



Pillar 3 Disclosures

Composition of Capital
As at 31 December 2014

DBS Group Holdings Ltd
Incorporated in the Republic of Singapore
Company Registration Number: 199901152M

Composition of Capital

The following disclosures are made pursuant to Monetary Authority of Singapore (“MAS”) Notice to Banks No. 637 “Notice on Risk Based Capital Adequacy Requirements for Banks incorporated in Singapore” (“Notice 637”).

1 Financial Statements and Regulatory Scope of Consolidation

The Group’s regulatory scope of consolidation is identical to its accounting scope of consolidation.

Financial Statements and Regulatory Scope of Consolidation

	Consolidated Balance Sheet	Cross Reference to Section 2
In S\$ millions		
ASSETS		
Cash and balances with central banks	19,517	
Government securities and treasury bills	29,694	
Due from banks	42,263	
Derivatives	16,995	
Bank and corporate securities	37,763	
Loan and advances to customers	275,588	
<i>of which: Impairment allowances admitted as eligible T2 Capital</i>	(1,354)	a
Other assets	11,249	
<i>of which: Deferred tax assets</i>	257	b
<i>Re-grossing of deferred tax assets and deferred tax liabilities as required under MAS Notice 637</i>	73	c
Associates and joint venture	995	
<i>of which: Private Equity/Venture Capital investments in excess of 20% holdings</i>	2	d
<i>of which: Goodwill on acquisition *</i>	15	e
Properties and other fixed assets	1,485	
Goodwill and intangibles	5,117	
<i>of which: Goodwill</i>	5,112	f
<i>of which: Intangibles</i>	5	g
TOTAL ASSETS	440,666	
LIABILITIES		
Due to banks	16,176	
Deposits and balances from customers	317,173	
Derivatives	18,755	
Other liabilities	11,728	
<i>Re-grossing of deferred tax assets and deferred tax liabilities as required under MAS Notice 637</i>	73	
Other debt securities	31,963	
Subordinated term debts	4,665	
<i>of which: Instruments issued and eligible for recognition as T2 Capital under transitional arrangements</i>	4,304	h
TOTAL LIABILITIES	400,460	
NET ASSETS	40,206	

Financial Statements and Regulatory Scope of Consolidation (continued)

	Consolidated Balance Sheet	Cross Reference to Section 2
EQUITY		
Share capital	10,171	
<i>of which: Amount eligible as CET1</i>	10,113	i
<i>of which: Instruments issued and eligible for recognition as AT1</i>	130	j
<i>Capital under transitional arrangements</i>		
<i>of which: Treasury shares</i>	(105)	k
Other equity instruments	803	l
Other reserves	6,894	m
<i>of which: Cash flow hedge reserve</i>	(33)	n
Revenue reserves	19,840	o
<i>of which: Unrealised fair value gains/losses on financial liabilities and derivative liabilities arising from changes in own credit risk</i>	(27)	p
SHAREHOLDERS' FUNDS	37,708	
Non-controlling interests	2,498	
<i>of which: Instruments issued and eligible for recognition as AT1</i>		
<i>Capital under transitional arrangements</i>	2,246	q
<i>of which: Minority interest eligible as CET1 Capital under transitional Arrangements</i>	185	r
TOTAL EQUITY	40,206	

Key:

CET1: Common Equity Tier 1

AT1: Additional Tier 1

T2: Tier 2

* Not adjusted for subsequent share of losses or impairment losses

2 Capital Adequacy and Reconciliation of Regulatory Capital to the Balance Sheet
Explanatory Notes

The following disclosure is made according to the template prescribed in MAS Notice 637 Annex 11E. The column "Amount" shows the amounts used in the computation of the capital adequacy ratios. The column "Amount subject to Pre-Basel III Treatment" shows the amount of each regulatory adjustment that is subject to the treatment specified in the previous capital rules (i.e., according to the cancelled MAS Notice 637 dated 14 December 2007) for the duration of the Basel III transition period. Each of these amounts is taken into the computation of the capital adequacy ratios during the transition period under rows 41C and 56C, as the case may be. For example, during the year 2014, 80% of the regulatory adjustment (i.e., capital deduction) for goodwill is to be taken against Additional Tier 1 in the first instance (c.f., row 41C) and 20% is to be taken against Common Equity Tier 1 in the first instance (c.f., row 8). Each 1 January, up to 1 January 2018, the regulatory adjustment to be taken against Common Equity Tier 1 in the first instance (c.f. row 8) increases by 20 percentage points.

The alphabetic cross-references in the column "Cross Reference to Section 1" relate to those in reconciliation of the balance sheet on pages 2 to 3.

MAS Notice 637 specifies which tier of capital against which each regulatory adjustment is to be taken. When regulatory adjustments are required against Additional Tier 1 or Tier 2 capital, there are circumstances when the amount of eligible Additional Tier 1 or Tier 2 capital respectively falls short of the amount of the regulatory adjustment (e.g., when the amount in row 36 falls short of the amount in row 43). Under such circumstances, the shortfall is taken against the preceding tier of capital (i.e., rows 27 and 42).

MAS Notice 637 specifies the computation of the amount of provisions that may be recognised in Tier 2 capital. General allowances in respect of assets under the standardised approach for credit risk are eligible (row 76), subject to a cap of 1.25% of risk-weighted assets under the standardised approach for credit risk (row 77). General and specific allowances in respect of assets under the internal ratings-based approach exceeding expected loss of these assets are eligible (row 78), subject to a cap of 0.6% of risk-weighted assets under the internal ratings-based approach for credit risk (row 79).

		Amount [^]	Amount [^] subject to Pre-Basel III Treatment	Cross Reference to Section 1
In S\$ millions				
	Common Equity Tier 1 capital: instruments and reserves			
1	Paid-up ordinary shares and share premium (if applicable)	10,113		i
2	Retained earnings	19,840		o
3 [#]	Accumulated other comprehensive income and other disclosed reserves	6,789		k+m
4	Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies)	-		
5	Minority interest that meets criteria for inclusion	185	(64)	r
6	Common Equity Tier 1 capital before regulatory adjustments	36,927		
	Common Equity Tier 1 capital: regulatory adjustments			
7	Valuation adjustment pursuant to Part VIII of MAS Notice 637	-		
8	Goodwill, net of associated deferred tax liability	1,025	4,102	e+f
9 [#]	Intangible assets, net of associated deferred tax liability	1	4	g
10 [#]	Deferred tax assets that rely on future profitability	66	264	b+c
11	Cash flow hedge reserve	(7)	(26)	n
12	Shortfall of TEP relative to EL under IRBA	-	-	
13	Increase in equity capital resulting from securitisation transactions	-	-	
14	Unrealised fair value gains/losses on financial liabilities and derivative liabilities arising from changes in own credit risk	(5)	(22)	p
15	Defined benefit pension fund assets, net of associated deferred tax liability	-		
16	Investments in own shares	-		
17	Reciprocal cross-holdings in ordinary shares of financial institutions	-		

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

		Amount [^]	Amount [^] subject to Pre-Basel III Treatment	Cross Reference to Section 1
18	Capital investments in ordinary shares of unconsolidated financial institutions in which Reporting Bank does not hold a major stake	-		
19 [#]	Investments in ordinary shares of unconsolidated major stake companies approved under s32 of Banking Act (including insurance subsidiaries) (amount above 10% threshold)	-	-	
20 [#]	Mortgage servicing rights (amount above 10% threshold)			
21 [#]	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)			
22	Amount exceeding the 15% threshold	-		
23 [#]	<i>of which: investments in ordinary shares of unconsolidated major stake companies approved under s32 of Banking Act (including insurance subsidiaries)</i>	-		
24 [#]	<i>of which: mortgage servicing rights</i>			
25 [#]	<i>of which: deferred tax assets arising from temporary differences</i>			
26	National specific regulatory adjustments	-		
26A	PE/VC investments in the form of ordinary shares, in excess of 20% of such capital investments	-	2	d
26B	PE/VC investments held beyond the relevant holding periods set out in MAS Notice 630	-	-	
26C	Capital deficits in subsidiaries and associates that are regulated financial institutions	-	-	
26D	Any other items which the Authority may specify	-		
27	Regulatory adjustments applied in calculation of CET1 Capital due to insufficient AT1 Capital to satisfy required deductions	1,144		
28	Total regulatory adjustments to CET1 Capital	2,224		
29	Common Equity Tier 1 capital (CET1)	34,703		
	Additional Tier 1 capital: instruments			
30	AT1 capital instruments and share premium (if applicable)	803		l
31	<i>of which: classified as equity under the Accounting Standards</i>	803		
32	<i>of which: classified as liabilities under the Accounting Standards</i>	-		
33	Transitional: Ineligible capital instruments (pursuant to paragraphs 6.5.3 and 6.5.4)	130		j
34	AT1 capital instruments issued by fully-consolidated subsidiaries that meet criteria for inclusion	2,246		q
35	<i>of which: instruments issued by subsidiaries subject to phase out</i>	2,246		
36	Additional Tier 1 capital before regulatory adjustments	3,179		
	Additional Tier 1 capital: regulatory adjustments			
37	Investments in own AT1 capital instruments	-		
38	Reciprocal cross-holdings in AT1 capital instruments of financial institutions	-		
39	Capital investments in AT1 capital instruments of unconsolidated financial institutions in which Reporting Bank does not hold a major stake	-		
40 [#]	Investments in AT1 capital instruments of unconsolidated major stake companies approved under s32 of Banking Act (including insurance subsidiaries)	-	-	
41	National specific regulatory adjustments	4,323		
41A	PE/VC investments in the form of AT1 capital instruments, in excess of 20% of such capital investments	-	-	
41B	Any other items which the Authority may specify	-		
41C	Regulatory adjustments applied to AT1 Capital in respect of amounts subject to pre-Basel III treatment	4,323		

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

		Amount [^]	Amount [^] subject to Pre-Basel III Treatment	Cross Reference to Section 1
	<i>of which: Goodwill, net of associated deferred tax liability</i>	4,102		
	<i>of which: Intangible assets, net of associated deferred tax liability</i>	4		
	<i>of which: Deferred tax assets that rely on future profitability</i>	264		
	<i>of which: Cash flow hedge reserve</i>	(26)		
	<i>of which: Increase in equity capital resulting from securitisation transactions</i>	-		
	<i>of which: Unrealised fair value gains/losses on financial liabilities and derivative liabilities arising from changes in own credit risk</i>	(22)		
	<i>of which: Shortfall of TEP relative to EL under IRBA</i>	-		
	<i>of which: PE/VC investments in the form of ordinary shares, in excess of 20% of such capital investments</i>	1		
	<i>of which: PE/VC investments held beyond the relevant holding periods set out in MAS Notice 630</i>	-		
	<i>of which: Capital deficits in subsidiaries and associates that are regulated financial institutions</i>	-		
	<i>of which: Investments in ordinary shares of unconsolidated major stake companies approved under s32 of Banking Act (incl insurance subsidiaries)</i>	-		
	<i>of which: PE/VC investments in the form of Tier 2 capital instruments, in excess of 20% of such capital investments</i>	-		
	<i>of which: Investments in Tier 2 capital instruments of unconsolidated major stake companies approved under s32 of Banking Act (incl insurance subsidiaries)</i>	-		
42	Regulatory adjustments applied in calculation of AT1 Capital due to insufficient Tier 2 Capital to satisfy required deductions	-		
43	Total regulatory adjustments to Additional Tier 1 capital	4,323		
44	Additional Tier 1 capital (AT1)	-		
45	Tier 1 capital (T1 = CET1 + AT1)	34,703		
	Tier 2 capital: instruments and provisions			
46	Tier 2 capital instruments and share premium (if applicable)	-		
47	Transitional: Ineligible capital instruments (pursuant to paragraphs 6.5.3 and 6.5.4)	-		
48	Tier 2 capital instruments issued by fully-consolidated subsidiaries that meet criteria for inclusion	4,304		h
49	<i>of which: instruments issued by subsidiaries subject to phase out</i>	4,304		
50	Provisions	1,354		a
51	Tier 2 capital before regulatory adjustments	5,658		
	Tier 2 capital: regulatory adjustments			
52	Investments in own Tier 2 instruments	-		
53	Reciprocal cross-holdings in Tier 2 capital instruments of financial institutions	-		
54	Capital investments in Tier 2 capital instruments of unconsolidated financial institutions in which Reporting Bank does not hold a major stake	-		
55 [#]	Investments in Tier 2 capital instruments of unconsolidated major stake companies approved under s32 of Banking Act (including insurance subsidiaries)	-	-	
56	National specific regulatory adjustments	1		
56A	PE/VC investments in the form of Tier 2 capital instruments, in excess of 20% of such capital investments	-	-	
56B	Any other items which the Authority may specify	-		
56C	Regulatory adjustments applied to Tier 2 Capital in respect of amounts subject to pre-Basel III treatment	1		

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

		Amount [^]	Amount [^] subject to Pre-Basel III Treatment	Cross Reference to Section 1
	<i>of which: Shortfall of TEP relative to EL under IRBA</i>	-		
	<i>of which: PE/VC investments in the form of ordinary shares, in excess of 20% of such capital investments</i>	1		
	<i>of which: PE/VC investments held beyond the relevant holding periods set out in MAS Notice 630</i>	-		
	<i>of which: Capital deficits in subsidiaries and associates that are regulated financial institutions</i>	-		
	<i>of which: Investments in ordinary shares of unconsolidated major stake companies approved under s32 of Banking Act (incl insurance subsidiaries)</i>	-		
	<i>of which: PE/VC investments in the form of AT1 capital instruments, in excess of 20% of such capital investments</i>	-		
	<i>of which: Investments in AT1 capital instruments of unconsolidated major stake companies approved under s32 of Banking Act (incl insurance subsidiaries)</i>	-		
57	Total regulatory adjustments to Tier 2 capital	1		
58	Tier 2 capital (T2)	5,657		
59	Total capital (TC = T1 + T2)	40,360		
60	Total risk weighted assets	264,186		
	Capital ratios (as a percentage of risk weighted assets)			
61	Common Equity Tier 1 CAR	13.1%		
62	Tier 1 CAR	13.1%		
63	Total CAR	15.3%		
64	Bank-specific buffer requirement	5.5%		
65	<i>of which: capital conservation buffer requirement</i>	-		
66	<i>of which: bank specific countercyclical buffer requirement</i>	-		
67	<i>of which: G-SIB buffer requirement (if applicable)</i>	-		
68	Common Equity Tier 1 available to meet buffers	5.3%		
	National minima			
69	Minimum CET1 CAR	5.5%		
70	Minimum Tier 1 CAR	7.0%		
71	Minimum Total CAR	10.0%		
	Amounts below the thresholds for deduction (before risk weighting)			
72	Investments in ordinary shares, AT1 capital and Tier 2 capital of unconsolidated financial institutions in which the bank does not hold a major stake	2,041		
73	Investments in ordinary shares of unconsolidated major stake companies approved under s32 of Banking Act (including insurance subsidiaries)	985		
74	Mortgage servicing rights (net of related tax liability)	-		
75	Deferred tax assets arising from temporary differences (net of related tax liability)	-		
	Applicable caps on the inclusion of provisions in Tier 2			
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	574		
77	Cap on inclusion of provisions in Tier 2 under standardised approach	441		
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	1,441		
79	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	913		
	Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2013 and 1 Jan 2022)			

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

		Amount [^]	Amount [^] subject to Pre-Basel III Treatment	Cross Reference to Section 1
80	Current cap on CET1 instruments subject to phase out arrangements	-		
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	-		
82	Current cap on AT1 instruments subject to phase out arrangements	3,330		
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	33		
84	Current cap on T2 instruments subject to phase out arrangements	4,404		
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	261		

[^] For regulatory adjustments, deductions from capital are reported as positive numbers and additions to capital are reported as negative numbers.

Items marked with a hash [#] are elements where a more conservative definition has been applied to MAS Notice 637 relative to those set out under the Basel III capital standards.

Deferred tax assets relating to temporary differences in excess of specified thresholds c.f. row 21 and 25 are to be deducted under Basel III capital standards (paragraph 69). Under MAS Notice 637, they are deducted in total. If Basel III capital standards were to be applied, eligible capital would have been \$0.3 billion higher and risk-weighted assets \$0.8 billion higher.