Pillar 3 and Liquidity Disclosures

31 March 2024

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

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PART A : PILLAR 3 DISCLOSURES

1 INTRODUCTION

This part contains Pillar 3 disclosures of DBS Group Holdings Ltd and its Subsidiaries (Group) and is made pursuant to the Monetary Authority of Singapore Notice to Designated Financial Holding Companies FHC-N637 "Notice on Risk Based Capital Adequacy Requirements" (“MAS Notice FHC-N637”). MAS Notice FHC-N637 incorporates relevant provisions in MAS Notice 637 on Risk Based Capital Requirements for Banks Incorporated in Singapore (“MAS 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 appropriate risk management discipline, practices and processes in place.

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

The numbers in this document are presented in Singapore dollars and rounded to the nearest million, unless otherwise stated.

2 SCOPE OF CONSOLIDATION

The Group's capital requirements are based on the principles of consolidation adopted in the preparation of its financial statements. The Group’s regulatory scope of consolidation is identical to its accounting scope of consolidation. Please refer to the financial statements in the latest available annual report for the principles of consolidation.

3 OVERVIEW OF KEY PRUDENTIAL REGULATORY METRICS

The following table provides an overview of key prudential regulatory metrics for the Group.

		a	b	c	d	e
$'m		31 Mar 24	31 Dec 23	30 Sep 23	30 Jun 23	31 Mar 23
Available capital (amounts)						
1	CET1 capital	55,668	53,789	52,558	52,350	50,757
2	Tier 1 capital	58,060	56,182	54,951	54,743	53,150
3	Total capital	61,221	59,306	59,110	58,871	58,345
Risk-weighted assets (amounts)						
4	Total RWA	378,255	368,363	372,411	371,476	353,275
Risk-based capital ratios as a percentage of RWA						
5	CET1 ratio (%)	14.7	14.6	14.1	14.1	14.4
6	Tier 1 ratio (%)	15.3	15.3	14.8	14.7	15.0
7	Total capital ratio (%)	16.2	16.1	15.9	15.8	16.5
Additional CET1 buffer requirements as a percentage of RWA						
8	Capital conservation buffer requirement (2.5% from 2019) (%)	2.5	2.5	2.5	2.5	2.5
9	Countercyclical buffer requirement (%)	0.2	0.2	0.2	0.2	0.2
10	Bank G-SIB and/or D-SIB additional requirements (%) [1]	-	-	-	-	-
11	Total of bank CET1 specific buffer requirements (%) (row 8 + row 9 + row 10)	2.7	2.7	2.7	2.7	2.7
12	CET1 available after meeting the Reporting Bank's minimum capital requirements (%)	6.2	6.1	5.9	5.8	6.5
Leverage Ratio						
13	Total Leverage Ratio exposure measure	895,503	851,512	853,030	836,592	828,008
14	Leverage Ratio (%) (row 2 / row 13)	6.5	6.6	6.4	6.5	6.4
Liquidity Coverage Ratio [2]						
15	Total High Quality Liquid Assets	151,086	147,500	146,007	149,084	144,349
16	Total net cash outflow	105,281	102,814	105,701	101,954	98,370
17	Liquidity Coverage Ratio (%)	144	144	138	146	147
Net Stable Funding Ratio						
18	Total available stable funding	461,836	448,070	444,804	435,574	434,340
19	Total required stable funding	396,552	380,515	379,133	375,947	369,087
20	Net Stable Funding Ratio (%)	116	118	117	116	118

(1) Even though the Group is not a G-SIB, it is required under MAS Notice 637 to disclose the G-SIB indicators. Please refer to https://www.dbs.com/investors/financials/quarterly-financials for the Group's G-SIB indicator disclosure.

(2) LCR is calculated based on average for the quarter. Please also refer to footnote 1 on Page B-1 of this document.

The Group's Common Equity Tier 1 (CET1) ratio rose 0.1 percentage point from the previous quarter to 14.7%. The increase was due to net profit accretion partially offset by higher risk-weighted assets.

Other commentaries for the quarter explaining significant changes in the above metrics, if any, have been included in subsequent sections of this document.

4 LEVERAGE RATIO

The following tables provide the breakdown of the Group's leverage ratio regulatory elements and a reconciliation of the Group's balance sheet assets with the leverage ratio exposure measure.

Leverage Ratio Common Disclosure Template

	Item	Amount[(1)] ($m) 31 Mar 2024	Amount[(1)] ($m) 31 Dec 2023
	Exposure measures of on-balance sheet items		
1	On-balance sheet items (excluding derivative transactions and SFTs, but including on-balance sheet collateral for derivative transactions or SFTs)	700,192	656,682
2	Asset amounts deducted in determining Tier 1 capital	(5,757)	(5,939)
3	**Total exposure measures of on-balance sheet items** (excluding derivative transactions and SFTs)	**694,435**	**650,743**
	Derivative exposure measures		
4	Replacement cost associated with all derivative transactions (net of the eligible cash portion of variation margins)	13,323	14,152
5	Potential future exposure associated with all derivative transactions	35,571	31,193
6	Gross-up for derivative collaterals provided where deducted from the balance sheet assets in accordance with the Accounting Standards	-	-
7	Deductions of receivables for the cash portion of variation margins provided in derivative transactions	-	-
8	CCP leg of trade exposures excluded	-	-
9	Adjusted effective notional amount of written credit derivatives	1,641	2,112
10	Further adjustments in effective notional amounts and deductions from potential future exposures of written credit derivatives	-	-
11	**Total derivative exposure measures**	**50,535**	**47,457**
	SFT exposure measures		
12	Gross SFT assets (with no recognition of accounting netting), after adjusting for sales accounting	59,726	59,925
13	Eligible netting of cash payables and cash receivables	-	-
14	SFT counterparty exposures	1,590	2,437
15	SFT exposure measures where a Reporting Bank acts as an agent in the SFTs	-	-
16	**Total SFT exposure measures**	**61,316**	**62,362**
	Exposure measures of off-balance sheet items		
17	Off-balance sheet items at notional amount	458,696	463,546
18	Adjustments for calculation of exposure measures of off-balance sheet items	(369,479)	(372,596)
19	**Total exposure measures of off-balance sheet items**	**89,217**	**90,950**
	Capital and Total exposures		
20	Tier 1 capital	58,060	56,182
21	Total exposures	895,503	851,512
	Leverage Ratio		
22	**Leverage Ratio**	**6.5%**	**6.6%**

[(1)] Leverage ratio is computed using quarter-end balances.

The leverage ratio of 6.5% was more than twice the regulatory minimum of 3%.

Leverage Ratio Summary Comparison Table

	Item	31 Mar 2024 Amount[1] ($m)
1	Total consolidated assets as per published financial statements	783,208
2	Adjustment for investments in entities that are consolidated for accounting purposes but are outside the regulatory scope of consolidation	-
3	Adjustment for fiduciary assets recognised on the balance sheet in accordance with the Accounting Standards but excluded from the calculation of the exposure measure	-
4	Adjustment for derivative transactions	27,238
5	Adjustment for SFTs	1,590
6	Adjustment for off-balance sheet items	89,217
7	Other adjustments	(5,750)
8	**Exposure measure**	**895,503**

[1] Leverage ratio is computed using quarter-end balances.

5 OVERVIEW OF RISK-WEIGHTED ASSETS

The following table sets out the Group's RWA and capital requirements.

		a	b	c
		RWA		Minimum capital requirements[1]
$m		31 Mar 2024	31 Dec 2023	31 Mar 2024
1	**Credit risk (excluding CCR)**	271,844	264,733	27,184
2	*of which: Standardised Approach*	*35,253*	*34,408*	*3,525*
3	*of which: F-IRBA*	*171,434*	*165,595*	*17,143*
4	*of which: supervisory slotting approach*	*46,380*	*45,540*	*4,638*
5	*of which: A-IRBA*	*18,777*	*19,190*	*1,878*
6	**CCR**	14,393	13,868	1,440
7	*of which: SA-CCR*	*10,786*	*10,125*	*1,079*
8	*of which: CCR Internal Models Method*	-	-	-
9	*of which: other CCR*	*2,905*	*3,243*	*291*
9a	*of which: CCP*	*702*	*500*	*70*
10	CVA	7,796	7,918	780
11	Equity exposures under the simple risk weight method	-	-	-
11a	Equity exposures under the IMM	-	-	-
12	Equity investments in funds – look-through approach	48	52	5
13	Equity investments in funds – mandate-based approach	11	11	1
14	Equity investments in funds – fall-back approach	81	#	8
14a	Equity investment in funds – partial use of an approach	444	424	44
15	**Unsettled transactions**	16	154	2
16	**Securitisation exposures in banking book**	1,282	1,314	128
17	*of which: SEC-IRBA*	-	-	-
18	*of which: SEC-ERBA, including IAA*	*1,082*	*1,069*	*108*
19	*of which: SEC-SA*	*200*	*245*	*20*
20	**Market risk**	26,927	26,144	2,693
21	*of which: SA(MR)*	*26,927*	*26,144*	*2,693*
22	*of which: IMA*	-	-	-
23	**Operational risk**	50,004	48,472	5,000
24	**Amounts below the thresholds for deduction (subject to 250% risk weight)**	5,409	5,273	541
25	**Floor adjustment**	-	-	-
26	**Total**	378,255	368,363	37,826

\# Numbers below 0.5.

[1] Minimum capital requirements in this column correspond to 10% of the RWA in column "(a)" which is 2.0 percentage points higher than the Basel Committee’s requirement.

The increase in RWA during the quarter was mainly driven by higher credit RWA.

6 CREDIT RISK

6.1 IRBA - RWA Flow Statement for Credit Risk Exposures

The following table explains the change in the Group's credit RWA under IRBA for the quarter.

$'m		31 Mar 2024 a RWA amounts
1	**RWA as at end of previous quarter**	**230,325**
2	Asset size	5,810
3	Asset quality [(1)]	(1,806)
4	Model updates	-
5	Methodology and Policy	-
6	Acquisitions and disposals	-
7	Foreign exchange movements	2,262
8	Other	-
9	**RWA as at end of quarter**	**236,591**

[(1)] This represents movement in RWA resulting from factors (other than exposure movements) such as changes in portfolio mix, tenor, credit risk mitigation, etc.

The increase in credit RWA during the quarter was mainly driven by loan growth and foreign currency translation.

7 COUNTERPARTY CREDIT RISK ("CCR")

7.1 RWA Flow Statements under the CCR Internal Models Method

This disclosure is not applicable as the Group does not adopt the CCR Internal Models method.

8 MARKET RISK

8.1 RWA Flow Statements of Market Risk Exposures under IMA

This disclosure is not applicable as the Group did not adopt IMA to measure its regulatory capital requirements for market risk.

PART B: LIQUIDITY COVERAGE RATIO ("LCR") DISCLOSURES

The following disclosures for the Group[(1)] are made pursuant to the Monetary Authority of Singapore ("MAS") Notice to Designated Financial Holdings Companies FHC-N651 "Liquidity Coverage Ratio ("LCR") Disclosure".

The Group is subject to the Basel III Liquidity Coverage Ratio ("LCR") standards pursuant to MAS Notice FHC-N649. As at 1 January 2019, the Group is required to maintain daily all-currency and Singapore dollar ("SGD") LCR above 100%.

The LCR aims to ensure that a bank has an adequate stock of unencumbered High Quality Liquid Assets ("HQLA") to meet its liquidity needs for a 30-calendar day liquidity stress scenario. MAS Notice FHC-N649 stipulates the range of liquid assets that qualify as HQLA, as well as the applicable haircuts for each category. Net cash outflows are computed using the standardized 30-day cash flow rates defined in the same notice. The amounts after the application of haircuts or 30-day cash flow rates are reflected in the "weighted amount" column of the tables in this part.

The Group seeks to ensure that its LCR remains above the specified regulatory minimum requirements. This is achieved by:

(i) Establishing internal early warning triggers and thresholds based on observed movements in LCR over time;

(ii) Monitoring and managing the LCR closely to ensure it stays within established boundaries; and

(iii) Strategically managing the liquidity risk arising from the balance sheet structure.

[(1)] The LCR incorporates the assets and liabilities of DBS Bank Ltd., its banking subsidiaries and DBS Group Holdings Ltd.

1.1 Average All-Currency LCR for the Quarter ended 31 Mar 2024

(Number of data points: 91)

$m		31 Mar 2024 UNWEIGHTED[1]	31 Mar 2024 WEIGHTED VALUE
HIGH-QUALITY LIQUID ASSETS			
1	**Total high-quality liquid assets (HQLA)[2]**		**151,086**
CASH OUTFLOWS			
2	**Retail deposits and deposits from small business customers, of which**	**258,948**	**21,135**
3	Stable deposits	94,616	4,702
4	Less stable deposits	164,332	16,433
5	**Unsecured wholesale funding, of which**	**210,485**	**114,572**
6	Operational deposits (all counterparties) and deposits in institutional networks of cooperative banks	39,186	9,487
7	Non-operational deposits (all counterparties)	163,967	97,753
8	Unsecured debt	7,332	7,332
9	**Secured wholesale funding**		**2,802**
10	**Additional requirements, of which**	**95,150**	**18,692**
11	Outflows related to derivatives exposures and other collateral requirements	20,323	9,184
12	Outflows related to loss of funding on debt products	265	265
13	Credit and liquidity facilities	74,562	9,243
14	**Other contractual funding obligations**	**2,768**	**2,753**
15	**Other contingent funding obligations**	**34,912**	**1,517**
16	**TOTAL CASH OUTFLOWS**		**161,471**
CASH INFLOWS			
17	**Secured lending (e.g. reverse repos)**	**22,289**	**1,616**
18	**Inflows from fully performing exposures**	**79,580**	**49,979**
19	**Other cash inflows**	**10,396**	**4,595**
20	**TOTAL CASH INFLOWS**	**112,265**	**56,190**
		TOTAL ADJUSTED VALUE	
21	**TOTAL HQLA[2]**		**151,086**
22	**TOTAL NET CASH OUTFLOWS**		**105,281**
23	**LIQUIDITY COVERAGE RATIO (%)[3]**		**144%**

[1] The unweighted amounts refer to cash flows due or callable within 30 days, with the exception of items in rows 13 and 15 which reflect the full notional balances.

[2] HQLA in row 1 and row 21 may not be equal as row 1 is before the application of caps on Level 2 liquid assets.

[3] The LCR is computed as an average of observations of LCR during the quarter. This may not be equal to an LCR computed with the average values of HQLA and net cash outflows disclosed in the table.

1.2 Average SGD LCR for the Quarter ended 31 Mar 2024
(Number of data points: 91)

$m		31 Mar 2024 UNWEIGHTED[1]	31 Mar 2024 WEIGHTED VALUE
HIGH-QUALITY LIQUID ASSETS			
1	**Total high-quality liquid assets (HQLA)[2]**		**59,860**
CASH OUTFLOWS			
2	**Retail deposits and deposits from small business customers, of which**	**152,940**	**11,618**
3	Stable deposits	73,517	3,676
4	Less stable deposits	79,423	7,942
5	**Unsecured wholesale funding, of which**	**38,525**	**16,904**
6	Operational deposits (all counterparties) and deposits in institutional networks of cooperative banks	15,809	3,769
7	Non-operational deposits (all counterparties)	21,041	11,461
8	Unsecured debt	1,675	1,674
9	**Secured wholesale funding**		**-**
10	**Additional requirements, of which**	**32,892**	**17,103**
11	Outflows related to derivatives exposures and other collateral requirements	16,032	15,680
12	Outflows related to loss of funding on debt products	-	-
13	Credit and liquidity facilities	16,860	1,423
14	**Other contractual funding obligations**	**313**	**313**
15	**Other contingent funding obligations**	**3,925**	**118**
16	**TOTAL CASH OUTFLOWS**		**46,056**
CASH INFLOWS			
17	**Secured lending (e.g. reverse repos)**	**1,340**	**1**
18	**Inflows from fully performing exposures**	**10,592**	**5,545**
19	**Other cash inflows**	**19,387**	**19,073**
20	**TOTAL CASH INFLOWS**	**31,319**	**24,619**
		TOTAL ADJUSTED VALUE	
21	**TOTAL HQLA[2]**		**59,860**
22	**TOTAL NET CASH OUTFLOWS[3]**		**21,437**
23	**LIQUIDITY COVERAGE RATIO (%)[4]**		**283%**

(1) The unweighted amounts refer to cash flows due or callable within 30 days, with the exception of items in rows 13 and 15 which reflect the full notional balances.

(2) HQLA in row 1 and row 21 may not be equal as row 1 is before the application of caps on Level 2 liquid assets.

(3) Total net cash outflows may not be equal to the total cash outflows minus total cash inflows as the cap on inflows could be binding. Cash inflows may be netted against cash outflows up to an aggregate cap of 75% of total cash outflows.

(4) The LCR is computed as an average of observations of LCR during the quarter. This may not be equal to an LCR computed with the average values of HQLA and net cash outflows disclosed in the table.

1.3 Liquidity Coverage Ratio

In the first quarter of 2024, the average all-currency and SGD LCRs were 144% and 283%. Compared to the previous quarter, all-currency LCR remained unchanged while SGD LCR reduced from 297% due to lower inflow from maturing derivative transactions.

The LCR remains above the regulatory minimum requirements of 100% for both all-currency and SGD. The Group maintains a healthy liquidity position by keeping a stable balance sheet structure that is supported by a diversified funding base.

The Group's LCR is sensitive to (i) balance sheet movements resulting from commercial loan/deposit activities and wholesale inter-bank lending/ borrowing; and (ii) movements due to positions falling into or out of the LCR 30-day tenor, such as loan rollovers. LCR is also sensitive to movements in HQLA, driven by balances with central banks, liquid asset holdings and collaterals from secured lending and borrowing transactions.

a) Composition of High Quality Liquid Assets (“HQLA”)

The Group holds a pool of unencumbered HQLA that are readily available to meet cash flow obligations under stress scenarios, as defined in the LCR rules. These liquid assets consist predominantly of Level 1 HQLA, which comprises cash, balances with central banks and highly rated bonds issued by governments or supranational entities. These may be included, without haircuts or limitations in quantum, in the total pool of HQLA.

The Group's HQLA include Singapore government securities and local government/central bank securities held at overseas branches and subsidiaries. This is supplemented by bonds issued by highly rated corporate issuers (including public sector entities), as well as covered bonds issued by reputable financial institutions.

b) Concentration of Funding Sources

The Group 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 the core deposit franchise as the foundation of its long-term funding advantage. Please refer to the risk management disclosures in the latest available annual report for more information on the Group's funding strategy.

c) Derivative Exposures and Potential Collateral Calls

The Group actively manages its over-the-counter (“OTC”) and exchange-traded financial derivative exposures arising from market making, trading activities, and its commercial business (including structuring and packaging products for investors and clients). Derivative exposures are mainly from, but not limited to, interest rate swaps and futures, foreign exchange forwards and swaps, and currency swaps. These derivative positions are marked-to-market daily, affecting the collateral amounts posted to and received from interbank counterparties and/or exchanges. Cash flows resulting from potential changes in collateral amounts posted/received are incorporated into LCR net cash outflows.

1.3 Liquidity Coverage Ratio (continued)

d) Currency Mismatch

As part of its funding strategy, the Group makes use of the swap markets to support its funding needs across currencies. The Group's stable funding base of customer deposits is predominantly denominated in the local currency of its key operating locations. Matching its deposit currency mix, the main portion of the Group's liquid assets is denominated in SGD and the local currencies of key operating locations.

e) Centralization of Liquidity Management

Overseas branches and subsidiaries are encouraged but not required to centralise the majority of their borrowings and deployment of funds with Head Office. They will take into account any relevant regulatory restrictions while maintaining an adequate level of presence and participation in the local funding markets.

By managing the liquid assets as a pool, the Group expects to be able to monetize liquid assets to meet liquidity shortfalls under times of stress.

Please refer to the latest available annual report for more information on the Group's liquidity risk management.

PART C: ABBREVIATIONS

Abbreviations	Brief Description
A-IRBA	Advanced Internal Ratings-Based Approach
CAR	Capital Adequacy Ratio
CCP	Central Counterparty
CCR	Counterparty Credit Risk
CET1	Common Equity Tier 1
CVA	Credit Valuation Adjustment
D-SIB	Domestic Systemically Important Banks
F-IRBA	Foundation Internal Ratings-Based Approach
FVOCI	Fair Value through Other Comprehensive Income
G-SIB	Global Systemically Important Banks
HQLA	High Quality Liquid Assets
IAA	Internal Assessment Approach
IMA	Internal Models Approach
IMM	Internal Models Method
IRBA	Internal Ratings-Based Approach
LCR	Liquidity Coverage Ratio
MAS	Monetary Authority of Singapore
NSFR	Net Stable Funding Ratio
OTC	Over-the-counter
RWA	Risk-Weighted Assets
SA-CCR	Standardised Approach for Counterparty Credit Risk
SA(MR)	Standardised Approach for Market Risk
SEC-ERBA	Securitisation External Ratings-Based Approach
SEC-IRBA	Securitisation Internal Ratings-Based Approach
SEC-SA	Securitisation Standardised Approach
SFT	Securities or Commodities Financing Transaction
SGD	Singapore Dollar