its recoverable amount at 31 December 2014. However, if conditions in Hong Kong and the banking industry deteriorate and turn out to be significantly worse than anticipated in the Group's performance forecast, the goodwill may be further impaired in future periods.

28 DEPOSITS AND BALANCES FROM CUSTOMERS

	The Group	
In $ millions	**2014**	**2013**
Analysed by currency		
Singapore dollar	**138,332**	134,758
US dollar	**93,445**	75,023
Hong Kong dollar	**31,450**	29,840
Chinese yuan	**20,463**	22,647
Others	**33,483**	30,097
Total	**317,173**	292,365
Analysed by product		
Savings accounts	**119,753**	112,429
Current accounts	**60,876**	48,809
Fixed deposits	**130,904**	122,500
Other deposits	**5,640**	8,627
Total	**317,173**	292,365

29 OTHER LIABILITIES

	The Group	
In $ millions	**2014**	**2013**
Cash collateral received in respect of derivative portfolios	**734**	695
Accrued interest payable	**585**	623
Provision for loss in respect of off-balance sheet credit exposures	**322**	249
Clients' monies payable in respect of securities business	**570**	564
Sundry creditors and others	**7,396**	6,864
Bills payable	**209**	266
Current tax liabilities	**673**	938
Payable in respect of short sale of securities	**1,189**	1,353
Deferred tax liabilities (Note 21)	**50**	42
Total	**11,728**	11,594

30 OTHER DEBT SECURITIES

	The Group	
In $ millions	**2014**	**2013**
Negotiable certificates of deposit (Note 30.1)	**1,072**	1,235
Senior medium term notes (Note 30.2)	**10,857**	5,635
Commercial papers (Note 30.3)	**14,561**	12,142
Other debt securities (Note 30.4)	**5,473**	4,103
Total	**31,963**	23,115
Due within 1 year	**23,193**	17,108
Due after 1 year	**8,770**	6,007
Total	**31,963**	23,115

30.1 Negotiable certificates of deposit issued and outstanding at 31 December are as follows:

In $ millions		The Group	
Currency	Interest Rate and Repayment Terms	2014	2013
Issued by other subsidiaries			
HKD	2.25% to 4.22%, payable quarterly	**471**	452
HKD	3M HIBOR +0.9%, payable quarterly	**–**	220
HKD	3M HIBOR +0.2%, payable quarterly	**66**	–
HKD	1.2% to 4.2%, payable yearly	**242**	313
HKD	0% to 0.9%, payable on maturity	**–**	250
USD	0.2%, payable on maturity	**66**	–
IDR	9.75% to 10.65%, payable on maturity	**122**	–
TWD	0.73% to 0.79%, payable on maturity	**105**	–
Total		**1,072**	1,235

The outstanding negotiable certificates of deposit as at 31 December 2014 were issued between 22 August 2008 and 30 December 2014 (2013: 22 August 2008 and 31 December 2013) and mature between 16 January 2015 and 16 March 2021 (2013: 9 January 2014 and 16 March 2021).

30.2 Senior medium term notes issued and outstanding at 31 December are as follows:

In $ millions		The Group	
Currency	Interest Rate and Repayment Terms	2014	2013
Issued by the Company			
USD	2.246%, payable half yearly	**1,000**	–
USD	Floating rate note, payable quarterly	**661**	–
Issued by the Bank			
AUD	Floating rate note, payable quarterly	**108**	–
GBP	Floating rate note, payable quarterly	**4,079**	2,398
USD	2.35%, payable half yearly	**1,327**	1,265
USD	2.375%, payable half yearly	**1,331**	1,298
USD	Floating rate note, payable quarterly	**2,133**	569
USD	1.454%, payable yearly	**132**	–
HKD	2.24%, payable quarterly	**86**	82
IDR	7.25%, payable yearly	**–**	23
Total		**10,857**	5,635

The senior medium term notes were issued by the Company and the Bank under its USD 15 billion Global Medium Term Note Programme. The outstanding senior medium term notes as at 31 December 2014 were issued between 14 September 2010 and 2 December 2014 (2013: 14 September 2010 and 16 October 2013) and mature between 25 February 2015 and 20 November 2019 (2013: 4 March 2014 and 30 March 2017).

30.3 The zero-coupon commercial papers which are payable on maturity were issued by the Bank under its USD 5 billion Euro Commercial Paper Programme and USD 15 billion US Commercial Paper Programme. The outstanding notes as at 31 December 2014 were issued between 4 February 2014 and 16 December 2014 (2013: 21 March 2013 and 6 December 2013) and mature between 13 January 2015 and 1 July 2015 (2013: 3 January 2014 and 11 December 2014).

30.4 Other debt securities issued and outstanding at 31 December are as follows:

In $ millions Type	The Group 2014	 2013
Issued by the Bank and other subsidiaries		
Equity linked notes	**1,381**	708
Credit linked notes	**1,914**	1,525
Interest linked notes	**1,413**	800
Foreign exchange linked notes	**264**	585
Fixed rate bonds	**501**	485
Total	**5,473**	4,103

The outstanding securities as at 31 December 2014 were issued between 31 March 2006 and 31 December 2014 (2013: 31 March 2006 and 30 December 2013) and mature between 2 January 2015 and 30 September 2044 (2013: 2 January 2014 and 6 November 2043).

31 SUBORDINATED TERM DEBTS

Subordinated term debts issued by a subsidiary of the Group are classified as liabilities in accordance with FRS 32. These are long-term debt instruments that have a junior or lower priority claim on the issuing entity's assets in the event of a default or liquidation. These instruments are in the first instance ineligible as capital instruments under Basel III rules as they lack provisions for conversion to ordinary shares or write-down at the point of non-viability as determined by the Monetary Authority of Singapore, but are accorded partial eligibility as Tier 2 capital for calculating capital adequacy ratios under the Basel III transitional arrangements for capital instruments issued prior to 1 January 2013.

In $ millions Instrument	Note	Issue Date	Maturity Date	Interest payment	The Group 2014	 2013
Issued by the Bank						
US$750m 5.00% Subordinated Notes Callable with Step-up in 2014 *The instrument was called on 15 Nov 2014*	31.1	1 Oct 2004	15 Nov 2019	May/Nov	**–**	966
US$900m Floating Rate Subordinated Notes Callable with Step-up in 2016 *Interest rate equal to 3-month LIBOR plus 0.61% until call date* *Interest rate resets to 3-month LIBOR plus 1.61% thereafter if not called*	31.2	16 June 2006	15 Jul 2021	Jan/Apr/Jul/Oct	**1,189**	1,139
S$500m 4.47% Subordinated Notes Callable with Step-up in 2016 *Interest rate resets to 6-month Singapore Dollar Swap Offer Rate plus 1.58% if not called*		11 Jul 2006	15 Jul 2021	Jan/Jul	**500**	500
S$1,000m 3.30% Subordinated Notes Callable in 2017 *Interest rate resets to 5-year Singapore Dollar Swap Offer Rate plus 2.147% if not called*	31.3	21 Feb 2012	21 Feb 2022	Feb/Aug	**999**	1,004
US$750m 3.625% Subordinated Notes Callable in 2017 *Interest rate resets to 5-year US Dollar Swap Offer Rate plus 2.229% if not called*	31.4	21 Mar 2012	21 Sep 2022	Mar/Sep	**994**	953
S$1,000m 3.10% Subordinated Notes Callable in 2018 *Interest rate resets to 5-year Singapore Dollar Swap Offer Rate plus 2.085% if not called*	31.5	14 Aug 2012	14 Feb 2023	Feb/Aug	**983**	982
Total					**4,665**	5,544
Due within 1 year					**726**	–
Due after 1 year					**3,939**	5,544
Total					**4,665**	5,544

31.1 Part of the fixed rate funding was converted to floating rate at three-month LIBOR + 0.61% via interest rate swaps. The instrument was called on 15 November 2014.

31.2 On 19 November 2014, the Bank offered to purchase for cash, up to US$550 million of its US$900 million Floating Rate Subordinated Notes due 2021 Callable with Step-up in 2016. The transaction was completed on 8 January 2015, when US$550 million of the notes were purchased and subsequently cancelled. The remaining US$350 million of notes that were not repurchased are subject to original terms and conditions of the notes.

31.3 The fixed rate funding has been converted to floating rate at six-month Singapore Dollar Swap Offer Rate + 2.22% via interest rate swaps.

31.4 The fixed rate funding has been converted to floating rate at three-month LIBOR + 2.21% via interest rate swaps.

31.5 The fixed rate funding has been converted to floating rate at six-month Singapore Dollar Swap Offer Rate + 2.16% via interest rate swaps.

For more information on each instrument, please refer to "Capital Instruments" section at the Group's website *(http://www.dbs.com/investor/preferenceshares/default.aspx)* (unaudited).

32 SHARE CAPITAL

During the financial year, pursuant to the DBSH Share Option Plan, the Company issued 1,051,456 (2013: 1,699,266) ordinary shares, fully paid in cash upon the exercise of the options granted. The Company also issued 28,350,961 (2013: 5,996,350) ordinary shares to eligible shareholders who elected to participate in the scrip dividend scheme.

The non-voting redeemable CPS enjoy the same dividend rate paid on ordinary shares except that the dividend payable is subject to a maximum of $0.30 per annum (non-cumulative). The CPS do not carry voting rights, except in certain instances e.g. where any relevant dividend due is not paid up in full or where a resolution is proposed varying the rights of the preference shares. Subject to the terms set out in the Company's Articles of Association, each CPS may be converted into one fully paid ordinary share at the option of the holder. The Company may also redeem the non-voting redeemable CPS in accordance with the Articles of Association.

As at 31 December 2014, the number of treasury shares held by the Group is 6,762,134 (2013: 6,727,074), which is 0.27% (2013: 0.27%) of the total number of issued shares excluding treasury shares.

Movements in the number of shares and carrying amount of share capital are as follows:

	The Group				The Company			
	Shares ('000)		In $ millions		Shares ('000)		In $ millions	
	2014	2013	2014	2013	2014	2013	2014	2013
Ordinary shares								
Balance at 1 January	**2,449,724**	2,442,028	**9,607**	9,482	**2,449,724**	2,442,028	**9,607**	9,482
Issue of shares pursuant to Scrip Dividend Scheme	**28,351**	5,997	**489**	103	**28,351**	5,997	**489**	103
Issue of shares upon exercise of share options	**1,051**	1,699	**13**	18	**1,051**	1,699	**13**	18
Reclassification of reserves upon exercise of share options	**–**	–	**4**	4	–	–	**4**	4
Balance at 31 December	**2,479,126**	2,449,724	**10,113**	9,607	**2,479,126**	2,449,724	**10,113**	9,607
Treasury shares								
Balance at 1 January	**(6,727)**	(7,648)	**(94)**	(103)	**(4,644)**	(5,344)	**(66)**	(71)
Purchase of treasury shares	**(4,927)**	(1,800)	**(79)**	(28)	**(4,927)**	(1,800)	**(79)**	(28)
Draw-down of reserves upon vesting of performance shares	**4,892**	2,721	**68**	37	**–**	–	**–**	–
Transfer of treasury shares	**–**	–	**–**	–	**4,462**	2,500	**63**	33
Balance at 31 December	**(6,762)**	(6,727)	**(105)**	(94)	**(5,109)**	(4,644)	**(82)**	(66)
Convertible preference shares								
Balance at 1 January and 31 December	**30,011**	30,011	**163**	163	**30,011**	30,011	**163**	163
Issued share capital at 31 December			**10,171**	9,676			**10,194**	9,704

33 OTHER EQUITY INSTRUMENTS

In $ millions	The Group 2014	The Group 2013	The Company 2014	The Company 2013
S$805m 4.70% Non-Cumulative Non-Convertible Perpetual Capital Securities First Callable in 2019	**803**	803	**803**	803
Total	**803**	803	**803**	803

The Capital Securities are non-cumulative non-convertible perpetual capital securities and qualify as Additional Tier 1 Capital under the Monetary Authority of Singapore (MAS) Notice on Risk Based Capital Adequacy Requirements for Banks Incorporated in Singapore (MAS Notice 637) on the basis that the Company is subject to the application of MAS Notice 637.

The Capital Securities are subordinated to all liabilities of the Company and senior only to shareholders of the Company. They do not have any voting rights. They are first callable at the option of the Company on 3 June 2019, subject to regulatory approval. Their terms include a write-down feature that is triggered if and when MAS notifies the Company that without the write-off of the principal, partially or in full, or a public sector injection of capital (or equivalent support), it considers that the Company or the Group would become non-viable. In addition to the first call in June 2019, the terms permit redemption for a change in qualification event and for taxation reasons.

The Capital Securities yield 4.70% per annum up to the first call date, 3 June 2019. If not called, the distribution rate resets every 5 years to the then applicable five-year Swap Offer Rate plus 3.061% per annum. Distributions are paid semi-annually in June and December.

The non-cumulative distributions may only be paid out of distributable reserves and may be cancelled at the option of the Company. As long as any distribution on the Capital Securities has not been made, certain restrictions are placed on the distributions and redemptions that may be made by the Group on parity obligations and junior obligations as defined in the terms governing the Capital Securities.

For more information on the instrument, please refer to "Capital Instruments" section at the Group's website *(http://www.dbs.com/investor/preferenceshares/default.aspx)* (unaudited).

34 OTHER RESERVES AND REVENUE RESERVES

34.1 Other reserves

In $ millions	The Group 2014	The Group 2013	The Company 2014	The Company 2013
Available-for-sale revaluation reserves	**284**	(30)	**–**	–
Cash flow hedge reserves	**(33)**	(14)	**–**	–
General reserves	**2,453**	2,453	**–**	–
Capital reserves	**(233)**	(324)	**–**	–
Share option and share plan reserves	**152**	136	**152**	136
Others	**4,271**	4,271	–	–
Total	**6,894**	6,492	**152**	136

Movements in other reserves during the year are as follows:

	The Group						
In $ millions	**Available-for-sale revaluation reserves**	**Cash flow hedge reserves**	**General reserves[(a)]**	**Capital reserves[(b)]**	**Share option and share plan reserves**	**Other reserves[(c)]**	**Total**
2014							
Balance at 1 January	**(30)**	**(14)**	**2,453**	**(324)**	**136**	**4,271**	**6,492**
Net exchange translation adjustments	**–**	**–**	**–**	**91**	**–**	**–**	**91**
Share of associates and joint venture's reserves	**7**	**–**	**–**	**–**	**–**	**–**	**7**
Cost of share-based payments	**–**	**–**	**–**	**–**	**88**	**–**	**88**
Reclassification of reserves upon exercise of share options	**–**	**–**	**–**	**–**	**(4)**	**–**	**(4)**
Draw-down of reserves upon vesting of performance shares	**–**	**–**	**–**	**–**	**(68)**	**–**	**(68)**
Available-for-sale financial assets and others:							
– net valuation taken to equity	**534**	**(67)**	**–**	**–**	**–**	**–**	**467**
– transferred to income statement	**(212)**	**47**	**–**	**–**	**–**	**–**	**(165)**
– tax on items taken directly to or transferred from equity	**(15)**	**1**	**–**	**–**	**–**	**–**	**(14)**
Balance at 31 December	**284**	**(33)**	**2,453**	**(233)**	**152**	**4,271**	**6,894**
2013							
Balance at 1 January	634	(1)	2,453	(229)	101	4,271	7,229
Net exchange translation adjustments	–	–	–	(91)	–	–	(91)
Share of associates and joint venture's reserves	–	–	–	(4)	–	–	(4)
Cost of share-based payments	–	–	–	–	76	–	76
Reclassification of reserves upon exercise of share options	–	–	–	–	(4)	–	(4)
Draw-down of reserves upon vesting of performance shares	–	–	–	–	(37)	–	(37)
Available-for-sale financial assets and others:							
– net valuation taken to equity	(507)	(35)	–	–	–	–	(542)
– transferred to income statement	(197)	21	–	–	–	–	(176)
– tax on items taken directly to or transferred from equity	40	1	–	–	–	–	41
Balance at 31 December	(30)	(14)	2,453	(324)	136	4,271	6,492

(a) *General reserves are maintained in accordance with the provisions of applicable laws and regulations. These reserves are non distributable unless otherwise approved by the relevant authorities. Under the Banking (Reserve Fund) (Transitional Provision) regulations 2007, which came into effect on 11 June 2007, the Bank may distribute or utilise its statutory reserves provided that the amount distributed or utilised for each financial year does not exceed 20% of the reserves as at 30 March 2007*

(b) *Capital reserves include net exchange translation adjustments arising from translation differences on net investments in foreign subsidiaries, joint ventures, associates and branches, and the related foreign currency financial instruments designated as a hedge*

(c) *Other reserves relate to the share premium of the Bank prior to the restructuring of the Bank under the Company pursuant to a scheme of arrangement under Section 210 of the Singapore Companies Act on 26 June 1999*

	The Company Share option and share plan reserves	
In $ millions	**2014**	**2013**
Balance at 1 January	**136**	101
Cost of share-based payments	**88**	76
Reclassification of reserves upon exercise of share options	**(4)**	(4)
Draw-down of reserves upon vesting of performance shares	**(68)**	(37)
Balance at 31 December	**152**	136

34.2 Revenue reserves

In $ millions	The Group 2014	2013
Balance at 1 January	**17,262**	14,966
Net profit attributable to shareholders	**4,046**	3,672
Amount available for distribution	**21,308**	18,638
Less: Final dividends on ordinary shares of $0.30 (one-tier tax-exempt) paid for the previous financial year (2013: $0.28 one-tier tax-exempt)	**734**	684
Final dividends on non-voting redeemable CPS of $0.02 (one-tier tax-exempt) paid for the previous financial year (2013: $0.02 one-tier tax-exempt)	**#**	#
Interim dividends on ordinary shares of $0.28 (one-tier tax-exempt) paid for the current financial year (2013: $0.28 one-tier tax-exempt)	**688**	684
Interim dividends on non-voting redeemable CPS of $0.28 (one-tier tax-exempt) paid for the current financial year (2013: $0.28 one-tier tax-exempt)	**8**	8
Dividends on other equity instruments	**38**	–
Balance at 31 December	**19,840**	17,262

Amount under $500,000

34.3 Proposed dividends

Proposed final one-tier tax-exempt dividends on ordinary shares of $0.30 per share and DBSH non-voting redeemable CPS of $0.02 per share have not been accounted for in the financial statements for the year ended 31 December 2014. They are to be approved at the Annual General Meeting on 23 April 2015.

35 NON-CONTROLLING INTERESTS

The following preference shares issued by subsidiaries of the Group are classified as non-controlling interests. These instruments have a deeply subordinated claim on the issuing entity's assets in the event of a default or liquidation. These instruments are in the first instance ineligible as capital instruments under Basel III rules as they lack provisions for conversion to ordinary shares or write-down at the point of non-viability as determined by the Monetary Authority of Singapore, but are accorded partial eligibility as Tier 1 capital for calculating capital adequacy ratios under the Basel III transitional arrangements for capital instruments issued prior to 1 January 2013.

In $ millions Instrument	Note	Issuance Date	Liquidation preference	Dividend payment	The Group 2014	2013
Issued by the Bank						
S$1,700m 4.70% Non-Cumulative, Non-Convertible, Non-Voting Preference Shares Callable in 2020	35.1	22 Oct 2010	$250,000	Apr/ Oct	**–**	895
S$800m 4.70% Non-Cumulative, Non-Convertible, Non-Voting Preference Shares Callable in 2020	35.2	22 Nov 2010	$100	May/ Nov	**800**	800
Issued by DBS Capital Funding II Corporation						
S$1,500m 5.75% Non-Cumulative, Non-Convertible, Non-Voting, Guaranteed Preference Shares Callable with Step-up in 2018	35.3	27 May 2008	$250,000	Jun/ Dec	**1,500**	1,500
Non-controlling interests in subsidiaries					**198**	258
Total					**2,498**	3,453

35.1 Dividends are payable if declared by the Board of Directors of the Bank. The Company purchased S$805 million of the Bank's preference shares tendered at 4.70% on 3 December 2013. The preference shares were fully redeemed on 21 March 2014.

35.2 Dividends are payable if declared by the Board of Directors of the Bank.

35.3 Dividends are payable if declared by the Board of Directors of DBS Capital Funding II Corporation. They are payable semi-annually on 15 June, and 15 December at a fixed rate of 5.75% per annum up to 15 June 2018. If these are not redeemed at the tenth year, dividends will be payable quarterly in arrears on 15 March, 15 June, 15 September and 15 December at a floating rate of the three-month Singapore Dollar Swap Offer Rate plus a stepped-up spread of 3.415% per annum.

For more information on each instrument, please refer to "Capital Instruments" section at the Group's website *(http://www.dbs.com/investor/preferenceshares/default.aspx)* (unaudited).

36 CONTINGENT LIABILITIES AND COMMITMENTS

The Group issues guarantees, performance bonds and indemnities in the ordinary course of business. The majority of these facilities are offset by corresponding obligations of third parties.

Guarantees and performance bonds are generally written by the Group to support the performance of a customer to third parties. As the Group will only be required to meet these obligations in the event of the customer's default, the cash requirements of these instruments are expected to be considerably below their nominal amount.

Endorsements are residual liabilities of the Group in respect of bills of exchange, which have been paid and subsequently rediscounted.

In $ millions	The Group 2014	2013
Guarantees on account of customers	**15,672**	14,921
Endorsements and other obligations on account of customers	**6,559**	5,998
Undrawn loan commitments[a]	**187,423**	158,027
Undisbursed and underwriting commitments in securities	**53**	22
Sub-total	**209,707**	178,968
Operating lease commitments (Note 36.2)	**729**	772
Capital commitments	**22**	18
Total	**210,458**	179,758
Analysed by industry (excluding operating lease and capital commitments)		
Manufacturing	**34,642**	28,994
Building and construction	**17,594**	12,940
Housing loans	**9,980**	11,547
General commerce	**46,191**	38,337
Transportation, storage and communications	**10,153**	10,018
Financial institutions, investment and holding companies	**18,081**	15,965
Professionals and private individuals (excluding housing loans)	**53,362**	43,020
Others	**19,704**	18,147
Total	**209,707**	178,968

In $ millions	The Group 2014	2013
Analysed by geography (excluding operating lease and capital commitments)[b]		
Singapore	**90,622**	79,779
Hong Kong	**43,428**	37,644
Rest of Greater China	**14,413**	10,834
South and Southeast Asia	**20,285**	18,366
Rest of the World	**40,959**	32,345
Total	**209,707**	178,968

(a) Undrawn loan commitments are recognised at activation stage and include commitments that are unconditionally cancellable at any time by the Group (2014: $151,854 million, 2013: $124,031 million)

(b) Based on the country of incorporation of the counterparty or borrower

36.1 The Group has existing outsourcing agreements for the provision of information technology and related support to the Group's operations. There are various termination clauses in the agreements that could require the Group to pay termination fees on early termination of the contract or part thereof. The termination fees are stipulated in the agreements and are determined based on the year when the agreements or part thereof are terminated.

36.2 The Group has existing significant operating lease commitments including the leasing of office premises in Changi Business Park and Marina Bay Financial Centre in Singapore; and One Island East in Hong Kong. These include lease commitments for which the payments will be determined in the future based on the prevailing market rates in accordance with the lease agreements, of which the related amounts have not been included. The leases have varying terms, escalation clauses and renewal rights.

37 FINANCIAL DERIVATIVES

Financial derivatives are financial instruments whose characteristics are derived from the underlying assets, or from interest and exchange rates or indices. These include forwards, swaps, futures and options. The following sections outline the nature and terms of the most common types of derivatives used by the Group.

INTEREST RATE DERIVATIVES

Forward rate agreements give the buyer the ability to determine the underlying rate of interest for a specified period commencing on a specified future date (the settlement date). There is no exchange of principal and settlement is effected on the settlement date. The settlement amount is the difference between the contracted rate and the market rate prevailing on the settlement date.

Interest rate swaps involve the exchange of interest obligations with a counterparty for a specified period without exchanging the underlying (or notional) principal.

Interest rate futures are exchange-traded agreements to buy or sell a standard amount of a specified fixed income security or time deposit at an agreed interest rate on a standard future date.

Interest rate options give the buyer on payment of a premium the right, but not the obligation, to fix the rate of interest on a future deposit or loan, for a specified period and commencing on a specified future date.

Interest rate caps and floors give the buyer the ability to fix the maximum or minimum rate of interest. There is no facility to deposit or draw down funds, instead the writer pays to the buyer the amount by which the market rate exceeds or is less than the cap rate or the floor rate respectively. This category includes combinations of interest rate caps and floors, which are known as interest rate collars.

FOREIGN EXCHANGE DERIVATIVES

Forward foreign exchange contracts are agreements to buy or sell fixed amounts of currency at agreed rates of exchange on a specified future date.

Cross currency swaps are agreements to exchange, and on termination of the swap, re-exchange principal amounts denominated in different currencies. Cross currency swaps may involve the exchange of interest payments in one specified currency for interest payments in another specified currency for a specified period.

Currency options give the buyer, on payment of a premium, the right but not the obligation, to buy or sell specified amounts of currency at agreed rates of exchange on or before a specified future date.

EQUITY DERIVATIVES

Equity options provide the buyer, on payment of a premium, the right but not the obligation, either to purchase or sell a specified stock or stock index at a specified price or level on or before a specified date.

Equity swaps involve the exchange of a set of payments whereby one of these payments is based on an equity-linked return while the other is typically based on an interest reference rate.

CREDIT DERIVATIVES

Credit default swaps involve the transfer of credit risk of a reference asset from the protection buyer to the protection seller. The protection buyer makes one or more payments to the seller in exchange for an undertaking by the seller to make a payment to the buyer upon the occurrence of a predefined credit event.

COMMODITY DERIVATIVES

Commodity contracts are agreements between two parties to exchange cash flows which are dependent on the price of the underlying physical assets.

Commodity futures are exchange-traded agreements to buy or sell a standard amount of a commodity at an agreed price on a standard future date.

Commodity options give the buyer the right, but not the obligation, to buy or sell a specific amount of commodity at an agreed contract price on or before a specified date.

37.1 Trading derivatives

Most of the Group's derivatives relate to sales and trading activities. Sales activities include the structuring and marketing of derivatives to customers to enable them to take, transfer, modify or reduce current or expected risks. Trading activities are entered into principally for dealer's margin or for the purpose of generating a profit from short-term fluctuations in price.

Trading includes mainly market-making and warehousing to facilitate customer orders. Market-making involves quoting bid and offer prices to other market participants with the intention of generating revenues based on spread and volume. Warehousing involves holding on to positions in order to liquidate in an orderly fashion with timing of unwinding determined by market conditions and traders' views of markets as they evolve.

37.2 Hedging derivatives

The accounting treatment of the hedge derivative transactions varies according to the nature of the hedge and whether the hedge meets the specified criteria to qualify for hedge accounting. Derivatives transacted as economic hedges but do not qualify for hedge accounting are treated in the same way as derivative instruments held for trading purposes.

FAIR VALUE HEDGES

The Group's fair value hedges consist principally of interest rate swaps used for managing interest rate gaps. For the year ended 31 December 2014, the gain on hedging instruments was $27 million (2013: $59 million). The total loss on hedged items attributable to the hedged risk amounted to $27 million (2013: $59 million).

CASH FLOW HEDGES

The Group's cash flow hedges consist principally of currency forwards and currency swaps transacted to hedge highly probable forecast transactions expected to occur at various future dates against variability in exchange rates. The currency forwards and currency swaps have maturity dates that coincide within the expected occurrence of these transactions. The forecast transactions are expected to occur within four years from the balance sheet date, and are expected to affect income statement in the same period these cash flows occur.

The ineffectiveness arising from these hedges was insignificant.

NET INVESTMENT HEDGES

The Group hedges part of the currency translation risk of investments through financial derivatives and borrowings. The ineffectiveness arising from hedging of investments was insignificant. The Group regularly reviews its hedging strategy and rebalance based on long-term outlook of the currency fundamentals.

In $ millions	Net investment in foreign operations[(a)]	Financial instruments which hedge the net investments	Remaining unhedged currency exposures
2014			
Hong Kong dollar	**7,158**	**7,150**	**8**
US dollar	**939**	**938**	**1**
Others	**5,668**	**1,703**	**3,965**
Total	**13,765**	**9,791**	**3,974**
2013			
Hong Kong dollar	6,236	6,156	80
US dollar	885	880	5
Others	5,414	1,639	3,775
Total	12,535	8,675	3,860

(a) *Refer to net tangible assets of subsidiaries, associates and joint venture, and overseas operations*

The following table summarises the contractual or underlying principal amounts of derivative financial instruments held or issued for trading and hedging purposes outstanding at balance sheet date. They do not represent amounts at risk.

In the financial statements, trading derivative financial instruments are revalued on a gross position basis and the unrealised gains or losses are reflected as derivative assets or derivative liabilities. Derivative assets and liabilities arising from different transactions are only offset if the transactions are done with the same counterparty, a legal right of offset exists, and the parties intend to settle the cash flows on a net basis. There was no offset of derivative assets and liabilities in 2014 and 2013.

	2014			2013		
In $ millions	**Underlying notional**	**Assets**	**Liabilities**	**Underlying notional**	**Assets**	**Liabilities**
Derivatives held for trading						
Interest rate derivatives						
Interest rate swaps	**721,269**	**5,237**	**5,075**	604,785	6,445	6,626
Financial futures	**8,606**	**3**	**1**	8,057	7	3
Interest rate options	**6,655**	**66**	**83**	7,621	74	98
Interest rate caps/floors	**21,879**	**277**	**644**	22,544	309	448
Sub-total	**758,409**	**5,583**	**5,803**	643,007	6,835	7,175
Foreign exchange (FX) derivatives						
FX contracts	**641,978**	**4,838**	**5,810**	555,055	5,341	5,925
Currency swaps	**169,772**	**4,137**	**4,619**	134,668	3,319	3,151
Currency options	**227,440**	**1,346**	**1,225**	146,913	1,048	986
Sub-total	**1,039,190**	**10,321**	**11,654**	836,636	9,708	10,062
Equity derivatives						
Equity options	**2,458**	**31**	**142**	1,861	42	56
Equity swaps	**706**	**9**	**10**	286	4	6
Sub-total	**3,164**	**40**	**152**	2,147	46	62
Credit derivatives						
Credit default swaps and others	**52,288**	**425**	**608**	53,890	481	520
Sub-total	**52,288**	**425**	**608**	53,890	481	520
Commodity derivatives						
Commodity contracts	**2,016**	**303**	**203**	2,376	41	45
Commodity futures	**3,274**	**79**	**107**	3,081	48	39
Commodity options	**1,801**	**35**	**44**	1,178	15	11
Sub-total	**7,091**	**417**	**354**	6,635	104	95
Total derivatives held for trading	**1,860,142**	**16,786**	**18,571**	1,542,315	17,174	17,914
Derivatives held for hedging						
Interest rate swaps held for fair value hedge	**9,994**	**98**	**151**	8,824	129	163
FX contracts held for cash flow hedge	**1,093**	**12**	**16**	853	–	8
FX contracts held for hedge of net investment	**1,472**	**47**	**4**	1,578	6	4
Currency swaps held for fair value hedge	**1,532**	**34**	**6**	1,322	–	43
Currency swaps held for cash flow hedge	**623**	**16**	**7**	2,690	116	–
Currency swaps held for hedge of net investment	**2,301**	**2**	**–**	1,075	1	–
Total derivatives held for hedging	**17,015**	**209**	**184**	16,342	252	218
Total derivatives	**1,877,157**	**16,995**	**18,755**	1,558,657	17,426	18,132
Impact of netting arrangements recognised for computation of Capital Adequacy Ratio (CAR) (unaudited)		**(8,729)**	**(8,729)**		(9,746)	(9,746)
		8,266	**10,026**		7,680	8,386

The contractual or underlying principal amounts of derivative financial instruments of bank and non-bank counterparties amounted to $1,198 billion (2013: $1,122 billion) and $679 billion (2013: $437 billion) respectively. These positions are mainly booked in Singapore. For purpose of managing its credit exposures, the Group maintains collateral agreements and enters into master netting agreements with most of these counterparties. For those arrangements that comply with the regulatory requirements as set out in MAS Notice 637, the Group recognises the netting arrangements in the computation of its Capital Adequacy Ratios.

38 SHARE-BASED COMPENSATION PLANS

As part of the Group's remuneration policy, the Group provides various share-based compensation plans to reward good performers, support retention of key employees and enable employees to share in the success of the Group.

Main Scheme/Plan	Note
DBSH Share Plan (Share Plan) • Share Plan is granted to Group executives as determined by the Committee appointed to administer the Share Plan from time to time. • Participants are awarded shares of the Company, their equivalent cash value or a combination. • Awards consist of main award and retention award (20% of main award). • The vesting of main award is staggered between 2 – 4 years after grant i.e. 33% will vest 2 years after grant. Another 33% will vest on the third year and the remaining 34% plus the retention award will vest 4 years after grant. • The fair value of the shares awarded is computed based on the market price of the ordinary shares at the time of the award. • Shares are awarded to non-executive directors as part of director's remuneration. Details of these awards are disclosed in the Corporate Governance section of the Annual Report.	38.1
DBSH Employee Share Plan (ESP) • ESP caters to employees not eligible to participate in the above listed Share Plan. Eligible employees are awarded ordinary shares of the Company, their equivalent cash value or a combination of both (at the discretion of the Committee), when time-based conditions are met. • The awards structure and vesting conditions are similar to Share Plan. • There are no additional retention awards for shares granted to top performers and key employees. • However, in specific cases where the award forms part of an employee's annual performance remuneration, the retention award which constitutes 20% of the shares given in the main award will be granted. The shares in the retention award will vest 4 years after the date of grant.	38.1
DBSH Share Ownership Scheme • All Singapore based employees with at least one year of service who hold the rank of Assistant Vice President and below are eligible. • Participants contribute up to 10% of monthly salary and the Group will match up to 5% of monthly base salary to buy units of the Company's ordinary shares.	38.2
DBSH Share Option Plan (Option Plan) • The Option Plan expired on 19 June 2009. Its termination does not affect the rights of holders of outstanding existing options. • Option Plan is granted to eligible Group executives who hold the rank of Vice President (or equivalent) and above and selected employees below the rank of Vice President (or equivalent). • The exercise price is equal to the average of the last dealt prices for the Company's share as determined by reference to the daily official list published by the Singapore Exchange Securities Trading Ltd, for the three consecutive trading days immediately preceding the date of the grant. • The options vest over a period in accordance to vesting schedule and are exercisable after the first anniversary of the date of the grant up to the date of expiration of the options. • The fair value of options granted is determined using the Binomial model.	38.3

38.1 DBSH Share Plan and DBSH Employee Share Plan

The following table sets out the movements of the awards during the year.

Number of shares	2014 Share Plan	2014 ESP	2013 Share Plan	2013 ESP
Balance at 1 January	**16,008,527**	**1,534,441**	13,642,125	1,232,926
Granted	**5,848,665**	**815,748**	5,741,878	707,960
Vested	**(4,496,850)**	**(395,370)**	(2,482,772)	(238,788)
Forfeited	**(143,911)**	**(177,626)**	(892,704)	(167,657)
Balance at 31 December	**17,216,431**	**1,777,193**	16,008,527	1,534,441
Weighted average fair value of the shares granted during the year	**$16.66**	**$16.65**	$15.11	$15.07

Since the inception of the Share Plan and ESP, no awards have been cash-settled.

38.2 DBSH Share Ownership Scheme

The outstanding shares held under DBSH Share Ownership Scheme are as follows:

	Ordinary shares			
	Number		Market value (In $ millions)	
	2014	2013	2014	2013
Balance at 1 January	**6,658,006**	6,509,414	**114**	97
Balance at 31 December	**6,593,283**	6,658,006	**136**	114

38.3 DBSH Share Option Plan

The following table sets out movements of the unissued ordinary shares of the Company under outstanding options.

	2014 Unissued number of ordinary shares under outstanding options	2014 Weighted average exercise price ($)	2013 Unissued number of ordinary shares under outstanding options	2013 Weighted average exercise price ($)
Balance at 1 January	**1,434,875**	**12.64**	3,245,412	11.32
Movements during the year:				
– Exercised	**(1,051,456)**	**12.58**	(1,699,266)	10.34
– Forfeited/Expired	**(28,542)**	**12.56**	(111,271)	9.35
Balance at 31 December	**354,877**	**12.81**	1,434,875	12.64

	2014	2013
Weighted average remaining contractual life of options outstanding at 31 December	**0.16 years**	0.55 years
Exercise price of options outstanding at 31 December	**$12.81**	$12.53 to $12.81

In 2014, 1,051,456 options (2013: 1,699,266) were exercised at their contractual exercise prices. During the year, the corresponding weighted average market price of the Company's shares was $16.71 (2013: $15.44).

39 RELATED PARTY TRANSACTIONS

39.1 Transactions between the Company and its subsidiaries, including consolidated structured entities, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this Note.

39.2 During the financial year, the Group had banking transactions with related parties, consisting of associates, joint ventures and key management personnel of the Group. These included the taking of deposits and extension of credit card and other loan facilities. These transactions were made in the ordinary course of business and carried out at arms-length commercial terms, and were not material.

In addition, key management personnel received remuneration for services rendered during the financial year. Non-cash benefits including performance shares were also granted.

39.3 Total compensation and fees to key management personnel[(a)] are as follows:

In $ millions	The Group 2014	2013
Short-term benefits[(b)]	**44**	42
Share-based payments[(c)]	**23**	20
Total	**67**	62
Of which: Company Directors' remuneration and fees	**14**	12

(a) *Includes Company Directors and members of the Management Committee who have authority and responsibility in planning the activities and direction of the Group. The composition and number of Directors and Management Committee members may differ from year to year*
(b) *Includes cash bonus based on amount accrued during the year, to be paid in the following year*
(c) *Share-based payments are expensed over the vesting period in accordance with FRS102*

40 FAIR VALUE OF FINANCIAL INSTRUMENTS

40.1 Valuation Process

The valuation processes used by the Group are governed by the Valuation, the Rates and the Reserves frameworks. These frameworks apply to financial assets and liabilities where mark-to-market or model valuation is required.

The Rates framework governs the daily revaluation of all financial assets and liabilities that are measured at fair value, covering both market prices as well as model inputs. Financial assets and liabilities are marked directly using reliable and independent market prices or by using reliable and independent market parameters (as model inputs) in conjunction with a valuation model. Products with a liquid market or those traded via an exchange will fall under the former while most over-the-counter (OTC) exotic products will form the latter. Market parameters include interest rate yield curves, credit spreads, exchange prices, dividend yields, option volatilities and foreign exchange rates.

Valuation models go through an assurance process carried out by the Risk Management Group (RMG), independent of the model developers. This assurance process covers the review of the underlying methodology including its logic and conceptual soundness together with the model inputs and outputs. Model assurances are conducted prior to implementation and subject to regular review or when there are significant changes arising from market or portfolio changes. Where necessary, the Group also imposes model reserves and other adjustments in determining fair value. Models are approved by the Group Market and Liquidity Risk Committee.

The majority of OTC derivatives are traded in active markets. Valuations are determined using generally accepted models (for example discounted cash flows, Black-Scholes model, interpolation techniques) based on quoted market prices for similar instruments or underlyings.

A process of independent price verification (IPV) is in place to establish the accuracy of the market parameters used when the marking is performed by the Front Office. The IPV process entails independent checks to compare traders' marks to independent sources such as broker/dealer sources or market consensus providers. The results of the IPV are reviewed by independent control functions on a monthly basis.

For illiquid complex financial instruments where mark-to-market is not possible, the Group will value these products using an approved valuation model. Prices and parameters used as inputs to the model or to any intermediate technique involving a transformation process must be derived from approved market sources. Where possible, the inputs must be checked against multiple sources for reliability and accuracy. Reliance will be placed on the model assurance framework established by RMG for assurance of valuation models as fit for purpose.

The Group uses various market accepted benchmark interest rates such as LIBOR and Swap Offer Rates to determine the fair value of the financial instruments.

Where unobservable inputs are used in these models, the financial instruments are classified as Level 3 in the fair value hierarchy and valuation adjustments or reserves are taken to provide for any uncertainty in valuations. Valuation adjustment or reserve methodologies are also used to substantiate the significance of unobservable inputs. Such methodologies are governed by the Reserve Framework and require approval by the Group Market and Liquidity Risk Committee.

The main valuation adjustments and reserves are described below:

Model and Parameter Uncertainty adjustments
Valuation uncertainties may occur during fair value measurement either due to uncertainties in the required input parameters or uncertainties in the modeling methods used in valuation process. In such situations, adjustments may be necessary to take these factors into account.

For example, where market data such as prices or rates for an instrument are no longer observable after an extended period of time, these inputs used to value the financial instruments may no longer be relevant in the current market conditions. In such situations, adjustments may be necessary to address the pricing uncertainty arising from the use of stale market data inputs.

Credit risk adjustment
Credit risk adjustment is incorporated into derivative valuations to reflect the impact on fair value of counterparty credit risk. Credit risk adjustment is based upon the creditworthiness of the counterparties, magnitude of the current or potential exposure on the underlying transactions, netting arrangements, collateral arrangements, and the maturity of the underlying transactions.

Day 1 profit or loss (P&L) reserve
In situations where the market for an instrument is not active and its fair value is established using a valuation model based on significant unobservable market parameters, the Day 1 P&L arising from the difference in transacted price and end-of-day model valuation is set aside as reserves. A market parameter is defined as being significant when its impact on the Day 1 P&L is greater than an internally determined threshold. The Day 1 P&L reserve is released to the income statement when the parameters become observable or when the transaction is closed out or amortised over the duration of the transaction. At year end, the unamortised Day 1 P&L was not material.

Bid Offer adjustment
The Group often holds, at varying points in time, both long or short positions in financial instruments which are valued using mid market levels. Bid offer adjustments are then made to adjust net open position valuations to the respective bid or offer levels as appropriate.

40.2 Fair Value Hierarchy
The fair value hierarchy accords the highest level to observable inputs such as unadjusted quoted prices in active markets for identical assets or liabilities and the lowest level to unobservable inputs. The fair value measurement of each financial instrument is categorised in accordance with the same level of the fair value hierarchy as the input with the lowest level that is significant to the entire measurement. If unobservable inputs are deemed significant, the financial instrument will be categorised as Level 3.

Financial instruments that are valued using quoted prices in active markets are classified as Level 1 within the fair value hierarchy. These would include government and sovereign securities, listed equities and corporate debt securities which are actively traded. Derivatives contracts which are traded in an active exchange market are also classified as Level 1 of the valuation hierarchy.

Where fair value is determined using quoted market prices in less active markets or quoted prices for similar assets and liabilities, such instruments are generally classified as Level 2. In cases where quoted prices are generally not available, the Group will determine the fair value based on valuation techniques that use market parameters as inputs including but not limited to yield curves, volatilities and foreign exchange rates. The majority of valuation techniques employ only observable market data so that reliability of the fair value measurement is high. These would include corporate debt securities, repurchase, reverse repurchase agreements and most of the Group's over-the-counter derivatives.

The Group classifies financial instruments as Level 3 when there is reliance on unobservable inputs to the valuation model attributing to a significant contribution to the instrument value. These would include all input parameters which are derived from historical data such as correlation or volatilities as well as unquoted equity securities. The fair value of unquoted equity securities is measured based on the net asset value of the investments. Level 3 inputs also include all quoted security prices that have not been updated for more than 3 months, quoted proxies in active markets for non-similar asset classes (e.g. bonds marked over credit default swap spreads), as well as prices/valuations that are obtained from counterparties. Valuation reserves or pricing adjustments where applicable are used to converge to fair value.

The following table presents assets and liabilities measured at fair value, classified by level within the fair value hierarchy:

	The Group			
In $ millions	**Level 1**	**Level 2**	**Level 3**	**Total**
2014				
Assets				
Financial assets at fair value through profit or loss				
– Singapore Government securities and treasury bills	**1,963**	**–**	**–**	**1,963**
– Other government securities and treasury bills	**3,056**	**1,924**	**–**	**4,980**
– Bank and corporate debt securities	**5,675**	**3,554**	**692**	**9,921**
– Equity securities	**769**	**11**	**–**	**780**
– Other financial assets	**–**	**8,196**	**–**	**8,196**
Available-for-sale financial assets				
– Singapore Government securities and treasury bills	**6,357**	**–**	**–**	**6,357**
– Other government securities and treasury bills	**14,522**	**672**	**–**	**15,194**
– Bank and corporate debt securities	**10,257**	**1,973**	**27**	**12,257**
– Equity securities(a)	**1,081**	**2**	**117**	**1,200**
– Other financial assets	**–**	**5,424**	**–**	**5,424**
Derivatives	**82**	**16,902**	**11**	**16,995**
Liabilities				
Financial liabilities at fair value through profit or loss				
– Other debt securities	**–**	**4,963**	**8**	**4,971**
– Other financial liabilities	**1,189**	**1,678**	**–**	**2,867**
Derivatives	**110**	**18,510**	**135**	**18,755**
2013				
Assets				
Financial assets at fair value through profit or loss				
– Singapore Government securities and treasury bills	2,013	–	–	2,013
– Other government securities and treasury bills	4,207	–	–	4,207
– Bank and corporate debt securities	6,808	857	539	8,204
– Equity securities	437	147	–	584
– Other financial assets	–	3,258	–	3,258
Available-for-sale financial assets				
– Singapore Government securities and treasury bills	7,332	–	–	7,332
– Other government securities and treasury bills	13,297	60	–	13,357
– Bank and corporate debt securities	8,982	2,543	26	11,551
– Equity securities(a)	889	2	131	1,022
– Other financial assets	253	5,381	–	5,634
Derivatives	50	17,355	21	17,426
Liabilities				
Financial liabilities at fair value through profit or loss				
– Other debt securities	–	3,595	21	3,616
– Other financial liabilities	1,353	2,025	–	3,378
Derivatives	40	18,041	51	18,132

(a) Excludes unquoted equities stated at cost of $259 million (2013: $278 million)

The following table presents the changes in Level 3 instruments for the financial year ended:

In $ millions	Balance at 1 January	Fair value gains or losses: Income statement	Fair value gains or losses: Other comprehensive income	Purchases	Issues	Settlements	Transfers in	Transfers out	Balance at 31 December
2014									
Assets									
Financial assets at fair value through profit or loss									
– Bank and corporate debt securities	**539**	**80**	**–**	**148**	**–**	**(101)**	**26**	**–**	**692**
Available-for-sale financial assets									
– Bank and corporate debt securities	**26**	**1**	**–**	**–**	**–**	**–**	**–**	**–**	**27**
– Equity securities	**131**	**20**	**(18)**	**–**	**–**	**(16)**	**–**	**–**	**117**
Derivatives	**21**	**1**	**–**	**–**	**–**	**–**	**10**	**(21)**	**11**
Total	**717**	**102**	**(18)**	**148**	**–**	**(117)**	**36**	**(21)**	**847**
Liabilities									
Financial liabilities at fair value through profit or loss									
– Other debt securities	**21**	**–**	**–**	**–**	**–**	**(13)**	**–**	**–**	**8**
Derivatives	**51**	**56**	**–**	**17**	**–**	**–**	**11**	**–**	**135**
Total	**72**	**56**	**–**	**17**	**–**	**(13)**	**11**	**–**	**143**
2013									
Assets									
Financial assets at fair value through profit or loss									
– Bank and corporate debt securities	97	(23)	–	477	–	(12)	–	–	539
Available-for-sale financial assets									
– Bank and corporate debt securities	36	–	1	–	–	(11)	–	–	26
– Equity securities	126	8	16	3	–	(22)	–	–	131
Derivatives	22	2	–	–	–	–	6	(9)	21
Total	281	(13)	17	480	–	(45)	6	(9)	717
Liabilities									
Financial liabilities at fair value through profit or loss									
– Other debt securities	25	–	–	–	–	(4)	–	–	21
– Other financial liabilities	1	–	–	–	–	–	–	(1)	–
Derivatives	11	(4)	–	51	–	–	–	(7)	51
Total	37	(4)	–	51	–	(4)	–	(8)	72

Economic hedges entered into for Level 2 exposures may be classified within a different category (i.e. Level 1) and similarly, hedges entered for Level 3 exposures may also be classified within a different category (i.e. Level 1 and/or Level 2). The effects are presented gross in the table.

During the year, the Group transferred financial assets and liabilities from Level 1 to Level 2 due to reduced market activity and from Level 2 to Level 1 arising from increased market activity.

GAINS AND LOSSES ON LEVEL 3 FINANCIAL ASSETS AND LIABILITIES MEASURED AT FAIR VALUE

In $ millions	Net trading Income	Net income from investment securities	Total
2014			
Total gain/(loss) for the period included in income statement	**25**	**21**	**46**
Of which:			
Change in unrealised gain/(loss) for assets and liabilities held at the end of the reporting period	**16**	**–**	**16**
2013			
Total gain/(loss) for the period included in income statement	(17)	8	(9)
Of which:			
Change in unrealised gain/(loss) for assets and liabilities held at the end of the reporting period	(17)	–	(17)

Fair value gains or losses taken to other comprehensive income are reported in the Statement of Comprehensive Income as "Net valuation taken to equity".

EFFECT OF CHANGES IN SIGNIFICANT UNOBSERVABLE INPUTS TO REFLECT REASONABLY POSSIBLE ALTERNATIVES

As at 31 December 2014, financial instruments measured with valuation techniques using significant unobservable inputs (Level 3) included unquoted equity investments, bank and corporate debt securities, interest rate and credit derivatives and financial liabilities from structured product issuances.

There are limited inter-relationships between unobservable inputs as the financial instruments are usually categorised into Level 3 because of a single unobservable input.

In estimating significance, the Group performed sensitivity analysis based on methodologies applied for fair value adjustments. These adjustments reflect the values which the Group estimates to be appropriate to reflect uncertainties in the inputs used (e.g. based on stress testing methodologies on the unobservable input). The methodologies used can be statistical or based on other relevant approved techniques.

The movement in fair value arising from reasonably possible changes to the significant unobservable inputs is assessed as not significant.

In $ millions	2014	2013	Classification	Valuation technique	Unobservable Input
Assets					
Bank and corporate debt securities	**692**	539	FVPL[(a)]	Discounted cashflows	Credit spreads
Bank and corporate debt securities	**27**	26	AFS[(b)]	Discounted cashflows	Credit spreads
Equity securities (Unquoted)	**117**	131	AFS[(b)]	Net asset value	Net asset value of securities
Derivatives	**11**	21	FVPL[(a)]	CDS models/Option & interest rate pricing model	Credit spreads/ Correlations
Total	**847**	717			
Liabilities					
Other debt securities	**8**	21	FVPL[(a)]	Discounted cashflows	Credit spreads
Derivatives	**135**	51	FVPL[(a)]	CDS models/Option & interest rate pricing model	Credit spreads/ Correlations
Total	**143**	72			

(a) FVPL denotes financial instruments classified as fair value through profit or loss
(b) AFS denotes financial instruments classified as available-for-sale

40.3 Financial assets & liabilities not carried at fair value

For financial assets and liabilities not carried at fair value on the financial statements, the Group has ascertained that their fair values were not materially different from their carrying amounts at year-end.

For cash and balances with central banks, due from banks, loans and advances to customers, as well as due to banks and deposits and balances from customers, the basis of arriving at fair values is by discounting cash flows using the relevant market interest rates for the respective currencies.

For investment debt securities and subordinated term debts issued, fair values are determined based on independent market quotes, where available. Where market prices are not available, fair values are estimated using discounted cash flow method.

For unquoted equities not carried at fair value, fair values have been estimated by referencing to the net tangible asset backing of the investee. Unquoted equities of $259 million as at 31 December 2014 (2013: $278 million) were stated at cost less accumulated impairment losses because the fair value cannot be reliably estimated using valuation techniques supported by observable market data. The Group intends to dispose of such instruments through public listing or trade sale.

The fair value of variable interest-bearing as well as short-term financial instruments accounted for at amortised cost is assumed to be approximated by their carrying amounts.

41 CREDIT RISK

41.1 Maximum exposure to credit risk

The following table shows the exposure to credit risk of on-balance sheet and off-balance sheet financial instruments, before taking into account any collateral held, other credit enhancements and netting arrangements. For on-balance sheet financial assets, the maximum credit exposure is the carrying amounts. For contingent liabilities, the maximum exposure to credit risk is the amount the Group would have to pay if the instrument is called upon. For undrawn facilities, the maximum exposure to credit risk is the full amount of the undrawn credit facilities granted to customers.

	The Group	
In $ millions	**2014**	**2013**
Cash and balances with central banks (excluding cash on hand)	**17,581**	16,923
Government securities and treasury bills	**29,694**	27,497
Due from banks	**42,263**	39,817
Derivatives	**16,995**	17,426
Bank and corporate debt securities	**35,524**	31,662
Loans and advances to customers	**275,588**	248,654
Other assets (excluding deferred tax assets)	**10,992**	8,720
Credit exposure	**428,637**	390,699
Contingent liabilities and commitments (excluding operating lease and capital commitments)	**209,707**	178,968
Total credit exposure	**638,344**	569,667

The Group's exposures to credit risk, measured using the expected gross credit exposures that will arise upon a default of the end obligor are as shown in the Group's Basel II Pillar 3 Disclosures. These exposures, which include both on-balance sheet and off-balance sheet financial instruments, are shown without taking into account any collateral held or netting arrangements.

ANALYSIS OF COLLATERAL

Whilst the Group's maximum exposure to credit risk is the carrying amount of the assets or, in the case of off-balance sheet instruments, the amount guaranteed, committed, accepted or endorsed, the likely exposure may be lower due to offsetting collateral, credit guarantees and other actions taken to mitigate the Group's exposure.

The description of collateral for each class of financial asset is set out below:

Balances with central banks, government securities and treasury bills, due from banks and bank and corporate debt securities

Collateral is generally not sought for these assets.

Derivatives

The Group maintains collateral agreements and enters into master netting agreements with most of the counterparties for derivative transactions. Please refer to Note 37 for the impact of netting arrangements recognised for the computation of Capital Adequacy Ratio (CAR).

Loans and advances to customers, contingent liabilities and commitments
Certain loans and advances to customers, contingent liabilities and commitments are typically collateralised to a substantial extent. In particular, residential mortgage exposures are generally fully secured by residential properties. Income-producing real estate, which is a sub-set of the Specialised Lending exposure, is fully secured by the underlying assets financed.

The extent to which credit exposures are covered by Basel II-eligible collateral, besides real estate, after the application of the requisite regulatory hair-cuts, is shown in the Group's Basel II Pillar 3 Disclosures. The amounts are a sub-set of the actual collateral arrangements entered by the Group as Basel II imposes strict legal and operational standards before collateral can be admitted as credit risk mitigants. As a result, certain collateral arrangements which do not meet its criteria will not be included. Certain collateral types which are not permitted as credit risk mitigants for credit exposures under the Standardised Approach are also excluded.

41.2 Loans and advances to customers

In $ millions	The Group 2014	2013
Loans and advances to customers		
Performing Loans		
– Neither past due nor impaired (i)	**275,436**	247,811
– Past due but not impaired (ii)	**1,299**	1,488
Non-Performing Loans		
– Impaired (iii)	**2,419**	2,882
Total gross loans (Note 18)	**279,154**	252,181

(i) Loans and advances neither past due nor impaired, analysed by loan grading and industry

The credit quality of the portfolio of loans and advances that are neither past due nor impaired can be assessed by reference to the loan gradings in MAS Notice 612:

In $ millions	Pass	The Group Special mention	Total
2014			
Manufacturing	**31,241**	**1,009**	**32,250**
Building and construction	**47,650**	**594**	**48,244**
Housing loans	**52,393**	**–**	**52,393**
General commerce	**54,358**	**1,686**	**56,044**
Transportation, storage and communications	**22,866**	**381**	**23,247**
Financial institutions, investment and holding companies	**16,061**	**–**	**16,061**
Professionals and private individuals (excluding housing loans)	**23,237**	**29**	**23,266**
Others	**23,552**	**379**	**23,931**
Total	**271,358**	**4,078**	**275,436**
2013			
Manufacturing	28,664	771	29,435
Building and construction	42,206	341	42,547
Housing loans	48,611	–	48,611
General commerce	50,304	1,023	51,327
Transportation, storage and communications	19,744	350	20,094
Financial institutions, investments and holding companies	10,585	90	10,675
Professionals and private individuals (excluding housing loans)	18,544	22	18,566
Others	26,205	351	26,556
Total	244,863	2,948	247,811

(ii) Loans and advances past due but not impaired, analysed by past due period and industry

In $ millions	The Group Less than 30 days past due	30-59 days past due	60-90 days past due	Total
2014				
Manufacturing	**51**	**26**	**37**	**114**
Building and construction	**106**	**4**	**1**	**111**
Housing loans	**300**	**39**	**21**	**360**
General commerce	**153**	**11**	**16**	**180**
Transportation, storage and communications	**36**	**28**	**1**	**65**
Financial institutions, investment and holding companies	**1**	**–**	**–**	**1**
Professionals and private individuals (excluding housing loans)	**351**	**52**	**14**	**417**
Others	**27**	**3**	**21**	**51**
Total	**1,025**	**163**	**111**	**1,299**
2013				
Manufacturing	79	29	3	111
Building and construction	133	87	23	243
Housing loans	354	43	27	424
General commerce	65	10	4	79
Transportation, storage and communications	20	4	2	26
Financial institutions, investment and holding companies	73	–	–	73
Professionals and private individuals (excluding housing loans)	373	71	15	459
Others	63	7	3	73
Total	1,160	251	77	1,488

(iii) Non-performing assets (NPAs)

In $ millions	The Group 2014	2013
Balance at 1 January	**2,996**	2,726
New NPAs	**1,156**	1,085
Upgrades, recoveries and translations	**(873)**	(123)
Write-offs	**(766)**	(692)
Balance at 31 December	**2,513**	2,996

Non-performing assets by loan grading and industry

	The Group							
	NPAs				Specific allowances			
In $ millions	Sub-standard	Doubtful	Loss	Total	Sub-standard	Doubtful	Loss	Total
2014								
Customer loans								
Manufacturing	**366**	**203**	**91**	**660**	**60**	**180**	**91**	**331**
Building and construction	**289**	**47**	**21**	**357**	**57**	**37**	**21**	**115**
Housing loans	**101**	**6**	**6**	**113**	**–**	**2**	**6**	**8**
General commerce	**293**	**116**	**25**	**434**	**25**	**90**	**25**	**140**
Transportation, storage and communications	**182**	**113**	**43**	**338**	**3**	**107**	**43**	**153**
Financial institutions, investment and holding companies	**–**	**83**	**23**	**106**	**–**	**67**	**23**	**90**
Professional and private individuals (excluding housing loans)	**139**	**14**	**13**	**166**	**26**	**14**	**13**	**53**
Others	**167**	**53**	**25**	**245**	**29**	**39**	**25**	**93**
Total customer loans	**1,537**	**635**	**247**	**2,419**	**200**	**536**	**247**	**983**
Debt securities	**5**	**1**	**1**	**7**	**2**	**–**	**1**	**3**
Contingent liabilities and others	**50**	**16**	**21**	**87**	**10**	**13**	**21**	**44**
Total	**1,592**	**652**	**269**	**2,513**	**212**	**549**	**269**	**1,030**
Of which: restructured loans	**317**	**120**	**25**	**462**	**32**	**111**	**25**	**168**
2013								
Customer loans								
Manufacturing	295	139	54	488	56	130	54	240
Building and construction	184	41	1	226	11	30	1	42
Housing loans	100	3	9	112	–	–	9	9
General commerce	250	98	49	397	21	72	49	142
Transportation, storage and communications	832	295	18	1,145	164	283	18	465
Financial institutions, investment and holding companies	48	143	74	265	–	72	74	146
Professional and private individuals (excluding housing loans)	130	14	11	155	24	13	11	48
Others	76	3	15	94	19	3	15	37
Total customer loans	1,915	736	231	2,882	295	603	231	1,129
Debt securities	5	1	3	9	–	–	3	3
Contingent liabilities and others	61	16	28	105	11	11	28	50
Total	1,981	753	262	2,996	306	614	262	1,182
Of which: restructured loans	878	343	56	1,277	168	326	56	550

Non-performing assets by region[a]

In $ millions	The Group NPAs	Specific allowances
2014		
Singapore	**432**	**147**
Hong Kong	**269**	**107**
Rest of Greater China	**361**	**137**
South and Southeast Asia	**948**	**445**
Rest of the World	**503**	**194**
Total	**2,513**	**1,030**
2013		
Singapore	440	113
Hong Kong	235	117
Rest of Greater China	284	146
South and Southeast Asia	638	227
Rest of the World	1,399	579
Total	2,996	1,182

(a) Based on the country of incorporation of the borrower

Non-performing assets by past due period

	The Group	
In $ millions	2014	2013
Not overdue	**597**	1,281
< 90 days past due	**273**	275
91-180 days past due	**162**	272
> 180 days past due	**1,481**	1,168
Total past due assets	**1,916**	1,715
Total	**2,513**	2,996

Collateral value for non-performing assets

	The Group	
In $ millions	2014	2013
Properties	**441**	351
Shares and debentures	**316**	323
Fixed deposits	**11**	33
Others	**367**	303
Total	**1,135**	1,010

Past due non-performing assets by industry

	The Group	
In $ millions	2014	2013
Manufacturing	**581**	468
Building and construction	**255**	123
Housing loans	**94**	93
General commerce	**325**	368
Transportation, storage and communications	**201**	189
Financial institutions, investment and holding companies	**106**	197
Professional and private individuals (excluding housing loans)	**123**	111
Others	**177**	83
Sub-total	**1,862**	1,632
Debt securities, contingent liabilities and others	**54**	83
Total	**1,916**	1,715

Past due non-performing assets by region[a]

	The Group	
In $ millions	2014	2013
Singapore	**401**	409
Hong Kong	**222**	191
Rest of Greater China	**221**	261
South and Southeast Asia	**740**	471
Rest of the World	**278**	300
Sub-total	**1,862**	1,632
Debt securities, contingent liabilities and others	**54**	83
Total	**1,916**	1,715

(a) Based on the country of incorporation of the borrower

41.3 Credit quality of Government securities and treasury bills and Bank and corporate debt securities

The table below presents an analysis of Government securities and treasury bills and Bank and corporate debt securities for the Group by rating agency designation as at 31 December:

External Rating In $ millions	Singapore Government securities and treasury bills	Other government securities and treasury bills	Bank and corporate debt securities
2014			
AAA	**9,493**	**6,696**	**8,713**
AA- to AA+	**–**	**10,050**	**3,850**
A- to A+	**–**	**625**	**6,501**
Lower than A-	**–**	**2,830**	**4,333**
Unrated	**–**	**–**	**12,127**
Total	**9,493**	**20,201**	**35,524**
2013			
AAA	9,894	560	8,108
AA- to AA+	–	13,376	2,064
A- to A+	–	430	6,419
Lower than A-	–	3,237	3,589
Unrated	–	–	11,482
Total	9,894	17,603	31,662

41.4 Credit risk by Geography and Industry

The exposures are determined based on the country of incorporation of borrower, issuer or counterparty.

Analysed by geography In $ millions	Government securities and treasury bills	Due from banks	Derivatives	Bank and corporate debt securities	Loans and advances to customers (Gross)	Total
2014						
Singapore	**9,493**	**89**	**2,194**	**13,192**	**129,167**	**154,135**
Hong Kong	**2,958**	**1,176**	**1,637**	**1,730**	**49,881**	**57,382**
Rest of Greater China	**3,012**	**19,706**	**1,114**	**3,258**	**50,865**	**77,955**
South and Southeast Asia	**2,816**	**4,973**	**1,052**	**5,018**	**25,446**	**39,305**
Rest of the World	**11,415**	**16,319**	**10,998**	**12,326**	**23,795**	**74,853**
Total	**29,694**	**42,263**	**16,995**	**35,524**	**279,154**	**403,630**
2013						
Singapore	9,894	856	2,095	14,214	119,463	146,522
Hong Kong	2,452	3,027	1,565	1,122	41,418	49,584
Rest of Greater China	2,594	20,337	1,248	1,971	47,910	74,060
South and Southeast Asia	2,780	4,217	1,136	3,008	23,004	34,145
Rest of the World	9,777	11,380	11,382	11,347	20,386	64,272
Total	27,497	39,817	17,426	31,662	252,181	368,583

Analysed by industry In $ millions	Government securities and treasury bills	Due from banks	Derivatives	Bank and corporate debt securities	Loans and advances to customers (Gross)	Total
2014						
Manufacturing	**–**	**–**	**641**	**2,350**	**33,024**	**36,015**
Building and construction	**–**	**–**	**174**	**2,983**	**48,712**	**51,869**
Housing loans	**–**	**–**	**–**	**–**	**52,866**	**52,866**
General commerce	**–**	**–**	**646**	**947**	**56,658**	**58,251**
Transportation, storage and communications	**–**	**–**	**591**	**2,467**	**23,650**	**26,708**
Financial institutions, investment and holding companies	**–**	**42,263**	**14,017**	**16,688**	**16,168**	**89,136**
Government	**29,694**	**–**	**–**	**–**	**–**	**29,694**
Professionals and private individuals (excluding housing loans)	**–**	**–**	**266**	**–**	**23,849**	**24,115**
Others	**–**	**–**	**660**	**10,089**	**24,227**	**34,976**
Total	**29,694**	**42,263**	**16,995**	**35,524**	**279,154**	**403,630**
2013						
Manufacturing	–	–	454	1,770	30,034	32,258
Building and construction	–	–	137	2,641	43,016	45,794
Housing loans	–	–	–	–	49,147	49,147
General commerce	–	–	568	1,115	51,803	53,486
Transportation, storage and communications	–	–	545	2,524	21,265	24,334
Financial institutions, investment and holding companies	–	39,817	14,699	13,542	11,013	79,071
Government	27,497	–	–	–	–	27,497
Professionals and private individuals (excluding housing loans)	–	–	145	–	19,180	19,325
Others	–	–	878	10,070	26,723	37,671
Total	27,497	39,817	17,426	31,662	252,181	368,583

42 LIQUIDITY RISK

42.1 Contractual maturity profile of assets and liabilities

The table below analyses assets and liabilities of the Group as at 31 December based on the remaining period as at balance sheet date to the contractual maturity date.

In $ millions	Less than 7 days	1 week to 1 month	1 to 3 months	3 to 12 months	1 to 3 years	More than 3 years	No specific maturity	Total
2014								
Cash and balances with central banks	**11,675**	**1,894**	**2,742**	**2,152**	**1,054**	**–**	**–**	**19,517**
Government securities and treasury bills	**67**	**746**	**2,595**	**4,690**	**11,266**	**10,330**	**–**	**29,694**
Due from banks	**14,685**	**4,865**	**11,321**	**10,974**	**418**	**–**	**–**	**42,263**
Derivatives[(a)]	**16,995**	**–**	**–**	**–**	**–**	**–**	**–**	**16,995**
Bank and corporate securities	**61**	**457**	**2,981**	**5,186**	**10,376**	**16,463**	**2,239**	**37,763**
Loans and advances to customers	**20,650**	**34,324**	**31,291**	**48,010**	**54,794**	**86,519**	**–**	**275,588**
Other assets	**5,253**	**490**	**790**	**3,505**	**486**	**4**	**721**	**11,249**
Associates and joint venture	**–**	**–**	**–**	**–**	**–**	**–**	**995**	**995**
Properties and other fixed assets	**–**	**–**	**–**	**–**	**–**	**–**	**1,485**	**1,485**
Goodwill and intangibles	**–**	**–**	**–**	**–**	**–**	**–**	**5,117**	**5,117**
Total assets	**69,386**	**42,776**	**51,720**	**74,517**	**78,394**	**113,316**	**10,557**	**440,666**
Due to banks	**10,205**	**3,401**	**2,501**	**3**	**66**	**–**	**–**	**16,176**
Deposits and balances from customers	**207,405**	**49,032**	**32,720**	**25,279**	**2,429**	**308**	**–**	**317,173**
Derivatives[(a)]	**18,755**	**–**	**–**	**–**	**–**	**–**	**–**	**18,755**
Other liabilities	**2,548**	**522**	**2,478**	**3,942**	**517**	**434**	**1,287**	**11,728**
Other debt securities	**37**	**2,569**	**9,236**	**11,351**	**3,602**	**5,168**	**–**	**31,963**
Subordinated term debts	**–**	**726**	**–**	**–**	**–**	**3,939**	**–**	**4,665**
Total liabilities	**238,950**	**56,250**	**46,935**	**40,575**	**6,614**	**9,849**	**1,287**	**400,460**
Non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**	**2,498**	**2,498**
Shareholders' funds	**–**	**–**	**–**	**–**	**–**	**–**	**37,708**	**37,708**
Total equity	**–**	**–**	**–**	**–**	**–**	**–**	**40,206**	**40,206**

In $ millions	Less than 7 days	1 week to 1 month	1 to 3 months	3 to 12 months	1 to 3 years	More than 3 years	No specific maturity	Total
2013								
Cash and balances with central banks	15,240	586	671	2,007	222	–	–	18,726
Government securities and treasury bills	94	1,803	4,284	9,739	4,453	7,124	–	27,497
Due from banks	14,134	5,124	9,143	11,013	403	–	–	39,817
Derivatives[(a)]	17,426	–	–	–	–	–	–	17,426
Bank and corporate securities	83	1,548	4,267	3,800	6,956	15,008	1,884	33,546
Loans and advances to customers	16,115	29,755	27,852	47,190	48,153	79,589	–	248,654
Other assets	3,905	468	583	2,807	390	161	611	8,925
Associates and joint venture	–	–	–	–	–	–	1,166	1,166
Properties and other fixed assets	–	–	–	–	–	–	1,449	1,449
Goodwill and intangibles	–	–	–	–	–	–	4,802	4,802
Total assets	66,997	39,284	46,800	76,556	60,577	101,882	9,912	402,008
Due to banks	6,414	2,268	2,566	1,285	1,039	–	–	13,572
Deposits and balances from customers	187,914	40,730	34,087	26,196	2,992	446	–	292,365
Derivatives[(a)]	18,132	–	–	–	–	–	–	18,132
Other liabilities	1,520	1,083	141	3,711	555	3,253	1,331	11,594
Other debt securities	682	2,512	5,939	7,975	2,779	3,228	–	23,115
Subordinated term debts	–	–	–	–	–	5,544	–	5,544
Total liabilities	214,662	46,593	42,733	39,167	7,365	12,471	1,331	364,322
Non-controlling interests	–	–	–	–	–	–	3,453	3,453
Shareholders' funds	–	–	–	–	–	–	34,233	34,233
Total equity	–	–	–	–	–	–	37,686	37,686

(a) Derivatives financial assets and liabilities are included in the "Less than 7 days" bucket as they are mainly held for trading. Refer to the table in Note 42.2 on cash flows associated with these derivatives

The above table includes disclosure of the contractual maturity of financial liabilities, which approximates the same analysis on an undiscounted basis as total future interest payments are not material relative to the principal amounts. Assets and liabilities (including non-maturing savings/ current deposits) are represented on a contractual basis or in a period when it can legally be withdrawn. On a behavioural basis for liquidity risk analysis, the assets and liabilities cash flows may differ from contractual basis.

42.2 Derivatives

The table below shows the contractual undiscounted cash flows for derivatives settled on net and gross settlement basis.

In $ millions	Less than 7 days	1 week to 1 month	1 to 3 months	3 to 12 months	More than 1 year	Total
2014						
Derivatives settled on a net basis[(a)]	**(490)**	**18**	**20**	**149**	**451**	**148**
Derivatives settled on a gross basis						
– outflow	**51,476**	**92,575**	**165,570**	**307,689**	**155,044**	**772,354**
– inflow	**51,768**	**92,889**	**165,736**	**307,503**	**155,025**	**772,921**
2013						
Derivatives settled on a net basis[(a)]	(407)	(7)	44	7	(379)	(742)
Derivatives settled on a gross basis						
– outflow	33,741	58,422	92,906	182,712	102,481	470,262
– inflow	34,051	58,514	93,062	182,626	102,036	470,289

(a) Positive indicates inflow and negative indicates outflow of funds

42.3 Contingent liabilities and commitments

The table below shows the Group's contingent liabilities and commitments. Commitments are shown below based on the remaining period to contractual expiry date as at the balance sheet date:

In $ millions	Less than 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
2014					
Guarantees, endorsements and other contingent liabilities	**22,231**	**–**	**–**	**–**	**22,231**
Undrawn loan commitments[(a)] and other facilities	**166,719**	**8,345**	**9,637**	**2,775**	**187,476**
Operating lease commitments	**207**	**308**	**158**	**56**	**729**
Capital commitments	**22**	**–**	**–**	**–**	**22**
Total	**189,179**	**8,653**	**9,795**	**2,831**	**210,458**
2013					
Guarantees, endorsements and other contingent liabilities	20,919	–	–	–	20,919
Undrawn loan commitments[(a)] and other facilities	139,109	8,261	8,037	2,642	158,049
Operating lease commitments	184	277	244	67	772
Capital commitments	18	–	–	–	18
Total	160,230	8,538	8,281	2,709	179,758

(a) Undrawn loan commitments are recognised at activation stage and include commitments that are unconditionally cancellable at any time by the Group

The Group expects that not all of the contingent liabilities and undrawn loan commitments will be drawn before expiry.

43 CAPITAL MANAGEMENT

The capital management and planning process is overseen by the Capital Committee which is chaired by the Chief Financial Officer. Quarterly updates on the Group's capital position are provided to the Board of Directors, who hold ultimate responsibility for the Group's capital management objective and capital structure. The Group's capital management objective is to maintain a strong capital position consistent with regulatory requirements and the expectations of customers, investors and rating agencies. This objective is pursued while ensuring that adequate returns are delivered to shareholders and there is adequate capital for business growth, investment opportunities and meeting contingencies.

The Group is subject to the capital adequacy requirements set out in the Monetary Authority of Singapore's Notice to Banks No. 637 (Notice on Risk Based Capital Adequacy Requirements for Banks incorporated in Singapore), which effects the Basel Committee on Banking Supervision's capital adequacy framework in Singapore. The Group has complied with all externally-imposed capital requirements (whether prescribed by regulation or by contract) throughout the financial year (unaudited).

44 SEGMENT REPORTING

44.1 Business segment reporting

The Group's various business segments are described below:

CONSUMER BANKING/ WEALTH MANAGEMENT

Consumer Banking/ Wealth Management provides individual customers with a diverse range of banking and related financial services. The products and services available to customers include current and savings accounts, fixed deposits, loans and home finance, cards, payments, investment and insurance products.

INSTITUTIONAL BANKING

Institutional Banking provides financial services and products to institutional clients including bank and non-bank financial institutions, government-linked companies, large corporates and small and medium-sized businesses. The business focuses on broadening and deepening customer relationships. Products and services comprise the full range of credit facilities from short-term working capital financing to specialised lending. It also provides global transactional services such as cash management, trade finance and securities and fiduciary services; treasury and markets products; corporate finance and advisory banking as well as capital markets solutions.

TREASURY

Treasury provides treasury services to corporations, institutional and private investors, financial institutions and other market participants. It is primary involved in sales, structuring, market-making and trading across a broad range of financial products including foreign exchange, interest rate, debt, credit, equity and other structured derivatives. Income from these financial products and services offered to the customer of other business segments, such as Consumer Banking/Wealth Management and Institutional Banking, is reflected in the respective segments. Treasury is also responsible for managing surplus funds.

OTHERS

Others encompass a range of activities from corporate decisions and includes income and expenses not attributed to other business segments, including capital and balance sheet management, funding and liquidity. DBS Vickers Securities and Islamic Bank of Asia are also included in this segment.

The following table analyses the results, total assets and total liabilities of the Group by business segments:

In $ millions	Consumer Banking/ Wealth Management	Institutional Banking	Treasury	Others	Total
2014					
Net interest income	**1,689**	**3,258**	**996**	**378**	**6,321**
Non-interest income	**1,193**	**1,709**	**106**	**487**	**3,495**
Total income	**2,882**	**4,967**	**1,102**	**865**	**9,816**
Expenses	**1,920**	**1,536**	**510**	**364**	**4,330**
Allowances for credit and other losses	**89**	**540**	**(1)**	**39**	**667**
Share of profits of associates and joint venture	**3**	**–**	**–**	**76**	**79**
Profit before tax	**876**	**2,891**	**593**	**538**	**4,898**
Income tax expense					**713**
Net profit attributable to shareholders					**4,046**
Total assets before goodwill and intangibles	**84,451**	**225,504**	**90,586**	**35,008**	**435,549**
Goodwill and intangibles					**5,117**
Total assets					**440,666**
Total liabilities	**162,146**	**164,788**	**36,229**	**37,297**	**400,460**
Capital expenditure	**72**	**25**	**13**	**153**	**263**
Depreciation[(a)]	**32**	**13**	**7**	**168**	**220**
2013					
Net interest income	1,500	3,024	694	351	5,569
Non-interest income	1,038	1,652	340	499	3,529
Total income	2,538	4,676	1,034	850	9,098
Expenses	1,740	1,377	478	323	3,918
Allowances for credit and other losses	88	544	(3)	141	770
Share of profits of associates and joint venture	–	–	–	79	79
Profit before tax	710	2,755	559	465	4,489
Income tax expense					615
Net profit attributable to shareholders					3,672
Total assets before goodwill and intangibles	72,887	207,264	83,049	34,006	397,206
Goodwill and intangibles					4,802
Total assets					402,008
Total liabilities	143,325	147,171	60,384	13,442	364,322
Capital expenditure	63	30	15	119	227
Depreciation[(a)]	32	9	8	165	214

(a) Amounts for each business segment are shown before allocation of centralised cost

44.2 Geographical segment reporting

Income and net profit attributable to shareholders (Net profit) are based on the country in which the transactions are booked. Total assets are shown by geographical area in which the assets are booked. The total assets, income and net profit are stated after elimination of inter-group assets and revenues.

			The Group			
In $ millions	**Singapore**	**Hong Kong**	**Rest of Greater China[(a)]**	**South and Southeast Asia[(b)]**	**Rest of the World[(c)]**	**Total**
2014						
Net interest income	**4,018**	**1,098**	**598**	**404**	**203**	**6,321**
Non-interest income	**2,130**	**802**	**352**	**148**	**63**	**3,495**
Total income	**6,148**	**1,900**	**950**	**552**	**266**	**9,816**
Expenses	**2,521**	**789**	**622**	**310**	**88**	**4,330**
Allowances for credit and other losses	**254**	**52**	**68**	**272**	**21**	**667**
Share of profits of associates and joint venture	**18**	**3**	**8**	**50**	**–**	**79**
Profit before tax	**3,391**	**1,062**	**268**	**20**	**157**	**4,898**
Income tax expense	**487**	**180**	**31**	**(25)**	**40**	**713**
Net profit attributable to shareholders	**2,766**	**882**	**237**	**44**	**117**	**4,046**
Total assets before goodwill and intangibles	**286,633**	**72,487**	**44,637**	**17,254**	**14,538**	**435,549**
Goodwill and intangibles	**5,083**	**34**	**–**	**–**	**–**	**5,117**
Total assets	**291,716**	**72,521**	**44,637**	**17,254**	**14,538**	**440,666**
Non-current assets[(d)]	**1,959**	**382**	**96**	**41**	**2**	**2,480**
2013						
Net interest income	3,487	1,016	456	405	205	5,569
Non-interest income	2,099	847	287	195	101	3,529
Total income	5,586	1,863	743	600	306	9,098
Expenses	2,288	717	548	283	82	3,918
Allowances for credit and other losses	335	142	76	126	91	770
Share of profits of associates and joint venture	13	–	8	58	–	79
Profit before tax	2,976	1,004	127	249	133	4,489
Income tax expense	344	153	35	50	33	615
Net profit attributable to shareholders	2,431	851	92	198	100	3,672
Total assets before goodwill and intangibles	258,580	65,783	43,132	16,466	13,245	397,206
Goodwill and intangibles	4,802	–	–	–	–	4,802
Total assets	263,382	65,783	43,132	16,466	13,245	402,008
Non-current assets[(d)]	2,124	355	103	31	2	2,615

(a) Rest of Greater China includes branch, subsidiary and associate operations in Mainland China and Taiwan
(b) South and Southeast Asia includes branch, subsidiary and associate operations in India, Indonesia, Malaysia, Vietnam and the Philippines
(c) Rest of the World includes branch operations in South Korea, Japan, Dubai, United States of America and United Kingdom
(d) Includes investments in associates and joint venture, properties and other fixed assets

DBS Bank Ltd

Income Statement

for the year ended 31 December 2014

In $ millions	Note	Bank 2014	2013
Income			
Interest income		**6,282**	5,614
Interest expense		**1,617**	1,502
Net interest income		**4,665**	4,112
Net fee and commission income		**1,431**	1,276
Net trading income		**312**	491
Net income from investment securities		**233**	248
Other income	2	**456**	372
Total income		**7,097**	6,499
Expenses			
Employee benefits		**1,464**	1,298
Other expenses		**1,304**	1,177
Allowances for credit and other losses		**547**	556
Total expenses		**3,315**	3,031
Profit before tax		**3,782**	3,468
Income tax expense		**533**	463
Net profit		**3,249**	3,005
Attributable to:			
Shareholders		**3,249**	3,005
Non-controlling interests		**–**	–
		3,249	3,005

(see notes on pages 183 to 184 which form part of these financial statements)

DBS Bank Ltd

Statement of Comprehensive Income

for the year ended 31 December 2014

In $ millions	Bank 2014	2013
Net profit	**3,249**	3,005
Other comprehensive income:		
Foreign currency translation differences for foreign operations	**19**	(52)
Available-for-sale financial assets and others:		
Net valuation taken to equity	**427**	(530)
Transferred to income statement	**(134)**	(163)
Tax on items taken directly to or transferred from equity	**(14)**	40
Other comprehensive income, net of tax	**298**	(705)
Total comprehensive income	**3,547**	2,300
Attributable to:		
Shareholders	**3,547**	2,300
Non-controlling interests	**–**	–
	3,547	2,300

(see notes on pages 183 to 184 which form part of these financial statements)

DBS Bank Ltd

Balance Sheet

as at 31 December 2014

In $ millions	Note	Bank 2014	2013
Assets			
Cash and balances with central banks		**12,395**	11,652
Government securities and treasury bills		**24,034**	23,640
Due from banks		**35,716**	31,686
Derivatives		**16,488**	16,764
Bank and corporate securities		**33,686**	30,481
Loans and advances to customers		**218,232**	191,887
Other assets		**8,000**	4,997
Associates and joint venture		**205**	431
Subsidiaries	3	**18,641**	18,222
Properties and other fixed assets		**569**	567
Goodwill and intangibles		**281**	–
Total assets		**368,247**	330,327
Liabilities			
Due to banks		**14,310**	12,276
Deposits and balances from customers		**244,669**	224,649
Derivatives		**18,383**	17,535
Other liabilities		**7,062**	6,031
Other debt securities		**28,835**	21,476
Due to holding company		**3,373**	1,406
Due to subsidiaries	4	**14,341**	9,391
Subordinated term debts		**4,665**	5,544
Total liabilities		**335,638**	298,308
Net assets		**32,609**	32,019
Equity			
Share capital	5	**22,096**	17,096
Other reserves	6	**2,572**	2,274
Revenue reserves	6	**7,941**	12,649
Shareholders' funds		**32,609**	32,019
Total equity		**32,609**	32,019

(see notes on pages 183 to 184 which form part of these financial statements)

DBS Bank Ltd

Notes to the Supplementary Financial Statements

for the year ended 31 December 2014

The supplementary financial statements of DBS Bank Ltd (the Bank) are extracted from the Audited Statutory Financial Statements of DBS Bank Ltd and its subsidiaries (the Bank Group) for the financial year ended 31 December 2014. The statutory financial statements of the Bank and the Bank Group which contained an unqualified audit report, will be delivered to the Accounting & Corporate Regulatory Authority in accordance with the Singapore Companies Act.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied by the Bank and the Bank Group are consistent with those applied by the Group as disclosed in Note 2 of the "Notes to the Financial Statements" (Notes) in the Group's Consolidated Financial Statements.

2 OTHER INCOME

Other income includes the following:

In $ millions	2014	2013
Dividends from subsidiaries	**243**	193
Dividends from associates	**19**	41
Total	**262**	234

3 SUBSIDIARIES

In $ millions	2014	2013
Unquoted equity shares[(a)(b)]	**11,846**	11,837
Due from subsidiaries	**6,795**	6,382
Total	**18,641**	18,219

(a) The carrying amounts of certain investments which are designated as hedged items in a fair value hedge are adjusted for fair value changes attributable to the hedged risks

(b) The carrying amounts presented are net of impairment allowances

4 DUE TO SUBSIDIARIES

In $ millions	2014	2013
Subordinated term debts issued to DBS Capital Funding Corporation II (Note 4.1)	**1,500**	1,500
Due to subsidiaries	**12,841**	7,891
Total	**14,341**	9,391

4.1 The $1,500 million 5.75% subordinated note was issued on 27 May 2008 by the Bank to DBS Capital Funding II Corporation, both wholly-owned subsidiaries of DBSH. Interest is payable semi-annually on 15 June and 15 December at a fixed rate of 5.75% per annum up to 15 June 2018. If these are not redeemed at the tenth year, interest will be payable quarterly on 15 March, 15 June, 15 September and 15 December at a floating rate of three-month Singapore Dollar Swap Offer Rate plus a stepped-up spread of 3.415% per annum.

5 SHARE CAPITAL

	Shares ('000)		In $ millions	
	2014	2013	2014	2013
Ordinary shares				
Balance at 1 January	**2,233,103**	2,233,103	**14,597**	14,597
Issue of shares	**256,278**	–	**5,000**	–
Redemption of preference shares	**–**	–	**1,700**	–
Balance at 31 December	**2,489,381**	2,233,103	**21,297**	14,597
Preference shares				
Balance at 1 January				
S$1,700m 4.7% non-cumulative non-convertible perpetual preference shares	**7**	7	**1,700**	1,700
S$800m 4.7% non-cumulative non-convertible perpetual preference shares	**8,000**	8,000	**799**	799
	8,007	8,007	**2,499**	2,499
Redemption of preference shares	**(7)**	–	**(1,700)**	–
Balance at 31 December	**8,000**	8,007	**799**	2,499
Issued share capital at 31 December			**22,096**	17,096

6 OTHER RESERVES

6.1 Other reserves

In $ millions	2014	2013
Available-for-sale revaluation reserves	**288**	(10)
Cash flow hedge reserves	**(33)**	(14)
General reserves	**2,360**	2,360
Capital reserves	**(43)**	(62)
Total	**2,572**	2,274

Movements in other reserves for the Bank during the year are as follows:

In $ millions	Available-for-sale revaluation reserves	Cash flow hedge reserves	General reserves[(a)]	Capital reserves[(b)]	Total
2014					
Balance at 1 January	**(10)**	**(14)**	**2,360**	**(62)**	**2,274**
Net exchange translation adjustments	**–**	**–**	**–**	**19**	**19**
Available-for-sale financial assets and others:					
– net valuation taken to equity	**494**	**(67)**	**–**	**–**	**427**
– transferred to income statement	**(182)**	**47**	**–**	**–**	**(135)**
– tax on items taken directly to or transferred from equity	**(14)**	**1**	**–**	**–**	**(13)**
Balance at 31 December	**288**	**(33)**	**2,360**	**(43)**	**2,572**
2013					
Balance at 1 January	630	(1)	2,360	(10)	2,979
Net exchange translation adjustments	–	–	–	(52)	(52)
Available-for-sale financial assets and others:					
– net valuation taken to equity	(495)	(35)	–	–	(530)
– transferred to income statement	(184)	21	–	–	(163)
– tax on items taken directly to or transferred from equity	39	1	–	–	40
Balance at 31 December	(10)	(14)	2,360	(62)	2,274

(a) The General reserves are maintained in accordance with the provisions of applicable laws and regulations. These reserves are non distributable unless otherwise approved by the relevant authorities. Under the Banking (Reserve Fund) (Transitional Provision) regulations 2007, which came into effect on 11 June 2007, the Bank may distribute or utilise its statutory reserves provided that the amount distributed or utilised for each financial year does not exceed 20% of the reserves as at 30 March 2007

(b) Capital reserves include net exchange translation adjustments arising from translation differences on net investments in foreign branches and the related foreign currency instruments designated as a hedge

6.2 Revenue reserves

In $ millions	2014	2013
Balance at 1 January	**12,649**	11,561
Redemption of preference shares	**(1,700)**	–
Remeasurement of defined benefit plan	**(1)**	–
Net profit attributable to shareholders	**3,249**	3,005
Amount available for distribution	**14,197**	14,566
Less: Dividends paid to holding company	**6,197**	1,800
Dividends paid on preference shares	**59**	117
Balance at 31 December	**7,941**	12,649

DBS Group Holdings Ltd and its Subsidiaries

Directors' Report

The Directors are pleased to submit their report to the Members together with the audited consolidated financial statements of DBS Group Holdings Ltd (the Company or DBSH) and its subsidiaries (the Group) and the balance sheet of the Company for the financial year ended 31 December 2014, which have been prepared in accordance with the provisions of the Companies Act, Chapter 50 (the Companies Act) and Singapore Financial Reporting Standards, as modified by the requirements of Notice to Banks No. 612 "Credit Files, Grading and Provisioning" issued by the Monetary Authority of Singapore.

BOARD OF DIRECTORS

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

Peter Seah Lim Huat	–	Chairman
Piyush Gupta	–	Chief Executive Officer
Bart Joseph Broadman		
Euleen Goh Yiu Kiang		
Ho Tian Yee		
Nihal Vijaya Devadas Kaviratne CBE		
Andre Sekulic		
Danny Teoh Leong Kay		
Woo Foong Pheng (Mrs Ow Foong Pheng)		

Mr Peter Seah, Mrs Ow Foong Pheng and Mr Andre Sekulic will retire in accordance with Article 95 of the Company's Articles of Association at the forthcoming annual general meeting (AGM) and will offer themselves for re-election at the AGM.

Mr Nihal Vijaya Devadas Kaviratne CBE, who is over the age of 70 years, is required to retire at the forthcoming AGM pursuant to Section 153 of the Companies Act. As such, Mr Kaviratne has to be re-appointed by the Members at the forthcoming AGM to continue in office as a Director.

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 report.

DIRECTORS' INTEREST IN SHARES OR DEBENTURES

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 2014	**As at 1 Jan 2014**	**As at 31 Dec 2014**	**As at 1 Jan 2014**
DBSH ordinary shares				
Peter Seah	84,838	38,532	–	–
Piyush Gupta	403,849	200,140	118,000	118,000
Bart Broadman	22,515	15,449	–	–
Euleen Goh	24,123	12,545	–	–
Ho Tian Yee	7,973	3,444	–	–
Nihal Kaviratne CBE	5,014	4,767	–	–
Andre Sekulic	7,539	2,693	–	–
Danny Teoh	19,254	11,540	18,723	18,723
Ow Foong Pheng	4,403	4,257	–	–

	Holdings in which Directors have a direct interest		Holdings in which Directors are deemed to have an interest	
	As at 31 Dec 2014	As at 1 Jan 2014	As at 31 Dec 2014	As at 1 Jan 2014
Share awards (unvested) granted under the DBSH Share Plan				
Peter Seah	20,245	32,697	–	–
Piyush Gupta(1)	1,059,968	937,553	–	–
Bart Broadman	4,973	8,248	–	–
Euleen Goh	8,222	13,410	–	–
Ho Tian Yee	1,984	2,960	–	–
Nihal Kaviratne CBE	2,686	4,008	–	–
Danny Teoh	4,902	7,534	–	–
DBS Bank 4.7% non-cumulative non-convertible redeemable perpetual preference shares				
Euleen Goh	3,000	3,000	–	–

(1) Mr Gupta's share awards form part of his remuneration. Details of the DBSH Share Plan are set out in Note 38 of the Notes to the 2014 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 2015.

DIRECTORS' CONTRACTUAL BENEFITS

Since the end of the previous financial year, no Director has received or has become entitled to receive a benefit under a contract which is required to be disclosed by Section 201(8) of the Companies Act save as disclosed in this report or in the financial statements of the Company and of the Group.

DBSH SHARE OPTION PLAN

Particulars of the share options granted under the DBSH Share Option Plan in 2004 and 2005 have been set out in the Directors' Reports for the years ended 31 December 2004 and 2005 respectively. No grants were made under the DBSH Share Option Plan since 2006.

The movements of the unissued ordinary shares of the Company in outstanding DBSH options granted under the DBSH Share Option Plan were as follows:

DBSH Options	Number of unissued ordinary shares	During the year		Number of unissued ordinary shares	Exercise price per share	Expiry date
	1 January 2014	Exercised	Forfeited/Expired	31 December 2014		
March 2004	880,631	855,615	25,016	–	$12.53	02 March 2014
March 2005	554,244	195,841	3,526	354,877	$12.81	01 March 2015
	1,434,875	1,051,456	28,542	354,877		

The DBSH Share Option Plan expired on 19 June 2009 and it was not extended or replaced. Therefore, no further options were granted by the Company during the financial year. The termination of the DBSH Share Option Plan will not affect the rights of holders of any outstanding existing options.

The persons to whom the DBSH options have been granted do not have any right to participate by virtue of the DBSH options in any share issue of any other company. No Director has received any DBSH option under the DBSH Share Option Plan.

DBSH SHARE PLAN

During the financial year, time-based awards in respect of an aggregate of 5,789,096 ordinary shares were granted pursuant to the DBSH Share Plan to selected employees of the Group. This included 326,124 ordinary shares comprised in awards granted to the executive Director, Mr Piyush Gupta, which formed part of his remuneration. During the financial year, certain non-executive Directors received an aggregate of 59,569 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
Peter Seah[2]	31,845	44,297
Piyush Gupta	326,124[1]	203,709
Bart Broadman[2]	3,791	7,066
Euleen Goh[2]	6,080	11,268
Ho Tian Yee[2]	3,553	4,529
Nihal Kaviratne CBE[2]	4,490	5,812
Andre Sekulic[2]	4,728	4,728
Danny Teoh[2]	5,082	7,714

(1) Mr Gupta's awards formed part of his remuneration for 2013

(2) The awards of these non-executive Directors formed part of their directors' fees for 2013, which had been approved by the shareholders at DBSH's Annual General Meeting held on 28 April 2014. 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.

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, 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.

(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 service of the participant, or the retirement, redundancy, ill health, injury, disability, death, bankruptcy or misconduct 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.

AUDIT COMMITTEE

The Audit Committee comprises non-executive Directors Mr Danny Teoh (Chairman), Mr Nihal Kaviratne CBE, Mr Peter Seah, Mr Andre Sekulic and Mrs Ow Foong Pheng.

The Audit Committee performed its functions in accordance with the Companies Act, the SGX-ST Listing Manual, the Banking (Corporate Governance) Regulations 2005, the MAS Guidelines for Corporate Governance and the Code of Corporate Governance, 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 2014, the Audit Committee has 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 recommends to the Board of Directors the re-appointment of PwC as independent external auditor at the forthcoming Annual General Meeting of the Company on 23 April 2015.

INDEPENDENT AUDITOR

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

On behalf of the Directors

Peter Seah Lim Huat

Piyush Gupta

9 February 2015
Singapore

DBS Group Holdings Ltd and its Subsidiaries

Statement by the Directors

We, Peter Seah Lim Huat and Piyush Gupta, being two of the Directors of DBS Group Holdings Ltd (the Company), state that, in the opinion of the Directors, the consolidated financial statements of the Group, consisting of the Company and its subsidiaries and the balance sheet of the Company, together with the notes thereon, as set out on pages 124 to 179, are drawn up so as to give a true and fair view of the state of affairs of the Company and the Group as at 31 December 2014, and the results, changes in equity and cash flows of the Group for the financial year ended on that date and 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.

On behalf of the Directors

Peter Seah Lim Huat

Piyush Gupta

9 February 2015
Singapore

DBS Group Holdings Ltd and its Subsidiaries

Independent Auditor's Report

TO THE MEMBERS OF DBS GROUP HOLDINGS LTD (INCORPORATED IN SINGAPORE)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of DBS Group Holdings Ltd (the "Company") and its subsidiaries (the "Group") set out on pages 124 to 179, which comprise the consolidated balance sheet of the Group and balance sheet of the Company as at 31 December 2014, the consolidated income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards, including the modification of the requirements of FRS 39 Financial Instruments: Recognition and Measurement in respect of loan loss provisioning by Notice to Banks No. 612 "Credit Files, Grading and Provisioning" issued by Monetary Authority of Singapore, so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2014, and the results, changes in equity and cash flows of the Group for the financial year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors, have been properly kept in accordance with the provisions of the Act.

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants

Singapore, 9 February 2015

Five-Year Summary

Group	2014	2013	2012	2011	2010
Selected income statement items ($ millions)					
Total income	**9,618**	8,927	8,064	7,631	7,066
Profit before allowances	**5,288**	5,009	4,450	4,328	4,141
Allowances	**667**	770	417	722	911
Profit before tax	**4,700**	4,318	4,157	3,733	3,332
Net profit excluding one-time items and goodwill charges	**3,848**	3,501	3,359	3,035	2,650
One-time items(1)	**198**	171	450	–	–
Goodwill charges	**–**	–	–	–	1,018
Net profit	**4,046**	3,672	3,809	3,035	1,632
Selected balance sheet items ($ millions)					
Total assets	**440,666**	402,008	353,033	340,847	283,710
Customer loans	**275,588**	248,654	210,519	194,720	152,094
Total liabilities	**400,460**	364,322	317,035	307,778	250,608
Customer deposits(2)	**317,173**	292,365	253,464	225,346	193,692
Total shareholders' funds	**37,708**	34,233	31,737	28,794	26,599
Per ordinary share ($)					
Earnings excluding one-time items and goodwill charges	**1.55**	1.43	1.39	1.30	1.15
Earnings	**1.63**	1.50	1.57	1.30	0.70
Net asset value	**14.85**	13.61	12.96	11.99	11.25
Dividends	**0.58**	0.58	0.56	0.56	0.56
Selected financial ratios (%)					
Dividend cover for ordinary shares (number of times)	**2.80**	2.58	2.79	2.28	1.25
Net interest margin	**1.68**	1.62	1.70	1.77	1.84
Cost-to-income	**45.0**	43.9	44.8	43.3	41.4
Return on assets(3)	**0.91**	0.91	0.97	0.97	0.98
Return on equity(3)(4)	**10.9**	10.8	11.2	11.0	10.2
Loan/deposit ratio	**86.9**	85.0	83.1	86.4	78.5
Non-performing loan rate	**0.9**	1.1	1.2	1.3	1.9
Loss allowance coverage	**163**	135	142	126	100
Capital adequacy(5)					
Common Equity Tier 1 – Transitional	**13.1**	13.7	–	–	–
Common Equity Tier 1 – Final	**11.9**	11.9	–	–	–
Tier I	**13.1**	13.7	14.0	12.9	15.1
Total	**15.3**	16.3	17.1	15.8	18.4

(1) One-time items include gains on sale of investments, an amount set aside to establish the DBS Foundation and a sum donated to National Gallery Singapore
(2) Includes deposits related to fund management activities of institutional investors from 2012 onwards. Prior to 2012, these deposits were classified as "Due to Banks"
(3) Excludes one-time items and goodwill charges
(4) Calculated based on net profit attributable to the shareholders net of dividends on preference shares and other equity instruments. Non-controlling interests, preference shares and other equity instruments are not included as equity in the computation of return of equity
(5) With effect from 1 January 2013, Basel III capital adequacy requirements came into effect in Singapore. Changes due to Basel III affected both eligible capital and risk-weighted assets. Unless otherwise stated, capital adequacy disclosures relating to dates prior to 1 January 2013 are calculated in accordance with the then prevailing capital adequacy regulations and are thus not directly comparable to those pertaining to dates from 1 January 2013

Board of Directors

as at 28 February 2015

Peter Seah Lim Huat, 68

Chairman

Non-Executive and Independent Director

Bachelor of Business Administration (Honours)
National University of Singapore

Date of first appointment as a director	16 November 2009
Date of appointment as Chairman	1 May 2010
Date of last re-election as a director	25 April 2012
Length of service as a director	5 years 3 months

Present Directorships:

Other Listed Companies

• CapitaLand Limited	Deputy Chairman
• Level 3 Communications Inc	Director
• StarHub Ltd	Director
• STATS ChipPAC Ltd	Director

Other Principal Commitments

• DBS Bank Ltd	Chairman
• DBS Bank (Hong Kong) Limited	Chairman
• GIC Private Limited	Director
• Asia Mobile Holdings Pte Ltd	Director
• Fullerton Financial Holdings Pte Ltd	Deputy Chairman
• LaSalle College of the Arts Limited	Chairman
• Singapore Health Services Pte Ltd	Chairman
• STT Communications Ltd	Deputy Chairman
• National Wages Council	Deputy Chairman
• International Monetary Conference	Director

Past Directorships in listed companies held over the preceding 3 years:

• Singapore Technologies Engineering Ltd	Chairman

Piyush Gupta, 55

Chief Executive Officer

Executive and Non-Independent Director

Post Graduate Diploma in Management
Indian Institute of Management, Ahmedabad, India

Bachelor of Arts, Economics
University of Delhi, India

Date of first appointment as a director	9 November 2009
Date of last re-election as a director	28 April 2014
Length of service as a director	5 years 3 months

Present Directorships:
Other Listed Companies
Nil

Other Principal Commitments

• DBS Bank Ltd	Chief Executive Officer & Director
• DBS Bank (Hong Kong) Limited	Vice Chairman
• The Islamic Bank of Asia Limited	Director
• Institute of International Finance, Washington	Board Member
• Dr Goh Keng Swee Scholarship Fund	Director
• MasterCard Asia/Pacific, Middle East and Africa – Regional Advisory Board	Director
• SPRING Singapore	Deputy Chairman
• Asian Bureau of Finance and Economic Research	Council Member
• The Association of Banks in Singapore	Council Member
• The Institute of Banking & Finance	Council Member
• Sim Kee Boon Institute for Financial Economics	Member, Advisory Board
• Indian Business-leaders Roundtable under Singapore Indian Development Association (SINDA)	Member, Managing Council

Past Directorships in listed companies held over the preceding 3 years:
Nil

Bart Joseph Broadman, 53

Non-Executive and Independent Director

Bachelor of Science in Agricultural Science and Management
University of California at Davis

MBA in Financial Economics
University of Southern California, Graduate School of Business

Ph.D in Financial Economics
University of Southern California, Graduate School of Business

Date of first appointment as a director	17 December 2008
Date of last re-election as a director	28 April 2014
Length of service as a director	6 years 3 months

Present Directorships:
Other Listed Companies
Nil

Other Principal Commitments

• DBS Bank Ltd	Director
• Alphadyne Asset Management Pte Ltd	Director
• Alphadyne (UK) Holdings Limited	Director
• Alphadyne Asset Management, LLC	Managing Member
• Alphadyne Capital, LLC	Managing Member
• Nanyang Technological University	Member, Investment Committee

Past Directorships in listed companies held over the preceding 3 years:
Nil

Euleen Goh Yiu Kiang, 59

Non-Executive and Independent Director

Fellow, *Institute of Singapore Chartered Accountants*

Associate Member, *Institute of Chartered Accountants in England and Wales*

Member, *Chartered Institute of Taxation, UK*

Associate Member, *Institute of Financial Services, UK*

Fellow, *Singapore Institute of Directors*

Date of first appointment as a director	1 December 2008
Date of last re-election as a director	29 April 2013
Length of service as a director	6 years 3 months

Present Directorships:
Other Listed Companies

• CapitaLand Limited	Director
• Royal Dutch Shell PLC	Director
• SATS Ltd	Director

Other Principal Commitments

• DBS Bank Ltd	Director
• DBS Foundation Ltd	Chairman
• NorthLight School	Chairman, Board of Governors
• Singapore Chinese Girls' School	Chairman
• Singapore Health Services Pte Ltd	Director
• Singapore International Foundation	Chairman, Board of Governors
• Singapore Institute of International Affairs	Trustee, Endowment Fund

Past Directorships in listed companies held over the preceding 3 years:

• Aviva PLC	Director
• Singapore Airlines Limited	Director
• Singapore Exchange Limited	Director

Ho Tian Yee, 62

Non-Executive and Independent Director

Bachelor of Arts (Honours), Economics (CNAA)
Portsmouth University, UK

Date of first appointment as a director	29 April 2011
Date of last re-election as a director	28 April 2014
Length of service as a director	3 years 10 months

Present Directorships:
Other Listed Companies

• AusNet Services (1)	Director

Other Principal Commitments

• DBS Bank Ltd	Director
• Pacific Asset Management (S) Pte Ltd	Managing Director
• Fullerton Fund Management Co. Ltd	Director
• Singapore Power Ltd	Director
• Blue Edge Advisors Pte. Ltd.	Investment Advisor

Past Directorships in listed companies held over the preceding 3 years:

• Fraser and Neave Limited	Director

(1) AusNet Services (formerly known as SP AusNet), a stapled security, comprises AusNet Services (Distribution) Ltd (formerly known as SP Australia Networks (Distribution) Ltd), AusNet Services (RE) Ltd (formerly known as SP Australia Networks (RE) Ltd) and AusNet Services (Transmission) Ltd (formerly known as SP Australia Networks (Transmission) Ltd)

Nihal Vijaya Devadas Kaviratne CBE, 70

Non-Executive and Independent Director

Bachelor of Arts, Economics (Honours)
Bombay University, India

Date of first appointment as a director	29 April 2011
Date of last re-appointment as a director	28 April 2014
Length of service as a director	3 years 10 months

Present Directorships:
Other Listed Companies

• Akzo Nobel India Limited	Chairman
• GlaxoSmithKline Pharmaceuticals Ltd	Director
• Olam International Limited	Director
• SATS Ltd	Director
• StarHub Ltd	Director

Other Principal Commitments

• DBS Bank Ltd	Director
• DBS Foundation Ltd	Director
• Caraway Pte. Ltd.	Chairman
• TVS Motor (Singapore) Pte. Limited	Director
• PT TVS Motor Company	President Commissioner
• Bain & Company SE Asia, Inc	Member, Advisory Board for South East Asia/Indonesia
• The Department for International Development (DFID)	Member, UK Government's DFID Private Sector Portfolio Advisory Committee for India

Past Directorships in listed companies held over the preceding 3 years:
Nil

Andre Sekulic, 64

Non-Executive and Independent Director

University of Sydney

Date of first appointment as a director	26 April 2012
Date of last re-election as a director	29 April 2013
Length of service as a director	2 years 10 months

Present Directorships:
Other Listed Companies
Nil

Other Principal Commitments

• DBS Bank Ltd	Director
• comGateway (S) Pte Ltd	Chairman
• Optal Limited [1]	Chairman
• Hussar Pty Ltd	Director
• Insourcing International Pty Ltd	Director
• Queenstar Pty Ltd	Director
• Royal Motor Yacht Club Broken Bay	Director

Past Directorships in listed companies held over the preceding 3 years:
Nil

(1) Optal Limited (formerly known as PSP International (Europe) Limited)

Danny Teoh Leong Kay, 59

Non-Executive and Independent Director

Associate Member
Institute of Chartered Accountants in England and Wales

Diploma in Accounting
Newcastle-upon-Tyne Polytechnic, England

Date of first appointment as a director	1 October 2010
Date of last re-election as a director	29 April 2013
Length of service as a director	4 years 5 months

Present Directorships:

Other Listed Companies

• Keppel Corporation Limited	Director
• CapitaMall Trust Management Limited (the Manager of CapitaMall Trust)	Director

Other Principal Commitments

• DBS Bank Ltd	Director
• DBS Bank (China) Limited	Director
• DBS Foundation Ltd	Director
• Changi Airport Group (Singapore) Pte Ltd	Director
• JTC Corporation	Director

Past Directorships in listed companies held over the preceding 3 years:
Nil

Woo Foong Pheng, 51

(Mrs Ow Foong Pheng)

Non-Executive and Non-Independent Director

Master of Science in Management
Stanford University, USA

Bachelor of Arts, Politics, Philosophy and Economics
St John's College, Oxford University

Date of first appointment as a director	26 April 2012
Date of last re-election as a director	29 April 2013
Length of service as a director	2 years 10 months

Present Directorships:

Other Listed Companies

• Mapletree Greater China Commercial Trust Management Ltd (the Manager of Mapletree Greater China Commercial Trust)	Director

Other Principal Commitments

• DBS Bank Ltd	Director
• Ministry of Trade and Industry	Permanent Secretary

Past Directorships in listed companies held over the preceding 3 years:
Nil

Group Management Committee

The Group Management Committee comprises a total of 20 members, including members of the Group Executive Committee.

1. PIYUSH GUPTA*
Chief Executive Officer

Piyush is Chief Executive Officer and Director of DBS Group, as well as Director of DBS Bank (Hong Kong) and The Islamic Bank of Asia. Prior to joining DBS, Piyush was Citigroup's Chief Executive Officer for Southeast Asia, Australia and New Zealand. His external appointments include serving as the Deputy Chairman of SPRING Singapore, as a council member of the Asian Bureau of Finance and Economic Research, and on the boards of the Institute of International Finance, Washington, The Institute of Banking and Finance, Dr. Goh Keng Swee Scholarship Fund, and the MasterCard Asia-Pacific, Middle East and Africa Regional Advisory Board.

2. SANJIV BHASIN
DBS India

Sanjiv is the country head of DBS India, a role he has held since 2008. A seasoned banker, Sanjiv started his career with HSBC India in 1979, where he was previously Chief Operating Officer. Sanjiv has worked in various capacities spanning corporate, investment banking, credit and risk management in India, London and Mauritius. Before joining DBS, he was the CEO and Managing Director of Rabo India Finance.

3. JERRY CHEN
DBS Taiwan

Jerry is the country head of DBS Taiwan. Prior to joining DBS in 2008, he was the President of Ta Chong Bank for four years, during which he significantly improved the bank's asset quality to attract foreign investments. Jerry has extensive experience in corporate banking, consumer banking and treasury businesses, and spent over 25 years in Citibank Taiwan.

4. CHNG SOK HUI*
Chief Financial Officer

Sok Hui is the Chief Financial Officer of DBS Group. Prior to this appointment in October 2008, she was the Group Head of Risk Management for six years. Sok Hui is the Supervisor of DBS Bank (China) Board and a Board member of the Housing & Development Board and The Inland Revenue Authority of Singapore. She serves as a council member of the Singapore Accounting Standards Council as well as the International Integrated Reporting Council.

Sok Hui was named Best CFO at the Singapore Corporate Awards 2013. In 2014, she was awarded Accountant of the Year in the inaugural Singapore Accountancy Awards.

5. ENG-KWOK SEAT MOEY
Capital Markets

Seat Moey has been with DBS for over 20 years. As Group Head of Capital Markets, Seat Moey oversees and supervises several teams responsible for advisory and capital markets, including structuring and executing equity fund raising activities for companies, REITs and Business Trusts. Under her leadership, DBS is a market leader in Singapore and Asia ex Japan. The bank also launched Singapore's first REIT and Business Trust.

6. DOMENIC FUDA
Consumer Banking/Wealth Management Group

Domenic is the Deputy Group Head of DBS' Consumer Banking and Wealth Management business. He joined DBS in 2010 as CFO for the Consumer Banking Group. Prior to joining DBS, he spent over 16 years at Citigroup in a variety of senior management roles across business, risk management and finance. Domenic is a director of AXS Pte. Ltd, DBS Compass Limited and Network for Electronic Transfers (Singapore) Pte Ltd (NETS).

7. NEIL GE
DBS China

Neil is the country head of DBS China. A seasoned banker, he has over 20 years of international experience spanning Beijing, Shanghai, Hong Kong, Tokyo and New York. Formerly Managing Director at Credit Suisse's Shanghai office, Neil played an instrumental role in building up the joint venture between Credit Suisse and Founder Securities.

8. DAVID GLEDHILL*
Group Technology & Operations

David brings with him over 25 years of experience in the financial services industry and has spent over 20 years in Asia. Prior to joining DBS in 2008, he held progressively senior positions with regional responsibilities in JP Morgan. David is a Director of Singapore Clearing House Pte Ltd and an advisor to IBM, Singapore Management University School of Information Systems, National University of Singapore School of Computing and Singapore Sports Council's Spex Business Network.

9. SUE LYNN KOO
Group Legal & Secretariat

Sue Lynn oversees the legal and board support functions for DBS Group. Prior to joining DBS, she served as the General Counsel of Korea Exchange Bank and previously worked for Prudential Financial, Inc. and Morrison & Foerster LLP.

10. LAM CHEE KIN

Group Compliance

Chee Kin is the Group Head of Compliance with more than 20 years of experience in financial services regulation. Prior to joining DBS, he held various roles in Standard Chartered Bank, JPMorgan Chase, Rajah & Tann and Allen & Gledhill. Chee Kin also serves on the Disciplinary Committee of SGX, the Advisory Panel to the NUS Centre for Banking and Finance Law, and the Data Protection Advisory Committee of Singapore.

11. LEE YAN HONG

Group Human Resources

With more than 25 years of human resources experience in a diverse range of industries, Yan Hong is responsible for driving the strategic people agenda of DBS. Prior to joining DBS in 2011, Yan Hong was Citigroup's Managing Director of Human Resources, Singapore. She has also worked at General Motors and Hewlett Packard previously.

12. ANDREW NG*

Treasury & Markets

Andrew joined DBS in 2000 and has over 29 years of experience in the treasury business. Prior to joining DBS, he was Executive Director at Canadian Imperial Bank of Commerce (CIBC) from 1995 to 1999. He set up CIBC's trading platform and derivative capabilities on Asian currencies. Between 1986 and 1995, Andrew was Head of North Asia Trading and Treasurer of Chase Manhattan Bank in Taipei. He is currently President of ACI Singapore – The Financial Markets Association.

13. JIMMY NG

Group Audit

Jimmy is the Head of Group Audit. In this role, he is responsible for strengthening the bank's control environment, risk management and governance process. Jimmy has over 20 years of banking experience across a broad range of functions, including technology & operations, risk management, product control and audit. His career has spanned multiple geographies including Singapore, London and Amsterdam, focusing on setting up of new functions and migration of cross border operations. Prior to DBS, he held progressively senior positions in Morgan Guaranty Trust Company of New York, ABN AMRO Bank and Royal Bank of Scotland.

14. KAREN NGUI

Group Strategic Marketing & Communications

Karen is responsible for corporate communications, brand management, strategic marketing and corporate social responsibility. She has over 25 years of experience in corporate branding, marketing and communications for financial institutions. Prior to joining DBS, she was the Global Head of Brand Management and Strategic Marketing for Standard Chartered Bank. She is also a board member of the DBS Foundation and a governor of the Singapore International Foundation.

15. SEBASTIAN PAREDES*

DBS Hong Kong

Sebastian is the country head of DBS Bank (Hong Kong) and also Chairman of the Board Risk Management Committee and Non-Executive Director of DBS Bank (China). An Ecuadorian citizen and a banker for over 25 years, Sebastian has a strong track record in building franchises across multiple markets. Prior to joining DBS, Sebastian was President Director of P.T. Bank Danamon, Indonesia, from 2005 to 2010. Prior to that, he spent 20 years at Citi, with stints in South America, Middle East, Africa and Europe.

16. ELBERT PATTIJN*

Chief Risk Officer

Elbert joined DBS in 2007 as Head of Specialised Corporate and Investment Banking, responsible for DBS' corporate and investment banking activities in the region. He was appointed Chief Risk Officer in 2008. Prior to this, he was Head of Debt Products Origination, Asia for ING Bank, where he was in charge of overseeing the Debt Capital Markets, Securitisation and Syndicated Lending product groups. Previously, Elbert held progressively senior positions at Barclays Bank, ABN Amro and ING Group. A Dutch national, Elbert holds a Master of Law from the University of Leiden in The Netherlands.

17. SIM S LIM*

DBS Singapore

Sim is the first DBS country head with dedicated oversight for Singapore. He is responsible for helping the bank to deliver greater synergy and value across the Singapore franchise. He is also the Chairman of DBS Vickers Securities Holdings Pte Ltd. He spent the bulk of his 32-year banking career in Asia, where he assumed a wide variety of roles. Prior to joining DBS, Sim was the President and CEO of Citigroup Global Markets Japan Inc. Sim is Chairman of Singapore Land Authority and Vice Chairman of ASEAN Business Group, Singapore Business Federation. He also sits on the Board of Nikko Asset Management Co., Ltd in Japan.

18. PAULUS SUTISNA

DBS Indonesia

Paulus is President Director of PT Bank DBS Indonesia and responsible for driving business growth in Indonesia. Prior to that, he was HSBC Indonesia's head of client management for global banking and co-head of cash management. Paulus also spent 23 years in various functions in Citibank, including the role of head of the multinational franchise in Indonesia.

19. TAN SU SHAN*

Consumer Banking/Wealth Management Group

Su Shan is responsible for growing DBS' regional wealth management and consumer banking business. Prior to joining DBS in 2010, Su Shan was Morgan Stanley's Head of Private Wealth Management for Southeast Asia. She has also worked at Citi Private Bank, responsible for Singapore, Malaysia and Brunei. In October 2014, Su Shan became the first Singaporean to be recognised as the world's "Best Leader in Private Banking" by PWM and The Banker, leading wealth publications by the Financial Times Group.

20. JEANETTE WONG*

Institutional Banking Group

A seasoned banker with over 33 years of experience, Jeanette oversees DBS' institutional banking group, which includes corporate banking and global transaction services. She was the CFO of DBS between 2003 and 2008. Prior to this, Jeanette was at JP Morgan for 16 years. Jeanette is a Director of DBS Bank China and Chairperson of DBS Bank Taiwan. She also sits on the boards of Neptune Orient Lines, Singapore International Arbitration Centre, NUS Business School and University of Chicago Booth School of Business.

*Those marked by * are also in the Group Executive Committee.*

Main Subsidiaries & Associated Companies

DBS BANK LTD ("DBS BANK")
12 Marina Boulevard
Marina Bay Financial Centre Tower 3
Singapore 018982
Tel: (65) 6878 8888
100% owned by DBS Group Holdings Ltd

AXS PTE LTD
61 Mohamed Sultan Road
#01-11 Sultan Link
Singapore 239001
Tel: (65) 6389 7979
Fax: (65) 6636 4550
26.41% owned by DBS Bank and 59.77% owned by Primefield Company Pte Ltd, a wholly-owned subsidiary of DBS Bank

CENTRAL BOULEVARD DEVELOPMENT PTE. LTD.
8 Marina Boulevard #04-01
Marina Bay Financial Centre Tower 1
Singapore 018981
33% owned by Heedum Pte. Ltd., a wholly-owned subsidiary of DBS Bank

CHANGSHENG FUND MANAGEMENT COMPANY LIMITED
21F Building A, Chengjian Plaza
18 Beitaipingzhuang Road
Haidian District, Beijing 100088
People's Republic of China
Tel: (86 10) 8201 9988
Fax: (86 10) 8225 5988
33% owned by DBS Bank

DBS ASIA CAPITAL LIMITED
17th Floor, The Center
99 Queen's Road Central
Hong Kong
Tel: (852) 3668 1148
Fax: (852) 2868 0250
100% owned by DBS Bank

DBS BANK (CHINA) LIMITED
Units 1301 – 1801 DBS Bank Tower
1318 Lujiazui Ring Road
Pudong New Area, Shanghai 200120
People's Republic of China
Tel: (86 21) 3896 8888
Fax: (86 21) 3896 8989
100% owned by DBS Bank

DBS BANK (HONG KONG) LIMITED
11th Floor, The Center
99 Queen's Road Central
Hong Kong
Tel: (852) 3668 0808
Fax: (852) 2167 8222
100% owned by DBS Diamond Holdings Ltd, a wholly-owned subsidiary of DBS Bank

DBS BANK (TAIWAN) LTD
15th, 16th, 17th Floor,
No. 32 & 36 Songren Road
Xinyi District, 110 Taipei City
Taiwan, R.O.C.
Tel: (886 2) 6612 9889
Fax: (886 2) 6612 9285
100% owned by DBS Bank

DBS NOMINEES (PRIVATE) LIMITED
12 Marina Boulevard
Marina Bay Financial Centre Tower 3
Singapore 018982
Tel: (65) 6878 8888
Fax: (65) 6338 8936
100% owned by DBS Bank

DBS TRUSTEE LIMITED
12 Marina Boulevard
Marina Bay Financial Centre Tower 3
Singapore 018982
Tel: (65) 6878 8888
Fax: (65) 6878 3977
100% owned by DBS Bank

DBS VICKERS SECURITIES (SINGAPORE) PTE LTD
12 Marina Boulevard Level 3
Marina Bay Financial Centre Tower 3
Singapore 018982
Tel: (65) 6327 2288
Email: info-sg@dbsvonline.com
100% owned by DBS Vickers Securities Holdings Pte Ltd, a wholly-owned subsidiary of DBS Bank

DBS Vickers Securities (Singapore) Pte Ltd is the main operating entity in Singapore of the DBS Vickers Group, which has operations of varying scope and complexity in other jurisdictions including Hong Kong, Indonesia, Thailand, Malaysia and the US.

DBSN SERVICES PTE. LTD.
12 Marina Boulevard
Marina Bay Financial Centre Tower 3
Singapore 018982
Tel: (65) 6878 8888
Fax: (65) 6338 8936
100% owned by DBS Bank

DBS COMPASS LIMITED
(formerly known as HUTCHISON DBS CARD LIMITED)
11th Floor, One Island East
18 Westlands Road
Island East
Hong Kong
Tel: (852) 2290 8888
Fax: (852) 2893 0410
100% owned by DBS Bank (Hong Kong) Limited

HWANG CAPITAL (MALAYSIA) BERHAD
(formerly known as HWANG-DBS (MALAYSIA) BERHAD)
Level 8, Wisma Sri Pinang
60 Green Hall, 10200 Penang
Malaysia
Tel: (604) 263 6108
Fax: (604) 263 6206
4.15% owned by DBS Bank and 23.51% owned by DBS Vickers Securities (Malaysia) Pte Ltd, an indirect wholly-owned subsidiary of DBS Bank

NETWORK FOR ELECTRONIC TRANSFERS (SINGAPORE) PTE LTD
298 Tiong Bahru Road, #04-01/06
Central Plaza
Singapore 168730
Tel: (65) 6272 0533/6274 1212
Email: info@nets.com.sg
33.33% owned by DBS Bank

PT BANK DBS INDONESIA
DBS Bank Tower, Lobby
33rd to 37th Floor, Ciputra World 1
Jalan Prof. Dr. Satrio Kav 3-5
Jakarta 12940
Indonesia
Tel: (62 21) 2988 5000
Fax: (62 21) 2988 5005
99% owned by DBS Bank

THE ISLAMIC BANK OF ASIA LIMITED
12 Marina Boulevard #15-03
Marina Bay Financial Centre Tower 3
Singapore 018982
Tel: (65) 6878 5522
Fax: (65) 6878 5500
50% owned by DBS Bank

International Banking Offices

CHINA

DBS Bank (China) Limited
Units 1301 – 1801 DBS Bank Tower
1318 Lujiazui Ring Road
Pudong New Area, Shanghai 200120
People's Republic of China
Tel: (86 21) 3896 8888
Fax: (86 21) 3896 8989

HONG KONG

DBS Bank (Hong Kong) Limited
11th Floor, The Center
99 Queen's Road Central
Hong Kong
Tel: (852) 3668 0808
Fax: (852) 2167 8222

DBS Bank Hong Kong Branch
18th Floor, The Center
99 Queen's Road Central
Hong Kong
Tel: (852) 3668 1900
Fax: (852) 2596 0577

INDIA

DBS Bank India
Fort House, 3rd Floor
221, Dr. D.N. Road, Fort
Mumbai 400001, India
Tel: (91 22) 6638 8888
Fax: (91 22) 6638 8899

INDONESIA

PT Bank DBS Indonesia
DBS Bank Tower, Lobby, 33rd – 37th Floor
Ciputra World 1
Jalan Prof. Dr. Satrio Kav 3-5
Jakarta 12940, Indonesia
Tel: (62 21) 2988 5000
Fax: (62 21) 2988 5005

JAPAN

DBS Bank Tokyo Branch
508 Yurakucho Denki Building
7-1 Yurakucho 1-chome
Chiyoda-ku
Tokyo 1000006, Japan
Tel: (81 3) 3213 4411
Fax: (81 3) 3213 4415

KOREA

DBS Bank Seoul Branch
18th Floor, Seoul Finance Center
136 Sejong-daero Jung-Gu
Seoul Republic of Korea 100-768
Tel: (82 2) 6322 2660
Fax: (82 2) 6322 2670

MACAU

DBS Bank (Hong Kong) Limited, Macau Branch
Nos 5 a 7E da Rua de Santa Clara, Edif, Ribelro
Loja C e D., Macau
Tel: (853) 2832 9338
Fax: (853) 2832 3711

MALAYSIA

DBS Bank Kuala Lumpur Representative Office
#08-01, Menara Keck Seng
203 Jalan Bukit Bintang
55100 Kuala Lumpur, Malaysia
Tel: (60 3) 2116 3888
Fax: (60 3) 2116 3901

DBS Bank Labuan Branch
Level 10 (A) Main Office Tower
Financial Park Labuan
Jalan Merdeka
87000 F.T. Labuan, Malaysia
Tel: (60 87) 595 500
Fax: (60 87) 423 376

MYANMAR

DBS Bank Myanmar Representative Office
Unit 1002 Sakura Tower, Level 10
339 Bogyoke Aung San Road, Kyauktada Township
Yangon, Myanmar
Tel: (95 1) 255 299
Fax: (95 1) 255 239

THE PHILIPPINES

DBS Bank Manila Representative Office
28 Floor, The Enterprise Center, Tower 2
Ayala Avenue corner Paseo de Roxas
Makati City, Philippines
Tel: (63 2) 849 3995
Fax: (63 2) 750 2144

TAIWAN

DBS Bank (Taiwan) Limited
17F, No. 36
Songren Road
Xinyi District
Taipei City 110 Republic of China
Tel: (886 2) 6612 9889
Fax: (886 2) 6612 9285

THAILAND

DBS Bank Bangkok Representative Office
989 Siam Tower 15th Floor
Rama 1 Road, Pathumwan
Bangkok 10330, Thailand
Tel: (66 2) 658 1400-1
Fax: (66 2) 658 1402

UNITED ARAB EMIRATES

DBS Bank Ltd DIFC Branch
Suite 5, 3rd Floor, Building 3
Gate Precinct, DIFC
P.O. Box 506538
Dubai, UAE
Tel: (971) 4364 1800
Fax: (971) 4364 1801

UNITED KINGDOM

DBS Bank London Branch
4th Floor, Paternoster House
65 St Paul's Churchyard
London EC4M 8AB, UK
Tel: (44 207) 489 6550
Fax: (44 207) 489 5850

UNITED STATES OF AMERICA

DBS Bank Los Angeles Agency
725 South Figueroa Street
Suite 2000, Los Angeles
CA 90017, USA
Tel: (1 213) 627 0222
Fax: (1 213) 627 0228

VIETNAM

DBS Bank Hanoi Representative Office
Room 1404
14th Floor, Pacific Place
83B Ly Thuong Kiet Street
Hanoi, Vietnam
Tel: (84 4) 3946 1688
Fax: (84 4) 3946 1689

DBS Bank Ho Chi Minh City Branch
11th floor, Saigon Centre
65 Le Loi Boulevard, District 1
Ho Chi Minh City, Vietnam
Tel: (84 8) 3914 7888
Fax: (84 8) 3914 4488

Awards and Accolades

DBS GROUP

- Safest Bank in Asia – *Global Finance*
- Best Bank in Asia-Pacific – *Global Finance*
- Bank of the Year, Asia – *Futures and Options World*
- Asian Corporate Director of the Year Award – *Corporate Governance Asia*
- Best Bank in ASEAN – *Alpha Southeast Asia*

- Most Valuable Brand in Singapore – *Brand Finance*
- Brand of the Year (Banking), Singapore – *World Branding Awards*
- Best Managed Company (Large Cap), Singapore – *Asiamoney*
- Best Managed Board (Large Caps – AUM above SGD 1 billion) – Gold, Singapore – *The Business Times*
- Singapore Corporate Governance Award – Big Cap Category – *SIAS*
- Singapore Corporate Governance Award – Diversity – *SIAS*
- Icon on Corporate Governance, Singapore – *Corporate Governance Asia*
- Best Bank, Singapore – *Alpha Southeast Asia*
- Best Domestic Bank, Singapore – *Euromoney*
- Best Bank, Singapore – *FinanceAsia*
- Best Bank, Singapore – *Global Finance*
- Best Domestic Bank, Singapore – *The Asset*
- Bank of the Year, Singapore – *The Banker*
- Best Executive, Singapore – *Asiamoney*
- Accountant of the Year, Singapore – *Institute of Singapore Chartered Accountants*
- Company Secretary of the Year, Singapore – *Corporate Governance Asia*

INSTITUTIONAL BANKING

- Loan of the Year, Asia-Pacific – *IFR Asia*
- Loan of the Year, Asia-Pacific – *The Banker*
- Syndicated Deal of the Year, Asia-Pacific – *APLMA*
- Syndicated Corporate Deal of the Year, Asia-Pacific – *APLMA*
- Syndicated Acquisition Finance Deal of the Year, Asia-Pacific – *APLMA*
- Specialist Award: Best for SMEs, Asia-Pacific – *The Asset*
- Specialist Award: Best for Emerging Corporates, Asia-Pacific – *The Asset*
- Best Syndicated Loan, Asia – *The Asset*
- Best M&A House in ASEAN – *Alpha Southeast Asia*
- Best Deal of the Year, Southeast Asia – *Alpha Southeast Asia*

- Best Investment Bank, Singapore – *Alpha Southeast Asia*
- Best Investment Bank, Singapore – *FinanceAsia*
- Best Investment Bank, Singapore – *Global Finance*
- Best Domestic Investment Bank, Singapore – *The Asset*

- Syndicated Loan House of the Year, Singapore – *APLMA*
- Singapore Loan House – *IFR Asia*
- Domestic Project Finance Bank of the Year, Singapore – *Asian Banking & Finance*
- Best Country Deal, Singapore – *Asiamoney*
- Best M&A Advisory, Singapore – *Euromoney*

- SME Bank of the Year, Hong Kong – *Asian Banking & Finance*
- Best SME Bank, Hong Kong – *Global Banking & Finance Review*
- Best SME Partner, Hong Kong – *Hong Kong General Chamber of Small and Medium Business*

- Best Deal, Hong Kong – *The Asset*

- Best Corporate Bank (Foreign), China – *Global Finance*
- SME Bank of the Year, China – *Asian Banking & Finance*
- Most Competitive SME Banking Services, China – *China Business Journal*
- Best Deal & Best Lead Arranger, China – *Shanghai Banking Association*

- Syndicated Loan House of the Year, Indonesia – *APLMA*
- Best Country Deal, Indonesia – *Asiamoney*
- Best Deal, Indonesia – *The Asset*

GLOBAL TRANSACTION SERVICES

- Best Transaction Bank for Securities Services, Global – *The Banker*
- Best Transaction Bank for Supply Chain Finance, Global – *The Banker*
- Innovator of the Year Excellence Award, Global – *ACI*
- Wholesale Payments, Global – *ACI*
- Best Trade Finance Services (Corporate/Institutional Internet Banks), Global – *Global Finance*
- Best Invoice Discount Management, Global – *Global Finance*

- Best Transaction Bank, Asia-Pacific – *The Banker*
- Best Online Cash Management (Corporate/Institutional Internet Banks), Asia-Pacific – *Global Finance*
- Best Trade Finance Services (Corporate/Institutional Internet Banks), Asia-Pacific – *Global Finance*
- Best Transaction Banking Product, Asia-Pacific – *The Asian Banker*
- Editors' Triple Star: Working Capital Advisory, Asia-Pacific – *The Asset*

- Best Cost and Budget Management Strategy, Asia-Pacific – *Corporate Treasurer*
- Treasury and Working Capital Banker of the Year, Asia-Pacific – *The Asset*
- Best Transaction Bank in ASEAN – *Alpha Southeast Asia*
- Best in Working Capital and Trade Finance, Southeast Asia – *The Asset*

- Best Corporate/Institutional Internet Bank, Singapore – *Global Finance*
- Domestic Cash Management Bank of the Year, Singapore – *Asian Banking & Finance*
- Best Cash Management Bank, Singapore – *The Asian Banker*
- Best Cash Management Bank, Singapore – *The Asset*
- Best Cash Management Solution, Singapore – *The Asset*
- Best Overall Domestic Cash Management Services in Singapore as voted by large sized corporates – *Asiamoney*
- Best Trade Finance Bank, Singapore – *Alpha Southeast Asia*
- Best Structured Trade Finance Bank, Singapore – *The Asset*
- Best Trade Finance Provider, Singapore – *Global Finance*
- Best in Treasury and Working Capital – MNC/Large Corporates, Singapore – *The Asset*
- Best in Treasury and Working Capital – NBFI, Singapore – *The Asset*
- Best Domestic Custodian, Singapore – *The Asset*
- Best Subcustodian, Singapore – *Global Finance*
- Leading Counterparty Bank, Singapore – *The Asian Banker*
- Best RMB Bank, Singapore – *The Asset*
- Best Risk Management Bank, Singapore – *The Asset*

- Best Trade Finance Solution, Hong Kong – *The Asset*
- Best Local Currency Cash Management Bank in Hong Kong as voted by Financial Institutions – HKD – *Asiamoney*
- Best Overall Domestic (Foreign) Cash Management Services in Hong Kong as voted by small, medium and large sized corporates – *Asiamoney*
- Best Overall Cross-Border (Foreign) Cash Management Services in Hong Kong as voted by small, medium and large sized corporates – *Asiamoney*

- Domestic Cash Management Bank of the Year, China – *Asian Banking & Finance*
- Best Treasury & Cash Management Bank (Foreign), China – *Global Finance*
- Best Trade Finance Provider (Foreign), China – *Global Finance*
- Best Trade Finance Solution, China – *The Asset*
- Best Overall Domestic (Foreign) Cash Management Services in China as voted by medium and large sized corporates – *Asiamoney*
- Best Overall Cross-Border (Foreign) Cash Management Services in China as voted by medium and large sized corporates – *Asiamoney*

- Best Cash Management Solution, Indonesia – *The Asset*
- Best Trade Finance Solution, Indonesia – *The Asset*
- Best e-Solutions Partner Bank, Indonesia – *The Asset*
- Best Foreign Cash Management Bank in Indonesia as voted by small sized corporates – *Asiamoney*
- Best Overall Domestic (Foreign) Cash Management Services in Indonesia as voted by small sized corporates – *Asiamoney*
- Best Overall Cross-Border (Foreign) Cash Management Services in Indonesia as voted by small sized corporates – *Asiamoney*

- Best Structured Trade Finance Bank, India – *The Asset*
- Best Trade Finance Solution, India – *The Asset*
- Best eBanking Implementation, India – *The Asset*
- Best Foreign Cash Management Bank in India as voted by small and large sized corporates – *Asiamoney*
- Best Overall Domestic (Foreign) Cash Management Services in India as voted by small and medium sized corporates – *Asiamoney*
- Best Overall Cross-Border (Foreign) Cash Management Services in India as voted by small sized corporates – *Asiamoney*

- Best Bank in Taiwan – *Corporate Treasurer*
- Best Foreign Cash Management Bank in Taiwan as voted by medium and large sized corporates – *Asiamoney*
- Best Overall Domestic (Foreign) Cash Management Services in Taiwan as voted by small, medium and large sized corporates – *Asiamoney*
- Best Overall Cross-Border (Foreign) Cash Management Services in Taiwan as voted by small, medium and large sized corporates – *Asiamoney*

TREASURY & MARKETS

- Securitisation and Structured Finance Deal of the Year, Asia-Pacific – *The Banker*
- Regional Derivatives House of the Year, Asia – *Asia Risk*
- Best Debt House, Asia – *The Asset*
- Best Local Currency Bond, Asia – *Asiamoney*
- Best Local Currency Bond, Asia – *The Asset*
- Best Foreign Exchange Provider, Southeast Asia – *Global Finance*
- Best Local Currency Bond, Southeast Asia – *Alpha Southeast Asia*

- Domestic Foreign Exchange Bank of the Year, Singapore – *Asian Banking & Finance*
- Best Foreign Exchange Bank, Singapore – *FinanceAsia*
- Best Foreign Exchange Provider, Singapore – *Global Finance*
- Best Debt House, Singapore – *Asiamoney*
- Best Debt House, Singapore – *Euromoney*
- Best Debt Capital Markets House, Singapore – *FinanceAsia*
- Best Bond House, Singapore – *Alpha Southeast Asia*
- Singapore Bond House – *IFR Asia*
- Best Domestic Bond House, Singapore – *The Asset*
- House of the Year, Singapore – *Asia Risk*
- Best Derivatives House, Singapore – *The Asset*

- Foreign Exchange Bank of the Year, Hong Kong – *Asian Banking & Finance*

- Most Improvement by a FOREX Market Maker, China – *China Foreign Exchange Trade System*
- Best Derivative Trading Member, China – *China Foreign Exchange Trade System*
- Best Derivative Innovation, China – *China Foreign Exchange Trade System*
- Excellent Traders of the Year, China – *China Foreign Exchange Trade System*

- Best Foreign Exchange Provider, Indonesia – *Global Finance*

- Best Foreign Exchange Provider, India – *Global Finance*

- Best Country Deal, Taiwan *– Asiamoney*

CAPITAL MARKETS

- Best REIT House, Asia *– The Asset*

- Best Equity House, Singapore *– Alpha Southeast Asia*
- Best Equity House, Singapore *– Asiamoney*
- Best Equity Finance, Singapore *– Euromoney*
- Best Equity Capital Markets House, Singapore *– FinanceAsia*
- Best Equity House, Singapore *– The Asset*
- Singapore Equity Issue *– IFR Asia*

BROKERAGE (DBS VICKERS)

- Best Brokerage House, Asia *– The Asset*

- Best Local Brokerage, Singapore *– Asiamoney*
- Best Broker, Singapore *– FinanceAsia*
- Best Broker, Singapore *– The Asian Banker*
- Best Overall Country Research, Singapore *– Asiamoney*
- Best Execution, Singapore *– Asiamoney*
- Best Events and/or Conferences, Singapore *– Asiamoney*
- Best Roadshows and Company Visits, Singapore *– Asiamoney*
- Best Overall Sales Services, Singapore *– Asiamoney*
- Best Research Coverage for Strategy, Singapore *– Asiamoney*
- Best Research Coverage for Consumer Discretionary, Singapore *– Asiamoney*
- Best Research Coverage for Consumer Staples, Singapore *– Asiamoney*
- Best Research Coverage for Healthcare, Singapore *– Asiamoney*
- Best Research Coverage for Utilities, Singapore *– Asiamoney*

- Best Research Coverage (Hong Kong) in Real Estate, Hong Kong *– Asiamoney*
- Best Sales Trader, Hong Kong *– Asiamoney*

CONSUMER BANKING GROUP

- Best Mobile Apps Strategy, Global *– MyPrivateBanking*
- Best Co-Brand Programme, Middle East, Africa and Southeast Asia *– MasterCard*
- Best Loyalty and Rewards Programme, Middle East, Africa and Southeast Asia *– MasterCard*

- Retail Bank of the Year, Asia-Pacific *– Retail Banker International*
- Debit Card Product of the Year, Asia-Pacific *– Cards and Electronic Payments International*
- Branch Banking Experience, Asia-Pacific *– IDC*
- Mobile and Electronic Channel Engagement, Asia-Pacific *– IDC*
- Best Remittance Service, Asia-Pacific *– The Asian Banker*
- Financial Inclusion, Asia-Pacific *– IDC*
- Asia's Best Mobile Bank *– IDC Asia*
- Card Customer Service Award of the Year, Asia *– Cards and Electronic Payments International*
- Best Credit Card Offering, Asia *– Retail Banker International*
- Best Debit Card Offering, Asia *– Retail Banker International*
- Inventiveness in NFC and Contactless Payments, Asia *– Retail Banker International*
- Excellence in Service Innovation, Asia *– Retail Banker International*
- Excellence in Payment Innovation, Asia *– Retail Banker International*

- Best Mortgage-Lending Bank, Singapore *– Alpha Southeast Asia*
- Domestic Retail Bank of the Year, Singapore *– Asian Banking & Finance*
- Debit Card Product of the Year, Singapore *– Cards and Electronic Payments International*
- Advertising Campaign of the Year, Singapore *– Asian Banking & Finance*

- Domestic Retail Bank of the Year, Hong Kong *– Asian Banking & Finance*
- Excellent Brand of High Net Worth Customer Banking Services, Hong Kong *– Metro Finance*
- Outstanding Customer Service Programme (Gold), Hong Kong *– Hong Kong Association for Customer Service Excellence*
- Excellent Service Star Award, Hong Kong *– Hong Kong Retail Management Association*

- Excellence in Consumer Insights/ Market Research (Gold), Hong Kong *– Marketing Magazine*
- Excellence in Data-Driven Marketing (Gold), Hong Kong *– Marketing Magazine*
- Excellence in Loyalty & CRM (Gold), Hong Kong *– Marketing Magazine*
- Excellence in Launch Marketing (Silver), Hong Kong *– Marketing Magazine*
- Excellence in Direct Marketing (Silver), Hong Kong *– Marketing Magazine*
- Best Insight Driven Campaign (Gold), Hong Kong *– Marketing Magazine*
- Best Engagement for a Targeted Community (Silver), Hong Kong *– Marketing Magazine*
- Best Community Engagement (Silver), Hong Kong *– Marketing Magazine*

- Best Retail Bank, China *– Leading Financial Institutions of China Awards*
- Domestic Retail Bank of the Year, China *– Asian Banking & Finance*
- Best Bank Product for Global Asset Allocation – China *– Securities Times*
- Best Customer Service, China *– Shanghai Banking Association Annual Awards*

- Best Company of the Year, Taiwan *– Golden Peak Awards*
- Best Product of the Year, Taiwan *– Golden Peak Awards*

WEALTH MANAGEMENT & PRIVATE BANKING

- Best Leader in Private Banking, Global *– PWM/The Banker*
- Best Private Bank in Use of Technology, Global *– PWM/The Banker*
- Most Innovative Business Model, Global *– Private Banker International*
- Wealth Managers with the Best Mobile Apps Strategy, Global *– MyPrivateBanking*

- Outstanding Private Bank, Asia-Pacific *– Private Banker International*
- Best Wealth Manager, Asia *– The Asset*

- Best Private Bank, Singapore *– FinanceAsia*
- Best Private Bank, Singapore *– Global Banking & Finance Review*
- Best Private Bank, Singapore *– PWM/The Banker*
- Best Private Bank, Singapore *– The Asset*
- Best Wealth Manager, Singapore *– The Asset*
- Best Domestic Clients Team, Singapore *– WealthBriefingAsia*
- Outstanding Young Private Bankers, Singapore *– Private Banker International*

- Best Wealth Management, Hong Kong *– Global Banking & Finance Review*
- Outstanding Wealth Management Service Award, Hong Kong *– Wen Wei Po*
- Advisor of the Year – Gold Award & Best Financial Plan, Hong Kong *– Benchmark*
- Advisor of the Year – Silver Award & Professional Image, Hong Kong *– Benchmark*

- Best Foreign Wealth Management Bank, China *– 21st Century Business Herald*
- Best Wealth Manager, China *– The Asset*

- Best Wealth Manager, Indonesia *– The Asset*

TECHNOLOGY AND OPERATIONS

- Innovation Awards 2014 – Customer Experience, Global *– SAG (Software AG – Germany)*

- Best ATM and Kiosks, Asia-Pacific *– The Asian Banker*
- Best Cloud Based Programme, Asia-Pacific *– The Asian Banker*
- Trailblazer of the Year, Asia *– Retail Banker International*
- Excellence in Social Media – Customer Relations/Brand Engagement, Asia *– Retail Banker International*
- Innovation in Service Delivery – ATM, Asia *– Retail Banker International*
- Transformation Award, Asia *– Procurement Leaders*

- Domestic Technology & Operations Bank of the Year, Singapore *– Asian Banking & Finance*

- Technology Initiative of the Year, Singapore *– Cards and Electronic Payments International*
- Most Innovative Use of Infocomm Technology (Private Sector – General), Singapore *– National Infocomm Awards*
- Website of the Year, Singapore *– Asian Banking & Finance*
- Best Online Banking Initiative, Singapore *– Asian Banking & Finance*
- Core Banking System Initiative, Singapore *– Asian Banking & Finance*
- Best In-House Contact Centre of the Year Above 100 Seats, Singapore *– Contact Centre Association of Singapore*
- ABS Excellent Service Champion Award, Singapore *– The Association of Banks in Singapore*

- Grand Award (Gold Award), Hong Kong *– Hong Kong Association for Customer Service Excellence*
- Contact Centre Representative of the Year (Multi-Media), Hong Kong *– Hong Kong Call Centre Association*
- Mystery Caller Assessment Award – Banking, Hong Kong *– Hong Kong Call Centre Association*
- Outbound Contact Centre Representative of the Year (Silver), Hong Kong *– Hong Kong Call Centre Association*
- Best Practice Award – Technology Innovation, Hong Kong *– Best Practice Management*
- Best Practice Award – Project Management, Hong Kong *– Best Practice Management*
- Awards for Industries: Productivity & Quality Certificate of Merit, Hong Kong *– Hong Kong Productivity Council*

HUMAN RESOURCES

- Great Workplace Award, Global *– Gallup*
- Aon Hewitt Global Top Companies for Leaders – Top 25, Global *– Aon Hewitt*

- Best Employee Engagement Strategy, Southeast Asia *– Marketing Magazine*

- Best Graduate Development, Singapore *– HRM*
- Best Graduate Programme, Singapore *– Singapore's 100 Leading Graduate Employers*
- Best Student Marketing Campaign, Singapore *– Singapore's 100 Leading Graduate Employers*
- Best Reward & Recognition Strategies, Singapore *– HRM*
- Best Work-Life Balance, Singapore *– HRM*
- SHARE Corporate Gold Award, Singapore *– Community Chest*
- Graduate Employer of the Year – 2nd Runner-Up, Singapore *– Singapore's 100 Leading Graduate Employers*
- Banking and Financial Services Sector – Winner, Singapore *– Singapore's 100 Leading Graduate Employers*
- Investment Banking and Investment Management Sector – Winner, Singapore *– Singapore's 100 Leading Graduate Employers*
- Most Supportive Colleagues, Singapore *– Best Companies for Mums (NTUC)*

- Distinguished Family Friendly Award, Hong Kong *– Family Council*
- Talent Management: Management Associate Programme, Hong Kong *– Institute of HR Management*
- Talent Acquisition and Retention, Hong Kong *– Best Practice Management*

- Best HR Team, China *– 51job*
- China Top Employer and Shanghai Top 30 Employer, China *– Zhaopin.com*

- People Development, Indonesia *– SWA Magazine*
- Recruitment & Attraction, Indonesia *– SWA Magazine*
- Personal Leadership – Indonesia *– SWA Magazine*

- Best HR and Talent Practice, India *– Banking Frontiers*
- Best Learning & Development Team, India *– TISS Leapvault CLO Awards*

- Best Workplace, Taiwan *– Ministry of Labour*
- Human Resources Innovation Award, Taiwan *– Ministry of Labour*

Share Price

	2010	2011	2012	2013	2014
Share Price ($)					
High	15.58	15.58	14.99	17.90	20.60
Low	13.26	10.87	11.70	14.35	15.66
Close	14.32	11.52	14.84	17.10	20.60
Average	14.30	13.77	13.98	16.19	17.62
Per Ordinary Share					
Gross dividend yield (%)	3.9	4.1	4.0	3.6	3.3
Price-to-earning ratio (number of times)[1]	12.4	10.6	10.1	11.3	11.4
Price-to-book ratio (number of times)	1.3	1.1	1.1	1.2	1.2

(1) Earnings exclude one-time items and goodwill charges

Financial Calendar

2014

30 APR	Announcement of first quarter results 2014
26 JUN	Payment date of Final Dividends on Ordinary Shares and Non-Voting Redeemable Convertible Preference Shares for the financial year ended 31 December 2013
01 AUG	Announcement of second quarter results 2014
26 SEP	Payment date of Interim Dividends on Ordinary Shares and Non-Voting Redeemable Convertible Preference Shares for the six months ended 30 June 2014
31 OCT	Announcement of third quarter results 2014
31 DEC	Financial Year End

2015

10 FEB	Announcement of full year results 2014
23 APR	Annual General Meeting
APR	Announcement of first quarter results 2015
JUN	Proposed payment of Final Dividends on Ordinary Shares and Non-Voting Redeemable Convertible Preference Shares for the financial year ended 31 December 2014
JUL	Announcement of second quarter results 2015
NOV	Announcement of third quarter results 2015

2016

FEB	Announcement of full year results 2015

Shareholding Statistics

As at 24 February 2015

I. Class of Shares – Ordinary shares
Voting Rights – One vote per share
Total number of issued ordinary shares – 2,479,340,919 (excluding treasury shares)
Treasury Shares – 100,000 (representing 0.004% of the total number of issued ordinary shares, excluding treasury shares)

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%*
1 – 99	3,409	7.71	145,117	0.01
100 – 1,000	12,792	28.93	8,872,062	0.36
1,001 – 10,000	23,822	53.86	77,618,405	3.13
10,001 – 1,000,000	4,172	9.43	143,339,175	5.78
1,000,001 & above	32	0.07	2,249,366,160	90.72
Total	44,227	100.00	2,479,340,919	100.00
Location of Shareholders				
Singapore	41,595	94.05	2,458,226,712	99.15
Malaysia	1,554	3.51	12,418,240	0.50
Overseas	1,078	2.44	8,695,967	0.35
Total	44,227	100.00	2,479,340,919	100.00

TWENTY LARGEST SHAREHOLDERS (AS SHOWN IN THE REGISTER OF MEMBERS AND DEPOSITORY REGISTER)

Name of Shareholders		No. of Shareholdings	%*
1	CITIBANK NOMINEES SINGAPORE PTE LTD	471,246,909	19.01
2	MAJU HOLDINGS PTE. LTD.	428,888,448	17.30
3	DBS NOMINEES PTE LTD	428,434,073	17.28
4	TEMASEK HOLDINGS (PRIVATE) LTD	284,145,301	11.46
5	DBSN SERVICES PTE LTD	210,026,315	8.47
6	HSBC (SINGAPORE) NOMINEES PTE LTD	159,863,455	6.45
7	UNITED OVERSEAS BANK NOMINEES PTE LTD	90,906,624	3.67
8	RAFFLES NOMINEES (PTE) LTD	46,735,473	1.88
9	BNP PARIBAS SECURITIES SERVICES SINGAPORE BRANCH	37,609,800	1.52
10	LEE PINEAPPLE COMPANY PTE LTD	17,100,125	0.69
11	LEE FOUNDATION	10,564,503	0.43
12	BANK OF SINGAPORE NOMINEES PTE LTD	8,478,166	0.34
13	DB NOMINEES (S) PTE LTD	7,899,867	0.32
14	DBS VICKERS SECURITIES (S) PTE LTD	7,171,626	0.29
15	BNP PARIBAS NOMINEES SINGAPORE PTE LTD	6,964,084	0.28
16	OCBC SECURITIES PRIVATE LTD	6,563,919	0.26
17	KEP HOLDINGS LIMITED	3,265,872	0.13
18	OCBC NOMINEES SINGAPORE PTE LTD	2,470,340	0.10
19	UOB KAY HIAN PTE LTD	2,276,157	0.09
20	KWEE SIU MIN @ SUDJASMIN KUSMIN OR DIANAWATI TJENDERA	2,181,203	0.09
Total		**2,232,792,260**	**90.06**

* *Percentage is calculated based on the total number of issued ordinary shares, excluding treasury shares*

II. Class of Shares – Non-Voting Redeemable Convertible Preference Shares ("NVRCPS")
Voting Rights – Please see Article 6A of the Articles of Association
Sole Shareholder of 30,011,421 NVRCPS: Maju Holdings Pte. Ltd.

SUBSTANTIAL ORDINARY SHAREHOLDERS (AS SHOWN IN THE REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 24 FEBRUARY 2015)

	Direct Interest No. of Shares	%*	Deemed Interest No. of Shares	%*
Maju Holdings Pte. Ltd.	428,888,448	17.30	0	0.00
Temasek Holdings (Private) Limited	284,145,301	11.46	433,338,229	17.48

* *Percentage is calculated based on the total number of issued ordinary shares, excluding treasury shares*

1. Maju Holdings Pte. Ltd. ("Maju") is a wholly-owned subsidiary of Temasek Holdings (Private) Limited ("Temasek").
2. Temasek, a company wholly-owned by the Minister for Finance, is deemed to be interested in all the ordinary shares held by Maju.
3. In addition, Temasek is deemed to be interested in 4,449,781 ordinary shares in which its other subsidiaries and associated companies have or are deemed to have an interest pursuant to Section 4 of the Securities and Futures Act, Chapter 289.

As at 24 February 2015, approximately 70.73% of issued ordinary shares of DBS Group Holdings Ltd are held by the public and, therefore, Rule 723 of the SGX Listing Manual is complied with.

Notice of Annual General Meeting

DBS GROUP HOLDINGS LTD (Incorporated in the Republic of Singapore)
Company Registration No.: 199901152M

To: All Shareholders

NOTICE IS HEREBY GIVEN that the Sixteenth Annual General Meeting of the shareholders of DBS Group Holdings Ltd (the "Company") will be held at **NTUC Auditorium, One Marina Boulevard, Level 7, Singapore 018989** on Thursday, 23 April 2015 at 10.00 a.m. to transact the following business:

ORDINARY BUSINESS	ORDINARY RESOLUTION NO.
To receive and adopt the Directors' Report and Audited Financial Statements for the year ended 31 December 2014 and the Auditors' Report thereon.	Resolution 1
To declare a one-tier tax exempt Final Dividend of 30 cents per ordinary share, for the year ended 31 December 2014. [2013: Final Dividend of 30 cents per ordinary share, one-tier tax exempt]	Resolution 2
To declare a one-tier tax exempt Final Dividend of 2 cents per Non-Voting Redeemable Convertible Preference Share, for the year ended 31 December 2014. [2013: Final Dividend of 2 cents per Non-Voting Redeemable Convertible Preference Share, one-tier tax exempt]	Resolution 3
To approve the amount of $3,553,887 proposed as Directors' remuneration for the year ended 31 December 2014. [2013: $3,687,232]	Resolution 4
To re-appoint Messrs PricewaterhouseCoopers LLP as Auditors of the Company and to authorise the Directors to fix their remuneration.	Resolution 5
To re-elect the following Directors, who are retiring under Article 95 of the Company's Articles of Association and who, being eligible, offer themselves for re-election:	
(a) Mr Peter Seah	Resolution 6
(b) Mrs Ow Foong Pheng	Resolution 7
(c) Mr Andre Sekulic	Resolution 8
Key information on Mr Seah, Mrs Ow and Mr Sekulic can be found on pages 192, 196 and 195, respectively of the 2014 Annual Report.	
To re-appoint Mr Nihal Vijaya Devadas Kaviratne CBE as a Director pursuant to Section 153(6) of the Companies Act, Chapter 50.	Resolution 9
Key information on Mr Kaviratne can be found on page 195 of the 2014 Annual Report.	

SPECIAL BUSINESS	ORDINARY RESOLUTION NO.
To consider and, if thought fit, to pass the following Resolutions as ORDINARY RESOLUTIONS:	
That authority be and is hereby given to the Directors of the Company to offer and grant awards in accordance with the provisions of the DBSH Share Plan and to allot and issue from time to time such number of ordinary shares in the capital of the Company ("DBSH Ordinary Shares") as may be required to be issued pursuant to the vesting of awards under the DBSH Share Plan, PROVIDED ALWAYS THAT: (a) the aggregate number of new DBSH Ordinary Shares (i) issued and/or to be issued pursuant to the DBSH Share Plan, and (ii) issued pursuant to the DBSH Share Option Plan, shall not exceed 5 per cent of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time; and (b) the aggregate number of new DBSH Ordinary Shares under awards to be granted pursuant to the DBSH Share Plan during the period commencing from the date of this Annual General Meeting of the Company and ending on the date of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier, shall not exceed 2 per cent of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time.	Resolution 10
That authority be and is hereby given to the Directors of the Company to: (a) (i) issue shares in the capital of the Company ("shares") whether by way of rights, bonus or otherwise; and/or (ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares, at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,	Resolution 11

SPECIAL BUSINESS	ORDINARY RESOLUTION NO.
provided that: (1) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50 per cent of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall be less than 10 per cent of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with paragraph (2) below); (2) (subject to such manner of calculation and adjustments as may be prescribed by the Singapore Exchange Securities Trading Limited ("SGX-ST")), for the purpose of determining the aggregate number of shares that may be issued under paragraph (1) above, the percentage of issued shares shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time this Resolution is passed, after adjusting for: (i) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and (ii) any subsequent bonus issue, consolidation or subdivision of shares; (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Company; and (4) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.	
That authority be and is hereby given to the Directors of the Company to allot and issue such number of new ordinary shares and new Non-Voting Redeemable Convertible Preference Shares in the capital of the Company as may be required to be allotted and issued pursuant to the application of the DBSH Scrip Dividend Scheme to the final dividends of 30 cents per ordinary share and 2 cents per Non-Voting Redeemable Convertible Preference Share, for the year ended 31 December 2014.	Resolution 12

SPECIAL BUSINESS	ORDINARY RESOLUTION NO.
That authority be and is hereby given to the Directors of the Company to apply the DBSH Scrip Dividend Scheme to any dividend(s) which may be declared for the year ending 31 December 2015 and to allot and issue such number of new ordinary shares and new Non-Voting Redeemable Convertible Preference Shares in the capital of the Company as may be required to be allotted and issued pursuant thereto.	Resolution 13

By Order of The Board

Goh Peng Fong (Mr)
Group Secretary
DBS Group Holdings Ltd

24 March 2015
Singapore

NOTES: A member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy or proxies to attend and to vote in his stead. A member of the Company which is a corporation is entitled to appoint its authorised representative or proxy to vote on its behalf.

A proxy need not be a member of the Company.

The instrument appointing a proxy must be deposited at the Company's office at ***12 Marina Boulevard, Marina Bay Financial Centre Tower 3, Level 12, Singapore 018982 (Attention to: Group Secretariat)*** *at least 48 hours before the time for holding the Meeting.*

PERSONAL DATA PRIVACY:
By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees to provide the Company with written evidence of such prior consent upon reasonable request.

EXPLANATORY NOTES

ORDINARY BUSINESS

Ordinary Resolution 4: Directors' Remuneration for 2014
Resolution 4 is to approve the payment of an aggregate amount of $3,553,887 as Directors' remuneration for the non-executive Directors of the Company for the year ended 31 December 2014. If approved, each of the non-executive Directors (with the exception of Mrs Ow Foong Pheng) will receive 70% of his or her Directors' fees in cash and 30% of his or her Directors' fees in the form of share awards granted pursuant to the DBSH Share Plan. The share awards will not be subject to a vesting period, but will be subject to a selling moratorium whereby each non-executive director will be required to hold the equivalent of one year's basic retainer for the duration of his or her tenure as a director, and for one year after the date he or she steps down as a director. The actual number of shares to be awarded will be determined by reference to the volume-weighted average price of a share on the SGX-ST over the 10 trading days immediately following the date of the forthcoming 2015 Annual General Meeting, rounded down to the nearest share, and any residual balance will be paid in cash. The Director's fees for Mrs Ow Foong Pheng will be paid in cash to a government agency, the Directorship & Consultancy Appointments Council. Please refer to the Corporate Governance Report in the 2014 Annual Report for more details on the non-executive Directors' remuneration for 2014.

Ordinary Resolutions 6, 7 and 8: Re-election of Directors retiring under Article 95
(a) Mr Peter Seah, upon re-election as a Director of the Company, will remain as the Chairman of each of the Board of Directors, Nominating Committee, Compensation and Management Development Committee and Executive Committee, and as a member of each of the Audit Committee and Board Risk Management Committee, and will be considered independent.

(b) Mrs Ow Foong Pheng, upon re-election as a Director of the Company, will remain as a member of each of the Nominating Committee and Audit Committee. Mrs Ow is considered non-independent of the substantial shareholder as she is a senior civil servant. Mrs Ow is a non-executive Director and has no management or business relationships with the Company.

(c) Mr Andre Sekulic, upon re-election as a Director of the Company, will remain as a member of each of the Audit Committee and Compensation and Management Development Committee, and will be considered independent.

Ordinary Resolution 9: Re-appointment of Director pursuant to Section 153(6) of the Companies Act, Chapter 50
As Mr Nihal Vijaya Devadas Kaviratne CBE is over 70 years of age, his office will be vacated at the forthcoming Annual General Meeting, and he will be standing for re-appointment thereat. Upon re-appointment as a Director of the Company, Mr Kaviratne will remain as a member of each of the Audit Committee and Board Risk Management Committee, and will be considered independent.

SPECIAL BUSINESS

Ordinary Resolution 10: DBSH Share Plan
Resolution 10 is to empower the Directors to offer and grant awards and to issue ordinary shares in the capital of the Company pursuant to the DBSH Share Plan, provided that: (a) the maximum number of ordinary shares which may be issued under the DBSH Share Plan and the DBSH Share Option Plan is limited to 5 per cent of the total number of issued shares in the capital of the Company (excluding treasury shares) from time to time; and (b) the aggregate number of new ordinary shares under awards which may be granted pursuant to the DBSH Share Plan from this Annual General Meeting to the next Annual General Meeting shall not exceed 2 per cent of the total number of issued shares in the capital of the Company (excluding treasury shares) from time to time. The DBSH Share Option Plan expired on 19 June 2009 and was not extended or replaced. There are no longer any options outstanding under the DBSH Share Option Plan.

Ordinary Resolution 11: Share Issue Mandate
Resolution 11 is to empower the Directors to issue shares in the capital of the Company and to make or grant instruments (such as warrants or debentures) convertible into shares, and to issue shares in pursuance of such instruments, up to a number not exceeding in total 50 per cent of the total number of issued shares (excluding treasury shares) in the capital of the Company, of which the number of shares that may be issued other than on a pro rata basis to shareholders must be less than 10 per cent of the total number of issued shares (excluding treasury shares). For the purpose of determining the aggregate number of shares that may be issued, the percentage of issued shares shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time that Resolution 11 is passed, after adjusting for (a) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time that Resolution 11 is passed, and (b) any subsequent bonus issue, consolidation or subdivision of shares.

Ordinary Resolution 12: DBSH Scrip Dividend Scheme
Resolution 12 is to empower the Directors to issue such number of new ordinary shares and new Non-Voting Redeemable Convertible Preference Shares in the capital of the Company as may be required to be issued pursuant to the application of the DBSH Scrip Dividend Scheme (the "Scheme") to the final dividends of 30 cents per ordinary share and 2 cents per Non-Voting Redeemable Convertible Preference Share, for the year ended 31 December 2014 ("FY2014").

In the announcement dated 10 February 2015, the Company proposed that the Scheme would be applied to the final dividends for FY2014, subject to shareholder approval being obtained for the said final dividends for FY2014.

Ordinary Resolution 13: DBSH Scrip Dividend Scheme
Resolution 13 is to authorise the Directors to apply the Scheme to any dividend(s) which may be declared for the year ending 31 December 2015 ("FY2015"), and to empower the Directors to issue such number of new ordinary shares and new Non-Voting Redeemable Convertible Preference Shares in the capital of the Company as may be required to be issued pursuant thereto. The authority conferred by this Resolution will lapse at the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

If Resolution 13 is passed at the Annual General Meeting, and if the Directors should decide to apply the Scheme to a dividend declared in respect of FY2015, the current intention is that no discount will be given for the scrip shares. If the Directors decide not to apply the Scheme to a dividend for FY2015, such dividend will be paid in cash to shareholders in the usual way.

Proxy Form

DBS GROUP HOLDINGS LTD
(Incorporated in the Republic of Singapore)
Company Registration Number: 199901152M

IMPORTANT:
CPF Investors
1. For investors who have used their CPF monies to buy DBS Group Holdings Ltd shares, the annual report is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. For holders of Non-Voting Redeemable Convertible Preference Shares (NVRCPS), the annual report is forwarded to them solely FOR INFORMATION ONLY.
3. This Proxy form is not valid for use by CPF Investors and NVRCPS holders and shall be ineffective for all intents and purposes if used or purported to be used by them.

Personal Data Privacy
By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 24 March 2015.

ANNUAL GENERAL MEETING

*I / We ______________________________ (NRIC / Passport No. ______________)
of ______________________________
being an Ordinary Shareholder of DBS Group Holdings Ltd (the "Company") hereby appoint

NAME	ADDRESS	NRIC/PASSPORT NUMBER	PROPORTION OF SHAREHOLDINGS (%)
*and/or			

or failing *him/her, the Chairman of the Meeting or such person(s) as he may nominate, as *my/our proxy/proxies, to vote for *me/us and on *my/our behalf and, if necessary, to demand a poll, at the Sixteenth Annual General Meeting of the Company, to be held at **NTUC Auditorium, One Marina Boulevard, Level 7, Singapore 018989** on Thursday, 23 April 2015 at 10.00 a.m. and at any adjournment thereof in the following manner:

NO.	RESOLUTIONS	FOR	AGAINST
	Ordinary Business		
1	Adoption of audited Financial Statements and Directors' and Auditors' Report		
2	Declaration of Final Dividend on Ordinary Shares		
3	Declaration of Final Dividend on Non-Voting Redeemable Convertible Preference Shares		
4	Approval of proposed Directors' remuneration of SGD3,553,887 for FY2014		
5	Re-appointment of PricewaterhouseCoopers LLP as Auditors		
6	Re-election of Mr Peter Seah as a Director retiring under Article 95		
7	Re-election of Mrs Ow Foong Pheng as a Director retiring under Article 95		
8	Re-election of Mr Andre Sekulic as a Director retiring under Article 95		
9	Re-appointment of Mr Nihal Vijaya Devadas Kaviratne CBE as a Director pursuant to Section 153(6) of the Companies Act, Chapter 50		
	Special Business		
10	Authority to grant awards and issue shares under the DBSH Share Plan		
11	General authority to issue shares subject to limits		
12	Authority to issue shares pursuant to the DBSH Scrip Dividend Scheme for the FY2014 Final Dividends		
13	Authority to apply the DBSH Scrip Dividend Scheme to dividends for FY2015, and to issue shares pursuant thereto		

If you wish to exercise all your votes **For** or **Against**, please tick with "✓". Alternatively, please indicate the number of votes **For** or **Against** each resolution.

The proxy may vote or abstain as the proxy deems fit on any of the above resolutions if no voting instruction is specified, and on any other matter arising at the Annual General Meeting.

As witness *my/our hand(s) this ____________ day of ____________ 2015.

No. of Ordinary Shares held	

____
Signature or Common Seal of Shareholder

IMPORTANT PLEASE READ NOTES OVERLEAF.
** delete as appropriate*

NOTES:

1 *Please insert the total number of Ordinary Shares held by you. If you have Ordinary Shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of Ordinary Shares. If you have Ordinary Shares registered in your name in the Register of Members, you should insert that number of Ordinary Shares. If you have Ordinary Shares entered against your name in the Depository Register and Ordinary Shares registered in your name in the Register of Members, you should insert the aggregate number of Ordinary Shares entered against your name in the Depository Register and registered in your name in the Register of Members.*

2 *A Member entitled to attend and vote at a Meeting of the Company is entitled to appoint a proxy or two proxies to attend and vote instead of him.*

3 *Where a Member appoints two proxies, the appointments shall be invalid unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy.*

4 *The Instrument appointing a proxy must be deposited at the Company's office at* ***12 Marina Boulevard, Marina Bay Financial Centre Tower 3, Level 12, Singapore 018982 (Attention to: Group Secretariat)*** *at least 48 hours before the time for holding the Meeting.*

5 *The Instrument appointing the proxy or proxies must be under the hand of the appointer or of his attorney duly authorised in writing. Where the Instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised.*

6 *A corporation which is a Member may, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore, authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting.*

7 *The Company shall be entitled to reject the Instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointer are not ascertainable from the instructions of the appointer specified in the Instrument appointing a proxy or proxies. In addition, in the case of members whose Ordinary Shares are entered against their names in the Depository Register, the Company may reject any Instrument appointing a proxy or proxies lodged if such Members are not shown to have Ordinary Shares entered against their names in the Depository Register 48 hours before the time appointed for holding the Annual General Meeting as certified by The Central Depository (Pte) Limited to the Company.*

Corporate Information

BOARD OF DIRECTORS
Peter Seah
Chairman
Piyush Gupta
Chief Executive Officer
Bart Broadman
Euleen Goh
Ho Tian Yee
Nihal Kaviratne CBE
Andre Sekulic
Danny Teoh
Ow Foong Pheng

AUDIT COMMITTEE
Danny Teoh
Chairman
Nihal Kaviratne CBE
Peter Seah
Andre Sekulic
Ow Foong Pheng

NOMINATING COMMITTEE
Peter Seah
Chairman
Euleen Goh
Ho Tian Yee
Danny Teoh
Ow Foong Pheng

BOARD RISK MANAGEMENT COMMITTEE
Euleen Goh
Chairman
Bart Broadman
Ho Tian Yee
Nihal Kaviratne CBE
Peter Seah
Danny Teoh

BOARD EXECUTIVE COMMITTEE
Peter Seah
Chairman
Euleen Goh
Piyush Gupta

COMPENSATION AND MANAGEMENT DEVELOPMENT COMMITTEE
Peter Seah
Chairman
Bart Broadman
Euleen Goh
Andre Sekulic

GROUP SECRETARY
Goh Peng Fong

GROUP EXECUTIVE COMMITTEE
Piyush Gupta
Chief Executive Officer
Chng Sok Hui
Chief Financial Officer
David Gledhill
Group Technology & Operations
Andrew Ng
Treasury & Markets
Sebastian Paredes
DBS Hong Kong
Elbert Pattijn
Chief Risk Officer
Sim S Lim
DBS Singapore
Tan Su Shan
Consumer Banking/
Wealth Management Group
Jeanette Wong
Institutional Banking Group

GROUP MANAGEMENT COMMITTEE
Includes the Group Executive Committee and the following:

Sanjiv Bhasin
DBS India
Jerry Chen
DBS Taiwan
Eng-Kwok Seat Moey
Capital Markets
Domenic Fuda
Consumer Banking/
Wealth Management Group
Neil Ge
DBS China
Sue Lynn Koo
Group Legal & Secretariat
Lam Chee Kin
Group Compliance
Lee Yan Hong
Group Human Resources
Jimmy Ng
Group Audit
Karen Ngui
Group Strategic Marketing
& Communications
Paulus Sutisna
DBS Indonesia

REGISTRAR
Tricor Barbinder Share
Registration Services
(a division of Tricor Singapore Pte. Ltd.)
80 Robinson Road, #02-00
Singapore 068898
Tel: (65) 6236 3333
Fax: (65) 6236 3405

AUDITOR
PricewaterhouseCoopers LLP
8 Cross Street #17-00
PwC Building
Singapore 048424

PARTNER IN CHARGE OF THE AUDIT
Karen Loon
Appointed on 29 April 2013
(DBS Group Holdings Ltd) and
29 April 2013 (DBS Bank Ltd.)

REGISTERED OFFICE
12 Marina Boulevard
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Tel: (65) 6878 8888
Website: www.dbs.com

INVESTOR RELATIONS
Email: investor@dbs.com

Asia's Safest, Asia's Best

Safest Bank in Asia
2009 – 2014
Global Finance

Best Bank in Asia-Pacific
2014
Global Finance

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