



Pillar 3 Disclosures

Quantitative Disclosures
As at 30 June 2014

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

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1 INTRODUCTION

These Pillar 3 quantitative disclosures are made pursuant to the Monetary Authority of Singapore (MAS)'s Notice to Banks No. 637 "Notice on Risk Based Capital Adequacy Requirements for Banks incorporated in Singapore" (Notice 637).

The Group views the Basel framework as part of continuing efforts to strengthen its risk management culture and ensure that the Group pursues business growth across segments and markets with the right risk management discipline, practices and processes in place.

For the purpose of calculating its risk-weighted assets (RWA), the Group applies the Foundation Internal Ratings-Based Approach (IRBA) to certain wholesale credit exposures, the Advanced IRBA to certain retail credit portfolios and the Standardised Approach (SA) to all other credit exposures. The Group applies the respective Standardised Approaches for operational and market risks.

The Group's capital requirements are based on the principles of consolidation adopted in the preparation of its financial statements. Refer to Note 2.5 to the Financial Statements in the Annual Report for the principles of consolidation adopted. The Group's regulatory scope of consolidation is identical to its accounting scope of consolidation.

2 CAPITAL ADEQUACY

Please refer to Financial Results, Supplements & Regulatory Disclosures section of the Group's website (<http://www.dbs.com/investor/quarterlyresults/default.aspx>) for disclosures of the following items:

Item	Location
• Capital Adequacy Ratios of the Group and significant banking subsidiaries	• Second quarter 2014 Financial Performance Summary
• Composition of the Group's capital including reconciliation of regulatory capital to the balance sheet	• Pillar 3 Disclosures - Composition of Capital
• Main Features of Capital Instruments	• Pillar 3 Disclosures - Main Features of Capital Instruments

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

3 EXPOSURES AND RISK-WEIGHTED ASSETS (RWA)

In \$ millions	Exposures ^(a)	RWA ^(b)
Credit risk:		
Advanced IRBA		
Retail exposures		
Residential mortgage exposures	55,914	3,384
Qualifying revolving retail exposures	10,528	3,410
Other retail exposures	2,829	524
Foundation IRBA		
Wholesale exposures		
Sovereign exposures	45,482	5,267
Bank exposures	89,310	19,027
Corporate exposures	147,446	69,041
Corporate small business exposures (SME)	20,875	18,340
Specialised lending exposures (SL)	26,369	22,151
IRBA for equity exposures	2,003	7,193
IRBA for securitisation exposures	229	628
Total IRBA	400,985	148,965
SA		
Residential mortgage exposures	5,364	2,062
Regulatory retail exposures	1,681	1,268
Corporate exposures	10,086	9,944
Commercial real estate exposures	1,346	1,348
Other exposures		
Real estate, premises, equipment and other fixed assets	1,430	1,430
Exposures to individuals	13,264	13,272
Others	9,438	4,042
Securitisation exposures	457	168
Total SA	43,066	33,534
Exposures to Central Counterparties	4,169	376
Credit Valuation Adjustment		6,296
RWA arising from Regulatory Adjustment ^(c)		2,471
Total credit risk	448,220	191,642
Market risk:		
Interest rate risk		32,642
Equity position risk		343
Foreign exchange risk		8,248
Commodity risk		1,368
Total market risk		42,601
Operational risk:		
Operational risk		15,400
Total RWA		249,643

^(a) Exposures comprise on-balance sheet amounts and off-balance sheet amounts. Off-balance sheet amounts are converted into exposures using applicable conversion factors under MAS Notice 637. Exposures incorporate the effects of credit risk mitigation as permitted under MAS Notice 637

^(b) RWA under IRBA are stated inclusive of the IRBA scaling factor of 1.06 where applicable

^(c) This relates to investments in unconsolidated major stake companies which are below the threshold amount for deduction and are risk-weighted pursuant to paragraph 6.1.3(p)(iii) of MAS Notice 637

4 CREDIT RISK
4.1 Credit risk assessed using Internal Ratings-Based Approach
4.1.1 Retail exposures
(A) Residential mortgage exposures

Expected Loss (EL) % range	Exposures ^(a) (In \$ millions)	Effective risk weight ^(b) (%)
Up to 0.10%	52,531	5
> 0.10% to 0.50%	3,023	17
> 0.50%	360	64
Total	55,914	6

(B) Qualifying revolving retail exposures

EL % range	Exposures ^(a) (In \$ millions)	Effective risk weight ^(b) (%)
Up to 5%	9,941	24
> 5%	587	192
Total	10,528	32

(C) Other retail exposures

EL % range	Exposures (In \$ millions)	Effective risk weight ^(b) (%)
Up to 0.30%	2,432	13
> 0.30%	397	51
Total	2,829	19

(D) Undrawn commitments for retail exposures

In \$ millions	Notional amount	Exposures ^(c)
Residential mortgage exposures	10,006	10,006
Qualifying revolving retail exposures	11,812	8,535
Total	21,818	18,541

^(a) Includes undrawn commitments set out in table (D) below

^(b) Effective risk weight means exposure-weighted average risk weight inclusive of IRBA scaling factor and excluding defaulted exposures

^(c) Exposures represent internal estimates of exposure-at-default

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4.1.2 Wholesale exposures

(A) Sovereign exposures

Probability of Default (PD) grade	PD range (%)	Exposures (In \$ millions)	Effective risk weight ^(a) (%)
1-3	0.01 - 0.10	41,686	8
4	0.10 - 0.33	124	38
5	0.33 - 0.47	3,470	46
6	0.47 - 1.11	-	-
7-9	1.11 - 99.99	202	117
Total		45,482	12

(B) Bank exposures

PD grade	PD range (%)	Exposures (In \$ millions)	Effective risk weight ^(a) (%)
1-3	0.03 ^(b) - 0.10	69,244	13
4	0.10 - 0.33	10,770	41
5	0.33 - 0.47	4,830	49
6	0.47 - 1.11	3,351	73
7-9	1.11 - 99.99	1,115	97
Total		89,310	21

(C) Corporate exposures

PD grade	PD range (%)	Exposures (In \$ millions)	Effective risk weight ^(a) (%)
1-3	0.03 ^(b) - 0.10	50,010	18
4	0.10 - 0.33	33,667	44
5	0.33 - 0.47	17,228	56
6	0.47 - 1.11	20,375	68
7-9	1.11 - 99.99	24,699	88
10	Default	1,467	-
Total		147,446	47

(D) Corporate small business exposures

PD grade	PD range (%)	Exposures (In \$ millions)	Effective risk weight ^(a) (%)
1-3	0.03 ^(b) - 0.10	317	15
4	0.10 - 0.33	1,804	40
5	0.33 - 0.47	1,570	55
6	0.47 - 1.11	5,109	73
7-9	1.11 - 99.99	11,948	109
10	Default	127	-
Total		20,875	88

^(a) Effective risk weight means exposure-weighted average risk weight inclusive of IRBA scaling factor and excluding defaulted exposures

^(b) For bank, corporate and SME exposures, as specified in MAS Notice 637, the PD is the greater of the one-year PD associated with the internal borrower grade to which that exposure is assigned or 0.03%

(E) Specialised lending exposures

Category	Exposures (In \$ millions)	Effective risk weight^(a) (%)
Strong	12,114	61
Good	8,731	88
Satisfactory	5,255	122
Weak	239	265
Default	30	-
Total	26,369	84

^(a) Effective risk weight means exposure-weighted average risk weight inclusive of IRBA scaling factor and excluding defaulted exposures

4.2 Credit risk assessed using Standardised Approach

Risk weights	Exposures^(b) (In \$ millions)
0%	4,474
20%	884
35%	5,031
50%	764
75%	1,793
100%	29,614
>100%	49
Total	42,609

^(b) Excludes securitisation exposures

RWA based on assessments by recognised external credit assessment institutions (ECAI)

ECAI	RWA^(c) (In \$ millions)
Moody's Investors Service	3
Standard & Poor's	256
Total	259

^(c) An exposure may be rated by more than one ECAI. In such cases, only one of the ratings is used to compute RWA

4.3 Credit risk mitigation

The following table summarises the extent to which credit exposures in the respective asset classes are mitigated by eligible financial collateral, other eligible collateral and eligible credit protection after the application of the relevant supervisory haircuts:

In \$ millions	Eligible financial collateral	Other eligible collateral	Eligible credit protection
Foundation IRBA			
Wholesale exposures			
Sovereign exposures	1,753	-	7
Bank exposures	3,115	-	722
Corporate exposures	9,722	7,800	13,759
Corporate SME	2,061	7,253	4,005
Specialised lending exposures	77	-	-
Sub-total	16,728	15,053	18,493
SA			
Residential mortgage exposures	210	NA	-
Regulatory retail exposures	98	NA	95
Commercial real estate exposures	43	NA	59
Corporate/ other exposures	7,194	NA	567
Sub-total	7,545	NA	721
Total	24,273	15,053	19,214

NA: Not applicable

The above table excludes exposures where collateral has been taken into account directly in the risk weights, such as the specialised lending and residential mortgage exposures. It also excludes exposures where the collateral, while generally considered as eligible under Basel III, does not meet the required legal/operational standards, e.g., legal certainty of enforcement in specific jurisdictions.

4.4 Counterparty credit risk-related exposures
Notional amounts of credit derivatives

In \$ millions	Protection Bought	Protection Sold
Own credit portfolio	16,948	15,976
Client intermediation activities	10,074	7,096
Total	27,022	23,072
Credit default swaps	23,287	23,072
Total return swaps	3,735	-
Total	27,022	23,072

Notional values of credit derivatives do not correspond to their economic risks.

The Group generally has higher total notional amounts of protection bought than sold as credit derivatives are also used to hedge risks from other instruments, including those from customer flows. The protection sold in credit derivatives are largely matched with the protection bought through other credit derivatives or structured notes issued.

Credit equivalent amounts for counterparty exposures^(a)

	In \$ millions
Replacement cost	14,693
Potential future exposure	22,360
Gross credit equivalent amount	37,053
Comprising:	
Interest rate contracts	8,584
Credit derivative contracts	3,056
Equity contracts	91
Foreign exchange and gold contracts	24,613
Commodities and precious metals contracts	709
Gross credit equivalent amount	37,053
Less: Effect of netting arrangements	15,308
Credit equivalent amount after netting	21,745
Less: Collateral amount	
Eligible financial collateral	1,309
Other eligible collateral	206
Net credit equivalent amount	20,230

^(a) Exposures risk-weighted using IRBA and SA

Counterparty credit exposure is mitigated by close-out netting agreements and collateral, the effects of which have been included in regulatory capital calculations where permitted.

5 EQUITY EXPOSURES UNDER IRBA

The Group has adopted the IRBA Simple Risk Weight Method to calculate regulatory capital for equity exposures in its banking book. The following table summarises the Group's equity exposures in the banking book:

	Exposures ^(a) (In \$ millions)	Effective Risk Weight ^(b) (%)
Listed securities	1,226	318
Other equity holdings	777	424
Total	2,003	359

^(a) Includes commitments (e.g. underwriting commitments) and exposures to capital instruments of financial institutions that are deemed as equity under MAS Notice 637. Excludes major stake investments approved under Section 32 of the Banking Act that are not consolidated; these are not risk-weighted under the IRBA Simple Risk Weight Method but instead reported under RWA arising from Regulatory Adjustment in section 3.

^(b) Effective risk weight means exposure-weighted average risk weight inclusive of IRBA scaling factor

Refer to section 7.7 for details of the Group's investments in available-for-sale equity securities and associates.

6 SECURITISATION EXPOSURES

The Group does not securitise its own assets, nor does it acquire assets with a view of securitising them. The Group does not provide implicit support for any transactions it structures or in which it has invested.

The table below sets out the banking book securitisation exposures (net of specific allowances) held by the Group, analysed by risk-weighting approach, risk weights and exposure type:

Banking Book Securitisation Exposures

In \$ millions	Total Exposure	RWA
IRBA		
On-balance sheet ^(a)		
0% - 29% Residential Mortgage-Backed Securities	3	#
30% - 100% Commercial Mortgage-Backed Securities (CMBS)	167	117
1250% Asset-Backed Collateralised Debt/Loan Obligations	40	501
Off-balance sheet ^(b)		
30% - 100% Commercial Mortgage-Backed Securities	19	10
Total IRBA	229	628
SA		
On-balance sheet ^(a)		
0% - 29% Asset-Backed Securities	254	51
30% - 100% Asset-Backed Securities	202	109
1250% Asset-Backed Securities	1	8
Total SA	457	168
Total	686^(c)	796

^(a) Includes undrawn commitments

^(b) Comprises interest rate and cross currency swaps with a CMBS-issuing vehicle

^(c) Includes resecuritisation exposures amounting to \$40m

Amount below \$0.5m

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The table below sets out the trading book securitisation exposures held by the Group, analysed by risk weights^(d) and exposure type:

Trading Book Securitisation Exposures

In \$ millions		Total Exposure	RWA
On-balance sheet			
0% - 29%	Residential Mortgage-Backed Securities	6	1
30% - 650%	Residential Mortgage-Backed Securities	21	88
1250%	Residential Mortgage-Backed Securities	17	217
Off-balance sheet			
1250%	Credit Index Tranche CDS	24	297
Total		68	603

^(d) Risk weights refer to market risk capital requirements multiplied by 12.5

The Group did not enter into any sale of securitisation exposures in the first half of the year. The Group did not obtain credit risk mitigants and guarantees for its resecuritisation exposures.

7 OTHER FINANCIAL DATA

The following disclosures are prepared in accordance with Financial Reporting Standards, as modified by the requirements of Notice to Banks No. 612 "Credit Files, Grading and Provisioning" issued by MAS. Refer to the Financial Statements in the Annual Report on the Group's accounting policies on the assessment of specific and general allowances on financial assets.

7.1 Credit exposures

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 amount. 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.

In \$ millions	Average 1H2014 ^(a)	As at 30 June 2014
Cash & balances with central banks (excluding cash on hand)	17,370	13,470
Government securities and treasury bills	30,137	32,438
Due from banks	42,321	42,805
Derivatives	15,778	14,723
Loans and advances to customers	253,079	257,355
Bank and corporate securities (excluding equity securities)	32,421	34,444
Other assets (excluding deferred tax assets)	10,319	10,828
Credit exposure	401,425	406,063
Contingent liabilities and commitments ^(b) (excluding operating lease and capital commitments)	185,354	189,439
Total credit exposure	586,779	595,502

^(a) Average 1H2014 balances are computed based on quarter-end balances

^(b) Includes commitments that are unconditionally cancellable at any time of \$133,660 million

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7.2 Major credit exposures by geography and industry

7.2.1 On-balance sheet credit exposures

The following table shows the breakdown of major on-balance sheet credit exposures by geography and industry:

In \$ millions	Government securities and treasury bills ^(b)	Due from banks	Derivatives	Bank and corporate debt securities	Loans and advances to customers (Gross)	Total
Analysed by geography ^(a)						
Singapore	10,168	116	1,509	14,570	123,410	149,773
Hong Kong	3,686	1,184	1,204	1,354	44,919	52,347
Rest of Greater China	3,242	21,134	732	2,882	48,656	76,646
South and Southeast Asia	3,431	4,635	1,037	4,258	23,303	36,664
Rest of the World	11,911	15,736	10,241	11,380	20,470	69,738
Total	32,438	42,805	14,723	34,444	260,758	385,168
Analysed by industry						
Manufacturing	-	-	528	1,953	31,487	33,968
Building and construction	-	-	167	2,836	44,790	47,793
Housing loans	-	-	-	-	50,816	50,816
General commerce	-	-	534	928	54,826	56,288
Transportation, storage and communications	-	-	557	2,735	21,475	24,767
Financial institutions, investment and holding companies	-	42,805	11,968	16,207	14,475	85,455
Government	32,438	-	-	-	-	32,438
Professionals and private individuals (excluding housing loans)	-	-	101	-	21,727	21,828
Others	-	-	868	9,785	21,162	31,815
Total	32,438	42,805	14,723	34,444	260,758	385,168

^(a) Based on country of incorporation of issuer (for debt securities), counterparty (for derivatives) or borrower (for loans)

^(b) Comprise Singapore Government securities and treasury bills and Other Government securities and treasury bills

7.2.2 Contingent liabilities and commitments

The following table shows the breakdown of contingent liabilities and commitments by geography and industry:

In \$ millions	Contingent liabilities and commitments ^(b)
Analysed by geography ^(a)	
Singapore	87,509
Hong Kong	37,362
Rest of Greater China	11,759
South and Southeast Asia	18,774
Rest of the World	34,035
Total	189,439
Analysed by industry	
Manufacturing	32,200
Building and construction	14,095
Housing loans	11,036
General commerce	39,627
Transportation, storage and communications	10,357
Financial institutions, investment and holding companies	17,511
Government	5
Professionals and private individuals (excluding housing loans)	46,314
Others	18,294
Total	189,439

^(a) Based on country of incorporation of counterparty (for contingent liabilities) or borrower (for commitments)

^(b) Exclude operating lease and capital commitments

7.3 Loans and advances to customers (by performing/non-performing)

	In \$ millions
Performing loans	
Neither past due nor impaired	257,060
Past due but not impaired	1,381
Non-performing loans	2,317
Gross total	260,758

7.3.1 Past due but not impaired loans

In \$ millions	Less than 30 days past due	30 - 59 days past due	60 - 90 days past due	Total
Analysed by past due period and geography				
Singapore	545	105	34	684
Hong Kong	276	20	1	297
Rest of Greater China	130	16	3	149
South and Southeast Asia	50	39	30	119
Rest of the World	130	-	2	132
Total	1,131	180	70	1,381

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In \$ millions	Less than 30 days past due	30 - 59 days past due	60 - 90 days past due	Total
Analysed by past due period and industry				
Manufacturing	55	21	3	79
Building and construction	82	10	1	93
Housing loans	304	47	20	371
General commerce	82	17	3	102
Transportation, storage and communications	127	3	3	133
Financial institutions, investment and holding companies	22	-	-	22
Professionals and private individuals (excluding housing loans)	444	69	14	527
Others	15	13	26	54
Total	1,131	180	70	1,381

7.3.2 Past due non-performing assets

In \$ millions	Less than 90 days past due	91 - 180 days past due	More than 180 days past due	Total
Analysed by past due period and geography				
Singapore	150	57	175	382
Hong Kong	19	34	130	183
Rest of Greater China	55	24	181	260
South and Southeast Asia	22	138	593	753
Rest of the World	-	-	255	255
Non-performing loan	246	253	1,334	1,833
Debt securities, contingent items and others	-	1	79	80
Total	246	254	1,413	1,913

Analysed by past due period and industry				
Manufacturing	34	18	406	458
Building and construction	10	94	229	333
Housing loans	33	24	36	93
General commerce	40	67	204	311
Transportation, storage and communications	47	5	132	184
Financial institutions, investment and holding companies	-	-	196	196
Professionals and private individuals (excluding housing loans)	77	30	6	113
Others	5	15	125	145
Non-performing loan	246	253	1,334	1,833
Debt securities, contingent items and others	-	1	79	80
Total	246	254	1,413	1,913

Refer to Second Quarter 2014 Financial Performance Summary for breakdown of non-performing assets by industry and geography.

7.4 Movements in specific and general allowances

The table below shows the movements in specific and general allowances during the period for the Group:

In \$ millions	Balance at 1 January 2014	Charge/ (Write-back) to income statement	Net write-off during the period	Exchange and other movements	Balance at 30 June 2014
Specific allowances					
Loans and advances to customers	1,129	181	(395)	22	937
Investment securities	69	11	(7)	(1)	72
Properties and other fixed assets	48	-	(1)	-	47
Off-balance sheet credit exposures	1	2	-	-	3
Others (bank loans and sundry debtors)	53	1	(2)	(1)	51
Total specific allowances	1,300	195	(405)	20	1,110
Total general allowances	2,865	84	-	(7)	2,942
Total allowances	4,165	279	(405)	13	4,052

Refer to Second Quarter 2014 Financial Performance Summary for breakdown of specific allowances by industry and geography (general allowances are established in accordance with the requirements of Notice to Banks No 612; there are no industry-specific or geography-specific considerations).

The table below shows the movements in specific allowances for loans and advances to customers during the period for the Group:

In \$ millions	Balance at 1 January 2014	Charge/ (Write-back) to income statement	Net write-off during the period	Exchange and other movements	Balance at 30 June 2014
Specific allowances					
Manufacturing	240	31	(20)	5	256
Building and construction	42	90	(1)	4	135
Housing loans	9	1	(1)	-	9
General commerce	142	33	(41)	1	135
Transportation, storage and communications	465	(47)	(291)	4	131
Financial institutions, investment and holding companies	146	10	-	4	160
Professionals and private individuals (excluding housing loans)	48	35	(36)	3	50
Others	37	28	(5)	1	61
Total specific allowances	1,129	181	(395)	22	937

7.5 Total assets by residual contractual maturity

The table below analyses assets of the Group as at 30 June based on the remaining period as at balance sheet date to the contractual maturity date:

In \$ millions	Up to 1 year	More than 1 year	No specific maturity	Total
Cash & balances with central banks	14,686	509	-	15,195
Government treasury bills and securities	21,307	11,131	-	32,438
Due from banks	42,493	312	-	42,805
Derivatives	14,723	-	-	14,723
Bank and corporate securities	9,567	24,877	2,052	36,496
Loans and advances to customers	127,308	130,047	-	257,355
Other assets	9,788	492	723	11,003
Associates and joint venture	-	-	995	995
Properties and other fixed assets	-	-	1,430	1,430
Goodwill and intangibles	-	-	4,835	4,835
Total assets	239,872	167,368	10,035	417,275
Contingent liabilities and commitments ^(a) (excluding operating lease and capital commitments)	170,351	19,088	-	189,439
Total	410,223	186,456	10,035	606,714

^(a) Includes commitments that are unconditionally cancellable at any time of \$133,660 million

7.6 Interest rate risk in the banking book

The economic value impact of changes in interest rates is simulated under various assumptions for the non-trading risk portfolio. The simulated economic value changes are negative \$521 million and \$984 million based on parallel shocks to all yield curves of 100 basis points and 200 basis points respectively. The reported figures are based on the worst case of an upward and downward parallel shift in the yield curves.

7.7 Equity exposures in the banking book

Carrying value	In \$ millions
Available-for-sale (AFS) equity securities	
Quoted	1,066
Unquoted	394
Total	1,460
Investments in associates	
Quoted	84
Unquoted	911
Total	995

The market value of quoted associates amounted to \$54 million.

For the first half of the year, realised gains arising from disposal of AFS equities amounted to \$37 million. As at 30 June 2014, the amount of revaluation reserves for AFS equity that have not been reflected in the Group's income statement, but have been included in Common Equity Tier 1 Capital is \$201 million.