

Financial statements

DBS Group Holdings Ltd and its Subsidiaries

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Consolidated income statement

for the year ended 31 December 2015

In \$ millions	Note	2015	2014
Interest income		9,644	8,948
Interest expense		2,544	2,627
Net interest income	4	7,100	6,321
Net fee and commission income	5	2,144	2,027
Net trading income	6	1,204	901
Net income from investment securities	7	339	274
Other income	8	136	293
Non-interest income		3,823	3,495
Total income		10,923	9,816
Employee benefits	9	2,651	2,294
Other expenses	10	2,249	2,036
Total expenses		4,900	4,330
Profit before allowances		6,023	5,486
Allowances for credit and other losses	11	743	667
Profit after allowances		5,280	4,819
Share of profits of associates		14	79
Profit before tax		5,294	4,898
Income tax expense	12	727	713
Net profit		4,567	4,185
Attributable to:			
Shareholders		4,454	4,046
Non-controlling interests		113	139
		4,567	4,185
Basic earnings per ordinary share (\$)	13	1.77	1.63
Diluted earnings per ordinary share (\$)	13	1.77	1.61

(The notes on pages 120 to 168 as well as the Risk management section on pages 81 to 108 form part of these financial statements)

Consolidated statement of comprehensive income

for the year ended 31 December 2015

In \$ millions	2015	2014
Net profit	4,567	4,185
Other comprehensive income^(a):		
Foreign currency translation differences for foreign operations	29	96
Share of other comprehensive income of associates	2	7
Available-for-sale financial assets and others		
Net valuation taken to equity	(218)	467
Transferred to income statement	61	(165)
Tax on items taken directly to or transferred from equity	7	(14)
Other comprehensive income, net of tax	(119)	391
Total comprehensive income	4,448	4,576
Attributable to:		
Shareholders	4,327	4,432
Non-controlling interests	121	144
	4,448	4,576

(a) Items recorded in "Other comprehensive income" above will be reclassified subsequently to the income statement when specific conditions are met e.g. when foreign operations or available-for-sale financial assets are disposed of

(The notes on pages 120 to 168 as well as the Risk management section on pages 81 to 108 form part of these financial statements)

Balance sheets

as at 31 December 2015

In \$ millions	Note	The Group		The Company	
		2015	2014	2015	2014
Assets					
Cash and balances with central banks	15	18,829	19,517		
Government securities and treasury bills	16	34,501	29,694		
Due from banks		38,285	42,263	10	13
Derivatives	36	23,631	16,995	46	14
Bank and corporate securities	17	40,073	37,763		
Loans and advances to customers	18	283,289	275,588		
Other assets	20	11,562	11,249		
Associates	23	1,000	995		
Subsidiaries	22	–	–	19,547	19,416
Properties and other fixed assets	25	1,547	1,485		
Goodwill and intangibles	26	5,117	5,117		
Total assets		457,834	440,666	19,603	19,443
Liabilities					
Due to banks		18,251	16,176		
Deposits and balances from customers	27	320,134	317,173		
Derivatives	36	22,145	18,755		
Other liabilities	28	12,404	11,728	24	17
Other debt securities	29	38,078	31,963	1,884	1,661
Subordinated term debts	30	4,026	4,665		
Total liabilities		415,038	400,460	1,908	1,678
Net assets		42,796	40,206	17,695	17,765
Equity					
Share capital	31	10,114	10,171	10,144	10,194
Other equity instruments	32	803	803	803	803
Other reserves	33	6,705	6,894	168	152
Revenue reserves	33	22,752	19,840	6,580	6,616
Shareholders' funds		40,374	37,708	17,695	17,765
Non-controlling interests	34	2,422	2,498		
Total equity		42,796	40,206	17,695	17,765

(The notes on pages 120 to 168 as well as the Risk management section on pages 81 to 108 form part of these financial statements)

Consolidated statement of changes in equity

for the year ended 31 December 2015

In \$ millions	Share capital	Other equity instruments	Other reserves	Revenue reserves	Total	Non-controlling interests	Total equity
2015							
Balance at 1 January	10,171	803	6,894	19,840	37,708	2,498	40,206
Issue of shares upon exercise of share options	4				4		4
Cost of share-based payments			103		103		103
Reclassification of reserves upon exercise of share options	1		(1)		–		–
Draw-down of reserves upon vesting of performance shares	86		(86)		–		–
Issue of shares pursuant to Scrip Dividend Scheme	110				110		110
Purchase of treasury shares	(258)				(258)		(258)
Dividends paid to shareholders				(1,542)	(1,542)		(1,542)
Dividends paid to non-controlling interests					–	(125)	(125)
Acquisition of non-controlling interests			(78)		(78)	(72)	(150)
Total comprehensive income			(127)	4,454	4,327	121	4,448
Balance at 31 December	10,114	803	6,705	22,752	40,374	2,422	42,796
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

(The notes on pages 120 to 168 as well as the Risk management section on pages 81 to 108 form part of these financial statements)

Consolidated cash flow statement

for the year ended 31 December 2015

In \$ millions	2015	2014
Cash flows from operating activities		
Net profit	4,567	4,185
Adjustments for non-cash items:		
Allowances for credit and other losses	743	667
Depreciation of properties and other fixed assets	251	220
Share of profits of associates	(14)	(79)
Net gain on disposal (net of write-off) of properties and other fixed assets	(82)	(35)
Net income from investment securities	(339)	(274)
Net gain on disposal of associate	–	(223)
Cost of share-based payments	103	88
Income tax expense	727	713
Fair value gain on acquisition of interest in joint venture	–	(3)
Profit before changes in operating assets and liabilities	5,956	5,259
Increase/(Decrease) in:		
Due to banks	1,858	2,604
Deposits and balances from customers	(1,592)	24,808
Other liabilities	1,632	1,306
Other debt securities and borrowings	5,958	8,643
(Increase)/Decrease in:		
Restricted balances with central banks	960	111
Government securities and treasury bills	(4,350)	(1,986)
Due from banks	4,361	(2,446)
Loans and advances to customers	(4,076)	(27,558)
Bank and corporate securities	(1,911)	(3,865)
Other assets	(5,192)	(2,167)
Tax paid	(730)	(733)
Net cash generated from operating activities (1)	2,874	3,976
Cash flows from investing activities		
Proceeds from disposal of interest in associate	–	435
Acquisition of interest in associate and joint venture	(21)	(88)
Dividends from associates	32	98
Purchase of properties and other fixed assets	(334)	(263)
Proceeds from disposal of properties and other fixed assets	140	55
Acquisition of non-controlling interests	(150)	–
Acquisition of business	–	(281)
Net cash used in investing activities (2)	(333)	(44)
Cash flows from financing activities		
Increase in share capital	4	13
Purchase of treasury shares	(258)	(79)
Dividends paid to shareholders of the Company, net of scrip dividends	(1,432)	(979)
Dividends paid to non-controlling interests	(125)	(141)
Payment upon redemption of subordinated term debts	–	(977)
Purchase of subordinated term debts	(743)	–
Redemption of preference shares of a subsidiary	–	(895)
Change in non-controlling interests	–	(63)
Net cash used in financing activities (3)	(2,554)	(3,121)
Exchange translation adjustments (4)	240	91
Net change in cash and cash equivalents (1)+(2)+(3)+(4)	227	902
Cash and cash equivalents at 1 January	11,851	10,949
Cash and cash equivalents at 31 December (Note 15)	12,078	11,851

(The notes on pages 120 to 168 as well as the Risk management section on pages 81 to 108 form part of these financial statements)

Notes to the financial statements

for the year ended 31 December 2015

These Notes are integral to the financial statements.

The consolidated financial statements for the year ended 31 December 2015 were authorised for issue by the Directors on 19 February 2016.

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 wholly owned and 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.

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(18) 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(10)(b) 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 2015, the Group adopted the following new or revised FRS that are issued by the ASC and relevant for the Group:

- Improvements to FRSs 2014

The adoption of these FRS has no significant impact on the financial statements of the Group.

In addition to the above, a number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2015. 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.

FRS109: 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 and balances are eliminated on consolidation.

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 at the balance sheet date. Foreign exchange differences arising from this translation are recognised in the income statement within "Net trading income".

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 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, such 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 26 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 43 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 is 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 and bancassurance fixed service fees.

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:

- Non-derivative financial assets 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 “Consumer Banking/Wealth Management” and “Institutional Banking” segments. Loans and receivables are carried at amortised cost using the effective interest method.
- Non-derivative 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 hedging instruments 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 hedging instruments in cash flow or net investment hedges are included in “Net trading income”.
- Non-derivative 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. These assets are carried at amortised cost using the effective interest method.
- The Group also holds other non-derivative 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 39.

Offsetting

Financial assets and liabilities are presented net when there is a legally enforceable right to offset 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 as "Allowances for credit and other losses".

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 25 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**”) if doing so eliminates or significantly reduces measurement or recognition inconsistencies that would otherwise arise, or if the financial liability contains an embedded derivative that would otherwise need to be separately recorded. Financial liabilities in this classification are usually within the “Treasury” segment.

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 is 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 39 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 35. 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 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 and associates 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 36.2 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 37.

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 exist 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 39 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 26 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	
	2015	2014
Cash and balances with central banks and Due from banks	466	577
Customer non-trade loans	6,126	5,256
Trade assets	1,294	1,583
Securities	1,758	1,532
Total interest income	9,644	8,948
Deposits and balances from customers	1,940	2,086
Other borrowings	604	541
Total interest expense	2,544	2,627
Net interest income	7,100	6,321

Comprising:

Interest income from financial assets at fair value through profit or loss	648	595
Interest income from financial assets not at fair value through profit or loss	8,996	8,353
Interest expense from financial liabilities at fair value through profit or loss	(204)	(142)
Interest expense from financial liabilities not at fair value through profit or loss	(2,340)	(2,485)
Total	7,100	6,321

5 Net Fee and Commission Income

In \$ millions	The Group	
	2015	2014
Brokerage	180	173
Investment banking ^(c)	165	219
Trade and transaction services ^{(b)(c)}	556	539
Loan-related	442	385
Cards ^(d)	434	369
Wealth management	599	507
Others	76	83
Fee and commission income	2,452	2,275
Less: fee and commission expense	308	248
Net fee and commission income ^(a)	2,144	2,027

- (a) Includes net fee and commission income of \$51 million (2014: \$35 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 \$776 million (2014: \$687 million) during the year
- (b) Includes trade & remittances, guarantees and deposit-related fees
- (c) Fees from fiduciary services for 2014 are reclassified from investment banking to trade and transaction services
- (d) Card fees are net of interchange fees paid

6 Net Trading Income

In \$ millions	The Group	
	2015	2014
Net trading income		
– Foreign exchange	989	558
– Interest rates, credit, equities and others ^(a)	224	346
Net (loss)/gain from financial assets designated at fair value	(89)	9
Net gain/(loss) from financial liabilities designated at fair value	80	(12)
Total	1,204	901

(a) Includes dividend income of \$23 million (2014: \$19 million)

7 Net Income from Investment Securities

In \$ millions	The Group	
	2015	2014
Debt securities		
– Available-for-sale	117	122
– Loans and receivables	#	4
Equity securities ^{(a)(b)}	222	148
Total ^(c)	339	274
Of which: net gains transferred from available-for-sale revaluation reserves	125	212

Amount under \$500,000

- (a) Includes dividend income of \$63 million (2014: \$57 million)
- (b) 2015 includes an amount of \$136 million relating to gain from disposal of a property investment
- (c) Includes fair value impact of hedges for the investment securities

8 Other Income

In \$ millions	The Group	
	2015	2014
Rental income	37	35
Net gain on disposal of properties and other fixed assets	90	43
Others ^(a)	9	215
Total	136	293

- (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

9 Employee Benefits

In \$ millions	The Group	
	2015	2014
Salaries and bonuses	2,149	1,887
Contributions to defined contribution plans	135	111
Share-based expenses	102	85
Others	265	211
Total	2,651	2,294

10 Other Expenses

In \$ millions	The Group	
	2015	2014
Computerisation expenses ^(a)	883	777
Occupancy expenses ^(b)	398	369
Revenue-related expenses	301	240
Others ^(c)	667	650
Total	2,249	2,036

(a) Includes hire and maintenance costs of computer hardware and software

(b) Includes rental expenses of office and branch premises of \$241 million (2014: \$220 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	
	2015	2014
Depreciation expenses	251	220
Hire and maintenance costs of fixed assets, including building-related expenses	453	388
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 the Company	1	1

(a) PricewaterhouseCoopers network firms

11 Allowances for Credit and Other Losses

In \$ millions	The Group	
	2015	2014
Loans and advances to customers (Note 18)	676	620
Investment securities		
– Available-for-sale	19	15
– Loans and receivables	(8)	2
Properties and other fixed assets	(14)	–
Off-balance sheet credit exposures	8	23
Others (bank loans and sundry debtors)	62	7
Total	743	667

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		Balance at 31 December
			Net write-off during the year	Exchange and other movements	
2015					
Specific allowances					
Loans and advances to customers (Note 18)	983	551	(748)	35	821
Investment securities	80	19	(12)	5	92
Properties and other fixed assets	47	(14)	(8)	2	27
Off-balance sheet credit exposures	5	4	–	1	10
Others (bank loans and sundry debtors)	44	62	(24)	3	85
Total specific allowances	1,159	622	(792)	46	1,035
Total general allowances for credit exposures	3,054	121	–	47	3,222
Total allowances	4,213	743	(792)	93	4,257
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

12 Income Tax Expense

In \$ millions	The Group	
	2015	2014
Current tax expense		
– Current year	828	756
– Prior years' provision	(55)	15
Deferred tax expense		
– Prior years' provision	(10)	(10)
– Origination of temporary differences	(36)	(48)
Total	727	713

The deferred tax credit in the income statement comprises the following temporary differences:

In \$ millions	The Group	
	2015	2014
Accelerated tax depreciation	5	12
Allowances for loan losses	(49)	(67)
Other temporary differences	(2)	(3)
Deferred tax credit to income statement	(46)	(58)

The tax on the Group's profit (before share of profits of associates) differs from the theoretical amount that would arise using the Singapore basic tax rate as follows:

In \$ millions	The Group	
	2015	2014
Profit	5,280	4,819
Prima facie tax calculated at a tax rate of 17% (2014: 17%)	898	819
Effect of different tax rates in other countries	9	(5)
Net income not subject to tax	(51)	(107)
Net income taxed at concessionary rate	(79)	(117)
Others	(50)	123
Income tax expense charged to income statement	727	713

Deferred income tax relating to available-for-sale financial assets and others of \$7 million was credited directly to equity (2014: \$14 million charged 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	
		2015	2014
Weighted average number of ordinary shares in issue	(a)	2,496	2,457
Dilutive effect of share options		–	#
Full conversion of non-voting redeemable CPS		–	30
Weighted average number of ordinary shares in issue (diluted)	(aa)	2,496	2,487

Amount under \$500,000

In \$ millions		The Group	
		2015	2014
Net profit attributable to shareholders (Net profit less dividends on other equity instruments)	(b)	4,417	4,007
Net profit (less dividends on CPS and other equity instruments)	(c)	4,417	3,999

Earnings per ordinary share (\$)

Basic	(c)/(a)	1.77	1.63
Diluted	(b)/(aa)	1.77	1.61

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

In \$ millions	The Group						Total
	Held for trading	Designated at fair value through profit or loss	Loans and receivables/ amortised cost	Available-for-sale	Held to maturity	Hedging derivatives	
2015							
Assets							
Cash and balances with central banks	241	–	14,364	4,224	–	–	18,829
Government securities and treasury bills	7,569	–	–	25,267	1,665	–	34,501
Due from banks	4,961	–	32,571	753	–	–	38,285
Derivatives	23,190	–	–	–	–	441	23,631
Bank and corporate securities	9,035	77	17,380	13,581	–	–	40,073
Loans and advances to customers	–	1,269	282,020	–	–	–	283,289
Other financial assets	–	–	11,263	–	–	–	11,263
Total financial assets	44,996	1,346	357,598	43,825	1,665	441	449,871
Other asset items outside the scope of FRS 39 ^(a)							7,963
Total assets							457,834
Liabilities							
Due to banks	954	–	17,297	–	–	–	18,251
Deposits and balances from customers	91	1,254	318,789	–	–	–	320,134
Derivatives	21,971	–	–	–	–	174	22,145
Other financial liabilities	886	–	10,439	–	–	–	11,325
Other debt securities	4,114	1,424	32,540	–	–	–	38,078
Subordinated term debts	–	–	4,026	–	–	–	4,026
Total financial liabilities	28,016	2,678	383,091	–	–	174	413,959
Other liability items outside the scope of FRS 39 ^(b)							1,079
Total liabilities							415,038

The Group

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
2014							
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, 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 offset 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 2015, “Loans and advances to customers” of \$170 million (2014: \$2,168 million) were offset against “Deposits and balances from customers” of \$170 million (2014: \$2,176 million) because contractually the Group has a legally enforceable right to offset these amounts, and intends to settle the loans and the deposits simultaneously at maturity or termination dates.

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 offset 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 offset on balance sheet		Net amounts in scope (E)
				Financial instruments (C)	Cash collateral received/placed (D)	
2015						
Financial Assets						
Derivatives	23,631	11,203 ^(a)	12,428	11,712 ^(a)	409	307
Reverse repurchase agreements	5,227 ^(b)	124	5,103	5,097	–	6
Securities borrowings	47 ^(c)	–	47	44	–	3
Total	28,905	11,327	17,578	16,853	409	316
Financial Liabilities						
Derivatives	22,145	8,505 ^(a)	13,640	11,047 ^(a)	2,066	527
Repurchase agreements	2,930 ^(d)	1,050	1,880	1,875	5	–
Short sale of securities	886 ^(e)	561	325	325	–	–
Total	25,961	10,116	15,845	13,247	2,071	527
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	–
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

- (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) 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	
	2015	2014
Cash on hand	3,070	1,936
Non-restricted balances with central banks	9,008	9,915
Cash and cash equivalents	12,078	11,851
Restricted balances with central banks ^(a)	6,751	7,666
Total	18,829	19,517

(a) Mandatory balances with central banks

16 Government Securities and Treasury Bills

In \$ millions	The Group				
	Held for trading	Loans and receivables	Available-for-sale	Held to maturity	Total
2015					
Singapore Government securities and treasury bills ^(a)	2,569	–	8,078	1,665	12,312
Other government securities and treasury bills ^(b)	5,000	–	17,189	–	22,189
Total	7,569	–	25,267	1,665	34,501
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

(a) Includes financial assets transferred of \$579 million (2014: \$522 million) (See Note 19)

(b) Includes financial assets transferred of \$1,900 million (2014: \$1,571 million) (See Note 19)

17 Bank and Corporate Securities

In \$ millions	The Group				
	Held for trading	Designated at fair value through profit or loss	Loans and receivables	Available-for-sale	Total
2015					
Bank and corporate debt securities ^(a)	7,654	77	17,530	11,884	37,145
Less: Impairment allowances	–	–	(150)	–	(150)
Equity securities	1,381	–	–	1,697	3,078
Total	9,035	77	17,380	13,581	40,073
2014					
Bank and corporate debt securities ^(a)	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

(a) Includes financial assets transferred of \$787 million (2014: \$623 million) (See Note 19)

18 Loans and Advances to Customers

In \$ millions	The Group	
	2015	2014
Gross	286,871	279,154
Less: Specific allowances	821	983
General allowances	2,761	2,583
	283,289	275,588
Analysed by product		
Long-term loans	124,362	116,633
Short-term facilities	62,976	58,819
Housing loans	58,569	52,866
Trade loans	40,964	50,836
Gross total	286,871	279,154
Analysed by currency		
Singapore dollar	117,587	109,493
Hong Kong dollar	34,386	32,476
US dollar	89,283	96,552
Chinese yuan	19,516	20,399
Others	26,099	20,234
Gross total	286,871	279,154

Refer to Note 40.4 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:

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
2015					
Specific allowances					
Manufacturing	331	185	(303)	11	224
Building and construction	115	43	(43)	5	120
Housing loans	8	(2)	–	1	7
General commerce	140	144	(133)	6	157
Transportation, storage and communications	153	25	(87)	3	94
Financial institutions, investment and holding companies	90	14	(48)	4	60
Professionals and private individuals (excluding housing loans)	53	102	(99)	2	58
Others	93	40	(35)	3	101
Total specific allowances	983	551	(748)	35	821
Total general allowances	2,583	125	–	53	2,761
Total allowances	3,566	676	(748)	88	3,582
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

Included in loans and advances to customers are loans designated at fair value, as follows:

In \$ millions	The Group	
	2015	2014
Fair value designated loans and advances and related credit derivatives/enhancements		
Maximum credit exposure	1,269	1,228
Credit derivatives/enhancements – protection bought	(1,269)	(1,228)
Cumulative change in fair value arising from changes in credit risk	(280)	(194)
Cumulative change in fair value of related credit derivatives /enhancements	280	194

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 \$86 million (2014: loss of \$56 million). During the year, the amount of change in the fair value of the related credit derivatives/enhancements was a gain of \$86 million (2014: gain of \$56 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 2015 and 2014.

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 \$3,255 million (2014: \$2,457 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	
	2015	2014
Securities pledged and transferred		
Singapore Government securities and treasury bills	579	522
Other government securities and treasury bills	1,900	1,571
Bank and corporate debt securities	787	623
Total securities pledged and transferred	3,266	2,716

Covered bonds

Pursuant to the Bank's Global Covered Bond Programme, selected pools of residential mortgages originated by the Bank have been assigned to a bankruptcy-remote structured entity, Bayfront Covered Bonds Pte Ltd (see Notes 22.2 and 29.4). These residential mortgages continue to be recognised on the Bank's balance sheet as the Bank remains exposed to the risks and rewards associated with them.

As at 31 December 2015, the carrying value of the covered bonds in issue was \$1,412 million (2014: Nil), while the carrying value of assets assigned was \$4,268 million (2014: Nil). The difference in values is attributable to an intended over-collateralisation required to maintain the credit ratings of the covered bonds in issue, and additional assets assigned to facilitate future issuances.

Other financial assets

The Group also enters into structured funding transactions where it retains the contractual rights to receive cash flows of financial assets extended to third parties, 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 \$1,355 million (2014: \$1,317 million).

20 Other Assets

In \$ millions	The Group	
	2015	2014
Accrued interest receivable	1,258	1,194
Deposits and prepayments	317	268
Clients' monies receivable from securities business	316	636
Sundry debtors and others	6,415	5,273
Cash collateral placed ^(a)	2,957	3,621
Deferred tax assets (Note 21)	299	257
Total	11,562	11,249

(a) Mainly relates to cash collateral placed in respect of derivative portfolios

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 28) respectively.

Deferred tax assets and liabilities comprise the following temporary differences:

In \$ millions	The Group	
	2015	2014
Deferred income tax assets		
Allowances for loan losses	310	254
Other temporary differences	146	137
	456	391
Amounts offset against deferred tax liabilities	(157)	(134)
Total	299	257
Deferred income tax liabilities		
Accelerated tax depreciation	111	104
Available-for-sale financial assets and others	13	20
Other temporary differences	66	60
	190	184
Amounts offset against deferred tax assets	(157)	(134)
Total	33	50
Net deferred tax assets	266	207

22 Subsidiaries and Consolidated Structured Entities

In \$ millions	The Company	
	2015	2014
Unquoted equity shares, at cost ^(a)	17,414	15,326
Due from subsidiaries	2,133	4,090
	19,547	19,416

(a) Includes preference shares and other equity instruments

22.1 Main operating subsidiaries

The main operating subsidiaries within the Group are listed below:

Name of subsidiary	Country of incorporation	Effective shareholding %	
		2015	2014
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 2014 and 2015.

The Islamic Bank of Asia Limited's operations is in progressive wind-down, following approval from its shareholders on 6 October 2015.

Refer to Note 34 for information on non-controlling interests.

22.1.1 Acquisition of remaining interest in subsidiary

Acquisition of remaining interest in DBS China Square Limited

On 22 June 2015, the Bank acquired the remaining 30% stake it did not own in DBS China Square Limited for a cash consideration of \$150 million from CapitalLand Investments Pte Ltd, a wholly-owned subsidiary of CapitalLand Limited.

22.2 Consolidated structured entity

The structured entity consolidated by the Group is listed below:

Name of entity	Purpose of consolidated structured entity	Country of incorporation
Bayfront Covered Bonds Pte Ltd	Covered bond guarantor	Singapore

Bayfront Covered Bonds Pte Ltd is a bankruptcy-remote structured entity established in conjunction with the Bank's USD10 billion Global Covered Bond Programme (see Note 29.4). As part of the contractual structures that are integral to this programme, the Bank provides funding and hedging facilities to it.

23 Associates

In \$ millions	The Group	
	2015	2014
Quoted equity securities, at cost ^(a)	71	71
Unquoted equity securities, at cost	800	779
Sub-total	871	850
Share of post acquisition reserves	129	145
Total	1,000	995

(a) The market value of quoted associates amounted to \$51 million (2014: \$50 million)

The Group's share of income and expenses, assets and liabilities and off-balance sheet items of the associates at 31 December are as follows:

In \$ millions	The Group	
	2015	2014
Income statement		
Share of income	166	222
Share of expenses	(152)	(143)
Balance sheet		
Share of total assets	1,721	1,700
Share of total liabilities	721	705
Off-balance sheet		
Share of contingent liabilities and commitments	#	#

Amount under \$500,000

23.1 Main associates

The main associates of the Group are listed below:

Name of associate	Country of incorporation	Effective shareholding %	
		2015	2014
Quoted			
Hwang Capital (Malaysia) Bhd ^{(a)*}	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

* Audited by PricewaterhouseCoopers network firms outside Singapore

** Audited by other auditors

(a) Shareholding includes 4.15% held through the Bank

As of 31 December 2015 and 31 December 2014, no associate 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 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 as well as its commitments to finance or otherwise provide resources to them are not material.

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 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.

In \$ millions	The Group	
	2015	2014
The Group's maximum exposure		
Derivatives	2	4
Bank and corporate securities	1,317	968
Loans and advances to customers	109	96
Other assets	1	1
Total assets	1,429	1,069
Commitments and guarantees	203	202
Maximum Exposure to Loss	1,632	1,271
Derivatives	85	17
Total liabilities	85	17

The table above represents the Group's maximum exposure to loss which for on-balance sheet assets and liabilities is represented by the carrying amount, and does not reflect mitigating effects from the availability of netting arrangements 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 year and does not expect to provide non-contractual support to these third party structured entities in the future.

25 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	
	2015	2014
Minimum lease receivable		
Not later than 1 year	33	32
Later than 1 year but not later than 5 years	34	49
Later than 5 years	–	#
Total	67	81

Amount under \$500,000

In \$ millions	The Group				Total
	Investment properties	Owner-occupied properties	Other fixed assets ^(a)	Subtotal of owner-occupied properties and other fixed assets	
	(1)	(2)	(3)	(4)=(2+3)	(5)=(1+4)
2015					
Cost					
Balance at 1 January	644	538	1,553	2,091	2,735
Additions	–	6	328	334	334
Disposals	(24)	(53)	(69)	(122)	(146)
Transfers	(2)	2	–	2	–
Exchange differences	9	36	28	64	73
Balance at 31 December	627	529	1,840	2,369	2,996
Less: Accumulated depreciation					
Balance at 1 January	170	120	913	1,033	1,203
Depreciation charge	7	12	232	244	251
Disposals	(6)	(11)	(58)	(69)	(75)
Transfers	(1)	1	–	1	–
Exchange differences	2	17	24	41	43
Balance at 31 December	172	139	1,111	1,250	1,422
Less: Allowances for impairment	–	27	–	27	27
Net book value at 31 December	455	363	729	1,092	1,547
Market value at 31 December	868	831			
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			

(a) Refers to computer hardware, software, office equipment, furniture and fittings and other fixed assets

25.1 PWC Building is held as an investment property. Its net book value was \$386 million as at 31 December 2015 (2014: \$392 million), and its fair value was independently appraised at \$711 million (2014: \$692 million).

25.2 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 2015, there were no transfers into or out of Level 3.

26 Goodwill and Intangibles

The carrying amounts of the Group's goodwill and intangibles arising from business acquisitions are as follows:

In \$ millions	The Group	
	2015	2014
DBS Bank (Hong Kong) Limited	4,631	4,631
Others	486	486
Total	5,117	5,117

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% (2014: 4.5%) and discount rate of 9.0% (2014: 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 2015. 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.

27 Deposits and Balances from Customers

In \$ millions	The Group	
	2015	2014
Analysed by currency		
Singapore dollar	140,772	138,332
US dollar	101,298	93,445
Hong Kong dollar	31,849	31,450
Chinese yuan	14,500	20,463
Others	31,715	33,483
Total	320,134	317,173
Analysed by product		
Savings accounts	131,065	119,753
Current accounts	65,989	60,876
Fixed deposits	120,269	130,904
Other deposits	2,811	5,640
Total	320,134	317,173

28 Other Liabilities

In \$ millions	The Group	
	2015	2014
Cash collateral received ^(a)	981	734
Accrued interest payable	465	585
Provision for loss in respect of off-balance sheet credit exposures	324	322
Clients' monies payable in respect of securities business	318	570
Sundry creditors and others ^(b)	8,675	7,605
Current tax liabilities	722	673
Short sale of securities	886	1,189
Deferred tax liabilities (Note 21)	33	50
Total	12,404	11,728

(a) Mainly relates to cash collateral received in respect of derivative portfolios

(b) Includes \$800 million of the \$1.6 billion receivable from Manulife for the 15-year regional distribution agreement entered on 8 April 2015

29 Other Debt Securities

In \$ millions	The Group	
	2015	2014
Negotiable certificates of deposit (Note 29.1)	1,200	1,072
Senior medium term notes (Note 29.2)	9,870	10,857
Commercial papers (Note 29.3)	19,174	14,561
Covered bonds (Note 29.4)	1,412	–
Other debt securities (Note 29.5)	6,422	5,473
Total	38,078	31,963
Due within 1 year	26,839	23,193
Due after 1 year	11,239	8,770
Total	38,078	31,963

29.1 Negotiable certificates of deposit issued and outstanding at 31 December are as follows:

In \$ millions	Currency	Interest Rate and Repayment Terms	The Group	
			2015	2014
Issued by the Bank and other subsidiaries				
HKD		2.25% to 4.22%, payable quarterly	503	471
HKD		3M HIBOR +0.25%, payable quarterly	46	–
HKD		3M HIBOR +0.2%, payable quarterly	70	66
HKD		1.2% to 4.2%, payable yearly	156	242
AUD		2.2% to 2.51%, payable on maturity	165	–
USD		0.2% to 0.7%, payable on maturity	42	66
IDR		9.75% to 10.65%, payable on maturity	46	122
TWD		0.438% to 0.79%, payable on maturity	172	105
Total			1,200	1,072

The outstanding negotiable certificates of deposit as at 31 December 2015 were issued between 22 August 2008 and 15 December 2015 (2014: 22 August 2008 and 30 December 2014) and mature between 5 January 2016 and 16 March 2021 (2014: 16 January 2015 and 16 March 2021).

29.2 Senior medium term notes issued and outstanding at 31 December are as follows:

In \$ millions	Currency	Interest Rate and Repayment Terms	The Group	
			2015	2014
Issued by the Company				
USD		2.246%, payable half yearly	1,074	1,000
USD		Floating rate note, payable quarterly	707	661
AUD		Floating rate note, payable quarterly	103	–
Issued by the Bank				
AUD		Floating rate note, payable quarterly	–	108
GBP		Floating rate note, payable quarterly	3,604	4,079
USD		2.35%, payable half yearly	1,418	1,327
USD		2.375%, payable half yearly	–	1,331
USD		Floating rate note, payable quarterly	2,658	2,133
USD		1.454%, payable yearly	141	132
HKD		2.24%, payable quarterly	92	86
CNH		4.4%, payable yearly	73	–
Total			9,870	10,857

The senior medium term notes were issued by the Company and the Bank under its USD 30 billion Global Medium Term Note Programme. The outstanding senior medium term notes as at 31 December 2015 were issued between 21 February 2012 and 16 November 2015 (2014: 14 September 2010 and 2 December 2014) and mature between 14 January 2016 and 15 January 2020 (2014: 25 February 2015 and 20 November 2019).

29.3 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 2015 were issued between 2 July 2015 and 30 December 2015 (2014: 4 February 2014 and 16 December 2014) and mature between 4 January 2016 and 24 May 2016 (2014: 13 January 2015 and 1 July 2015).

29.4 To augment its sources of wholesale funding, the Bank established a USD10 billion Global Covered Bond Programme on 16 June 2015. A covered bond is a senior obligation of the Bank backed by a cover pool comprising assets that have been ring-fenced via contractual structures in a bankruptcy-remote structured entity, Bayfront Covered Bonds Pte Ltd. Bayfront Covered Bonds Pte Ltd has provided an unconditional and irrevocable guarantee, which is secured over the cover pool, to the covered bond holders.

The outstanding covered bonds as at 31 December 2015 were issued on 6 August 2015 and mature on 6 August 2018.

29.5 Other debt securities issued and outstanding at 31 December are as follows:

In \$ millions Type	The Group	
	2015	2014
Issued by the Bank and other subsidiaries		
Equity linked notes	1,603	1,381
Credit linked notes	2,058	1,914
Interest linked notes	1,817	1,413
Foreign exchange linked notes	63	264
Fixed rate bonds	881	501
Total	6,422	5,473

The outstanding securities as at 31 December 2015 were issued between 31 March 2006 and 31 December 2015 (2014: 31 March 2006 and 31 December 2014) and mature between 4 January 2016 and 13 November 2045 (2014: 2 January 2015 and 30 September 2044).

30 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	
					2015	2014
Issued by the Bank						
US\$900m Floating Rate Subordinated Notes Callable with Step-up in 2016 <i>Interest rate equal to 3-month LIBOR plus 0.61% until call date</i> <i>Interest rate resets to 3-month LIBOR plus 1.61% thereafter if not called</i>	30.1	16 Jun 2006	15 Jul 2021	Jan/Apr/ Jul/Oct	495	1,189
S\$500m 4.47% Subordinated Notes Callable with Step-up in 2016 <i>Interest rate resets to 6-month Singapore Dollar Swap Offer Rate plus 1.58% if not called</i>		11 Jul 2006	15 Jul 2021	Jan/Jul	500	500
S\$1,000m 3.30% Subordinated Notes Callable in 2017 <i>Interest rate resets to 5-year Singapore Dollar Swap Offer Rate plus 2.147% if not called</i>	30.2	21 Feb 2012	21 Feb 2022	Feb/Aug	991	999
US\$750m 3.625% Subordinated Notes Callable in 2017 <i>Interest rate resets to 5-year US Dollar Swap Offer Rate plus 2.229% if not called</i>	30.3	21 Mar 2012	21 Sep 2022	Mar/Sep	1,064	994
S\$1,000m 3.10% Subordinated Notes Callable in 2018 <i>Interest rate resets to 5-year Singapore Dollar Swap Offer Rate plus 2.085% if not called</i>	30.4	14 Aug 2012	14 Feb 2023	Feb/Aug	976	983
Total					4,026	4,665
Due within 1 year					613	726
Due after 1 year					3,413	3,939
Total					4,026	4,665

30.1 On 8 January 2015, the Bank purchased, for cash, US\$550 million of its US\$900 million Floating Rate Subordinated Notes due 2021 Callable with Step-up in 2016. The US\$550 million notes were subsequently cancelled. The remaining US\$350 million of notes that were not repurchased are subject to the original terms and conditions of the notes.

30.2 The fixed rate funding has been converted to floating rate at six-month Singapore Dollar Swap Offer Rate + 2.22% via interest rate swaps. On 11 January 2016, the Company purchased \$134.25 million of the notes.

30.3 The fixed rate funding has been converted to floating rate at three-month LIBOR + 2.21% via interest rate swaps.

30.4 The fixed rate funding has been converted to floating rate at six-month Singapore Dollar Swap Offer Rate + 2.16% via interest rate swaps. On 11 January 2016, the Company purchased \$491.75 million of the notes.

For more information on each instrument, please refer to the "Capital Disclosures" section at the Group's website (<http://www.dbs.com/investor/capital-disclosures.html>) (unaudited).

31 Share Capital

During the financial year, pursuant to the DBSH Share Option Plan, the Company issued 350,623 (2014: 1,051,456) ordinary shares, fully paid in cash upon the exercise of the options granted. The Company also issued 5,292,246 (2014: 28,350,961) ordinary shares to eligible shareholders who elected to participate in the Scrip Dividend Scheme.

On 28 April 2015, the Company issued 30,011,421 ordinary shares upon the conversion of the outstanding 30,011,421 non-voting redeemable CPS. The newly issued shares rank pari passu in all respects with the previously issued shares.

Prior to conversion, the non-voting redeemable CPS enjoyed the same dividend rate paid on ordinary shares except that the dividend payable was subject to a maximum of \$0.30 per annum (non-cumulative). The CPS did not carry voting rights, except in certain instances e.g. where any relevant dividend due was not paid up in full or where a resolution was proposed varying the rights of the preference shares. Subject to the terms set out in the Company's Articles of Association, each CPS was convertible into one fully paid ordinary share at the option of the holder. The Company could also redeem the non-voting redeemable CPS in accordance with the Articles of Association.

As at 31 December 2015, the number of treasury shares held by the Group is 14,873,769 (2014: 6,762,134), which is 0.59% (2014: 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	
	2015	2014	2015	2014	2015	2014	2015	2014
Ordinary shares								
Balance at 1 January	2,479,126	2,449,724	10,113	9,607	2,479,126	2,449,724	10,113	9,607
Issue of shares pursuant to Scrip Dividend Scheme	5,293	28,351	110	489	5,293	28,351	110	489
Issue of shares upon exercise of share options	351	1,051	4	13	351	1,051	4	13
Reclassification of reserves upon exercise of share options	–	–	1	4	–	–	1	4
Conversion from non-voting redeemable CPS	30,011	–	163	–	30,011	–	163	–
Balance at 31 December	2,514,781	2,479,126	10,391	10,113	2,514,781	2,479,126	10,391	10,113
Treasury shares								
Balance at 1 January	(6,762)	(6,727)	(105)	(94)	(5,109)	(4,644)	(82)	(66)
Purchase of treasury shares	(13,716)	(4,927)	(258)	(79)	(13,000)	(4,927)	(246)	(79)
Draw-down of reserves upon vesting of performance shares	5,604	4,892	86	68	–	–	–	–
Transfer of treasury shares	–	–	–	–	5,109	4,462	81	63
Balance at 31 December	(14,874)	(6,762)	(277)	(105)	(13,000)	(5,109)	(247)	(82)
Convertible preference shares								
Balance at 1 January	30,011	30,011	163	163	30,011	30,011	163	163
Conversion to ordinary shares	(30,011)	–	(163)	–	(30,011)	–	(163)	–
Balance at 31 December	–	30,011	–	163	–	30,011	–	163
Issued share capital at 31 December			10,114	10,171			10,144	10,194

32 Other Equity Instruments

In \$ millions	The Group		The Company	
	2015	2014	2015	2014
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 each instrument, please refer to the "Capital Disclosures" section at the Group's website (<http://www.dbs.com/investor/capital-disclosures.html>) (unaudited).

33 Other Reserves and Revenue Reserves

33.1 Other reserves

In \$ millions	The Group		The Company	
	2015	2014	2015	2014
Available-for-sale revaluation reserves	96	284	–	–
Cash flow hedge reserves	8	(33)	–	–
General reserves	2,453	2,453	–	–
Capital reserves	(213)	(233)	–	–
Share option and share plan reserves	168	152	168	152
Others	4,193	4,271	–	–
Total	6,705	6,894	168	152

Movements in other reserves during the year are as follows:

In \$ millions	The Group						Total
	Available-for-sale revaluation reserves	Cash flow hedge reserves	General reserves ^(a)	Capital reserves ^(b)	Share option and share plan reserves	Other reserves ^(c)	
2015							
Balance at 1 January	284	(33)	2,453	(233)	152	4,271	6,894
Net exchange translation adjustments	1	1	–	19	–	–	21
Share of associates' reserves	(1)	2	–	1	–	–	2
Cost of share-based payments	–	–	–	–	103	–	103
Reclassification of reserves upon exercise of share options	–	–	–	–	(1)	–	(1)
Draw-down of reserves upon vesting of performance shares	–	–	–	–	(86)	–	(86)
Acquisition of non-controlling interest (Note 22.1.1)	–	–	–	–	–	(78)	(78)
Available-for-sale financial assets and others:							
– net valuation taken to equity	(74)	(144)	–	–	–	–	(218)
– transferred to income statement	(125)	186	–	–	–	–	61
– tax on items taken directly to or transferred from equity	11	(4)	–	–	–	–	7
Balance at 31 December	96	8	2,453	(213)	168	4,193	6,705
2014							
Balance at 1 January	(30)	(14)	2,453	(324)	136	4,271	6,492
Net exchange translation adjustments	–	–	–	91	–	–	91
Share of associates' 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

(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, associates and branches, and the related foreign currency financial instruments designated as a hedge

(c) Other reserves mainly relate to 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

In \$ millions	The Company Share option and share plan reserves	
	2015	2014
Balance at 1 January	152	136
Cost of share-based payments	103	88
Reclassification of reserves upon exercise of share options	(1)	(4)
Draw-down of reserves upon vesting of performance shares	(86)	(68)
Balance at 31 December	168	152

33.2 Revenue reserves

In \$ millions	The Group	
	2015	2014
Balance at 1 January	19,840	17,262
Net profit attributable to shareholders	4,454	4,046
Amount available for distribution	24,294	21,308
Less: Final dividends on ordinary shares of \$0.30 (one-tier tax-exempt) paid for the previous financial year (2014: \$0.30 one-tier tax-exempt)	751	734
Final dividends on non-voting redeemable CPS of \$Nil (one-tier tax-exempt) paid for the previous financial year (2014: \$0.02 one-tier tax-exempt)	–	#
Interim dividends on ordinary shares of \$0.30 (one-tier tax-exempt) paid for the current financial year (2014: \$0.28 one-tier tax-exempt)	753	688
Interim dividends on non-voting redeemable CPS of \$Nil (one-tier tax-exempt) paid for the current financial year (2014: \$0.28 one-tier tax-exempt)	–	8
Dividends on other equity instruments	38	38
Balance at 31 December	22,752	19,840

Amount under \$500,000

33.3 Proposed dividends

Proposed final one-tier tax-exempt dividends on ordinary shares of \$0.30 per share have not been accounted for in the financial statements for the year ended 31 December 2015. This is to be approved at the Annual General Meeting on 28 April 2016.

34 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	
					2015	2014
Issued by the Bank						
S\$800m 4.70% Non-Cumulative, Non-Convertible, Non-Voting Preference Shares Callable in 2020	34.1	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	34.2	27 May 2008	\$250,000	Jun/ Dec	1,500	1,500
Non-controlling interests in subsidiaries (Note 22.1.1)					122	198
Total					2,422	2,498

34.1 Dividends are payable if declared by the Board of Directors of the Bank.

34.2 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 the "Capital Disclosures" section at the Group's website (<http://www.dbs.com/investor/capital-disclosures.html>) (unaudited).

35 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	
	2015	2014
Guarantees on account of customers	13,605	15,672
Endorsements and other obligations on account of customers	6,296	6,559
Undrawn credit commitments ^(a)	219,773	187,423
Undisbursed and underwriting commitments in securities	9	53
Sub-total	239,683	209,707
Operating lease commitments (Note 35.2)	661	729
Capital commitments	48	22
Total	240,392	210,458
Analysed by industry (excluding operating lease and capital commitments)		
Manufacturing	38,188	34,642
Building and construction	17,210	17,594
Housing loans	9,239	9,980
General commerce	52,695	46,191
Transportation, storage and communications	13,203	10,153
Financial institutions, investment and holding companies	22,007	18,081
Professionals and private individuals (excluding housing loans)	67,140	53,362
Others	20,001	19,704
Total	239,683	209,707

In \$ millions	The Group	
	2015	2014
Analysed by geography (excluding operating lease and capital commitments)^(b)		
Singapore	101,521	90,622
Hong Kong	48,550	43,428
Rest of Greater China	18,073	14,413
South and Southeast Asia	22,732	20,285
Rest of the World	48,807	40,959
Total	239,683	209,707

(a) Include commitments that are unconditionally cancellable at any time by the Group (2015: \$183,125 million, 2014: \$151,854 million)

(b) Based on the country of incorporation of the counterparty or borrower

35.1 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.

35.2 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.

36 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.

36.1 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.

36.2 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 2015, the gain on hedging instruments was \$12 million (2014: \$27 million). The total loss on hedged items attributable to the hedged risk amounted to \$12 million (2014: \$27 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 five 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 investments in foreign operations ^(a)	Financial instruments which hedge the net investments	Remaining unhedged currency exposures
2015			
Hong Kong dollar	8,398	8,392	6
US dollar	934	943	(9)
Others	6,391	2,211	4,180
Total	15,723	11,546	4,177
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

(a) Refer to net tangible assets of subsidiaries, associates 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 2015 and 2014.

In \$ millions	2015			2014		
	Underlying notional	Assets	Liabilities	Underlying notional	Assets	Liabilities
Derivatives held for trading						
Interest rate derivatives						
Interest rate swaps	971,155	6,482	6,391	721,269	5,237	5,075
Interest rate futures	25,240	4	8	8,606	3	1
Interest rate options	8,270	85	120	6,655	66	83
Interest rate caps/floors	20,662	275	730	21,879	277	644
Sub-total	1,025,327	6,846	7,249	758,409	5,583	5,803
Foreign exchange (FX) derivatives						
FX contracts	579,745	6,425	5,931	641,978	4,838	5,810
Currency swaps	187,576	7,390	6,329	169,772	4,137	4,619
Currency options	198,269	1,774	1,629	227,440	1,346	1,225
Sub-total	965,590	15,589	13,889	1,039,190	10,321	11,654
Equity derivatives						
Equity options	2,798	43	80	2,458	31	142
Equity swaps	903	7	25	706	9	10
Sub-total	3,701	50	105	3,164	40	152
Credit derivatives						
Credit default swaps and others	46,132	284	389	52,288	425	608
Sub-total	46,132	284	389	52,288	425	608
Commodity derivatives						
Commodity contracts	2,078	335	154	2,016	303	203
Commodity futures	3,062	70	173	3,274	79	107
Commodity options	366	16	12	1,801	35	44
Sub-total	5,506	421	339	7,091	417	354
Total derivatives held for trading	2,046,256	23,190	21,971	1,860,142	16,786	18,571
Derivatives held for hedging						
Interest rate swaps held for fair value hedge	10,978	98	133	9,994	98	151
Interest rate swaps held for cash flow hedge	100	–	#	–	–	–
FX contracts held for cash flow hedge	5,755	100	8	1,093	12	16
FX contracts held for hedge of net investment	2,201	44	4	1,472	47	4
Currency swaps held for fair value hedge	1,924	120	13	1,532	34	6
Currency swaps held for cash flow hedge	939	79	16	623	16	7
Currency swaps held for hedge of net investment	1,441	#	#	2,301	2	–
Total derivatives held for hedging	23,338	441	174	17,015	209	184
Total derivatives	2,069,594	23,631	22,145	1,877,157	16,995	18,755
Impact of netting arrangements recognised for computation of Capital Adequacy Ratio (CAR) (unaudited)		(11,047)	(11,047)		(8,729)	(8,729)
		12,584	11,098		8,266	10,026

The contractual or underlying principal amounts of derivative financial instruments of bank and non-bank counterparties amounted to \$1,082 billion (2014: \$1,198 billion) and \$988 billion (2014: \$679 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.

37 Share-based Compensation Plans

As part of the Group's remuneration policy, the Group provides various share-based compensation plans to foster a culture that aligns employees' interests with shareholders, enable employees to share in the bank's performance and enhance talent retention.

Main Scheme/Plan	Note
<p>DBSH Share Plan (Share Plan)</p> <ul style="list-style-type: none"> The 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 or, at the Committee's discretion, their equivalent cash value or a combination. Awards consist of main award and retention award (20% of main award). Dividends on unvested shares do not accrue to employees. The vesting of main award is staggered between 2 to 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 market price of the shares on the grant date is used to estimate the fair value of the shares awarded. Shares are awarded to non-executive directors as part of director's remuneration. <p>Details of these awards are disclosed in the Corporate Governance section of the Annual Report.</p>	37.1
<p>DBSH Employee Share Plan (ESP)</p> <ul style="list-style-type: none"> The 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. 	37.1
<p>DBSH Share Ownership Scheme</p> <ul style="list-style-type: none"> 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. 	37.2
<p>DBSH Share Option Plan (Option Plan)</p> <ul style="list-style-type: none"> The Option Plan expired on 19 June 2009. Any outstanding unexercised options as of 1 March 2015 had lapsed following the expiry of all options granted under the plan. The 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. 	37.3

37.1 DBSH Share Plan and DBSH Employee Share Plan

The following table sets out the movements of the awards during the year.

Number of shares	2015		2014	
	Share Plan	ESP	Share Plan	ESP
Balance at 1 January	17,216,431	1,777,193	16,008,527	1,534,441
Granted	5,718,522	889,166	5,848,665	815,748
Vested	(5,154,074)	(471,393)	(4,496,850)	(395,370)
Forfeited	(412,391)	(196,185)	(143,911)	(177,626)
Balance at 31 December	17,368,488	1,998,781	17,216,431	1,777,193
Weighted average fair value of the shares granted during the year	\$19.50	\$19.51	\$16.66	\$16.65

37.2 DBSH Share Ownership Scheme

The outstanding shares held under DBSH Share Ownership Scheme are as follows:

	Ordinary shares			
	Number		Market value (in \$ millions)	
	2015	2014	2015	2014
Balance at 1 January	6,593,283	6,658,006	136	114
Balance at 31 December	7,282,740	6,593,283	122	136

37.3 DBSH Share Option Plan

The following table sets out movements of the unissued ordinary shares of the Company under outstanding options.

	2015		2014	
	Unissued number of ordinary shares under outstanding options	Weighted average exercise price (\$)	Unissued number of ordinary shares under outstanding options	Weighted average exercise price (\$)
Balance at 1 January	354,877	12.81	1,434,875	12.64
Movements during the year:				
– Exercised	(350,623)	12.81	(1,051,456)	12.58
– Forfeited/Expired	(4,254)	12.81	(28,542)	12.56
Balance at 31 December	–	–	354,877	12.81
Weighted average remaining contractual life of options outstanding at 31 December	–		0.16 years	
Exercise price of options outstanding at 31 December	–		\$12.81	

In 2015, 350,623 options (2014: 1,051,456) were exercised at their contractual exercise prices. During the year, the corresponding weighted average market price of the Company's shares was \$19.63 (2014: \$16.71).

38 Related Party Transactions

38.1 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.

38.2 During the financial year, the Group had banking transactions with related parties, consisting of associates 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.

38.3 Total compensation and fees to key management personnel^(a) are as follows:

In \$ millions	The Group	
	2015	2014
Short-term benefits ^(b)	46	44
Share-based payments ^(c)	26	23
Total	72	67
Of which: Company Directors' remuneration and fees	15	14

(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 FRS 102

39 Fair Value of Financial Instruments

39.1 Valuation Process

The valuation processes within the Group are governed by the Valuation Policy and supporting Standards, which are approved by the Board Risk Management Committee and the Group Market and Liquidity Risk Committee respectively. The policy and standards apply to financial assets and liabilities where mark-to-market or model valuation is required.

The Valuation Policy and supporting Standards govern the 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) 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 or market parameters.

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 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 using 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 process 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 significant 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 adjustments or reserve methodologies are also used to substantiate the significance of unobservable inputs. Such methodologies are approved by the Group Market and Liquidity Risk Committee and governed by the Valuation Policy and supporting Standards.

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 modelling methods used in the 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 valuation adjustments

Credit valuation adjustments are taken to reflect the impact on fair value of counterparty credit risk. Credit valuation adjustments are based upon the creditworthiness of the counterparties, magnitude of the current or potential exposure on the underlying transactions, netting and collateral arrangements, and the maturity of the underlying transactions.

Funding valuation adjustments

Funding valuation adjustments represent an estimate of the adjustment to fair value that a market participant would make in incorporating funding costs and benefits that arise in relation to uncollateralised derivatives positions.

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 adjustments

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 account for close-out costs.

39.2 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 OTC 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, for example asset correlations or certain 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 valued using 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:

In \$ millions	The Group			Total
	Level 1	Level 2	Level 3	
2015				
Assets				
Financial assets at fair value through profit or loss				
– Singapore Government securities and treasury bills	2,569	–	–	2,569
– Other government securities and treasury bills	2,328	2,672	–	5,000
– Bank and corporate debt securities	3,064	3,852	815	7,731
– Equity securities	1,352	6	23	1,381
– Other financial assets	–	6,471	–	6,471
Available-for-sale financial assets				
– Singapore Government securities and treasury bills	8,078	–	–	8,078
– Other government securities and treasury bills	16,016	1,173	–	17,189
– Bank and corporate debt securities	9,353	2,485	46	11,884
– Equity securities ^(a)	1,011	2	110	1,123
– Other financial assets	–	4,977	–	4,977
Derivatives	76	23,535	20	23,631
Liabilities				
Financial liabilities at fair value through profit or loss				
– Other debt securities	–	5,521	17	5,538
– Other financial liabilities	886	2,226	73	3,185
Derivatives	181	21,841	123	22,145
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

(a) Excludes unquoted equities stated at cost of \$574 million (2014: \$259 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		Purchases	Issues	Settlements	Transfers in	Transfers out	Balance at 31 December
		Income statement	Other comprehensive income						
2015									
Assets									
Financial assets at fair value through profit or loss									
– Bank and corporate debt securities	692	14	–	8	–	(19)	120	–	815
– Equity securities	–	(1)	–	–	–	–	24	–	23
Available-for-sale financial assets									
– Bank and corporate debt securities	27	–	1	–	–	–	21	(3)	46
– Equity securities	117	10	–	1	–	(18)	–	–	110
Derivatives	11	15	–	–	–	(2)	4	(8)	20
Total	847	38	1	9	–	(39)	169	(11)	1,014
Liabilities									
Financial liabilities at fair value through profit or loss									
– Other debt securities	8	1	–	–	4	(9)	14	(1)	17
– Other financial liabilities	–	–	–	–	48	–	49	(24)	73
Derivatives	135	2	–	–	–	(2)	2	(14)	123
Total	143	3	–	–	52	(11)	65	(39)	213
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	101	(17)	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

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
2015			
Total gain for the period included in income statement	25	10	35
Of which:			
Change in unrealised gain/(loss) for assets and liabilities held at the end of the reporting period	25	–	25
2014			
Total gain for the period included in income statement	25	20	45
Of which:			
Change in unrealised gain/(loss) for assets and liabilities held at the end of the reporting period	16	–	16

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 2015, financial instruments measured with valuation techniques using significant unobservable inputs (Level 3) included 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 as 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	2015	2014	Classification	Valuation technique	Unobservable input
Assets					
Bank and corporate debt securities	815	692	FVPL ^(a)	Discounted cash flows	Credit spreads
Bank and corporate debt securities	46	27	AFS ^(b)	Discounted cash flows	Credit spreads
Equity securities	23	–	FVPL ^(a)	Equity pricing model	Prices
Equity securities (Unquoted)	110	117	AFS ^(b)	Net asset value	Net asset value of securities
Derivatives	20	11	FVPL ^(a)	Discounted cash flows/ CDS models/Option & interest rate pricing model	Credit spreads/ Correlations
Total	1,014	847			
Liabilities					
Other debt securities	17	8	FVPL ^(a)	Discounted cash flows/ Option pricing model	Credit spreads/ Correlations
Other financial liabilities	73	–	FVPL ^(a)	CDS models/Option & interest rate pricing model	Credit spreads/ Correlations
Derivatives	123	135	FVPL ^(a)	Discounted cash flows/ CDS models/Option & interest rate pricing model	Credit spreads/ Correlations
Total	213	143			

(a) FVPL denotes financial instruments classified as fair value through profit or loss

(b) AFS denotes financial instruments classified as available-for-sale

39.3 Financial assets & liabilities not carried at fair value

For financial assets and liabilities not carried at fair value in 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 \$574 million as at 31 December 2015 (2014: \$259 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.

40 Credit Risk

40.1 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.

In \$ millions	The Group	
	2015	2014
Cash and balances with central banks (excluding cash on hand)	15,759	17,581
Government securities and treasury bills	34,501	29,694
Due from banks	38,285	42,263
Derivatives	23,631	16,995
Bank and corporate debt securities	36,995	35,524
Loans and advances to customers	283,289	275,588
Other assets (excluding deferred tax assets)	11,263	10,992
Credit exposure	443,723	428,637
Contingent liabilities and commitments (excluding operating lease and capital commitments)	239,683	209,707
Total credit exposure	683,406	638,344

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 36 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.

40.2 Loans and advances to customers

In \$ millions	The Group	
	2015	2014
Loans and advances to customers		
Performing Loans		
– Neither past due nor impaired (i)	282,946	275,436
– Past due but not impaired (ii)	1,313	1,299
Non-performing Loans		
– Impaired (iii)	2,612	2,419
Total gross loans (Note 18)	286,871	279,154

(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 ^(a)	Total
2015			
Manufacturing	29,409	791	30,200
Building and construction	54,646	530	55,176
Housing loans	58,023	–	58,023
General commerce	46,459	891	47,350
Transportation, storage and communications	25,541	451	25,992
Financial institutions, investment and holding companies	13,602	18	13,620
Professionals and private individuals (excluding housing loans)	23,492	13	23,505
Others	28,740	340	29,080
Total	279,912	3,034	282,946
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

(a) For companies scored by HK SME scoring model, in addition to the ACRR, a further test was introduced in 2015 which evaluates whether the borrower meets the definition of Special Mention. The additional criteria resulted in a reclassification of \$1.6 billion Special Mention loans to the Pass category

(ii) Loans and advances past due but not impaired, analysed by past due period and industry

In \$ millions	The Group			Total
	Less than 30 days past due	30 to 59 days past due	60 to 90 days past due	
2015				
Manufacturing	55	18	41	114
Building and construction	63	4	7	74
Housing loans	346	55	23	424
General commerce	158	16	20	194
Transportation, storage and communications	52	4	2	58
Financial institutions, investment and holding companies	5	–	–	5
Professionals and private individuals (excluding housing loans)	328	59	10	397
Others	30	5	12	47
Total	1,037	161	115	1,313
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

(iii) Non-performing assets (NPAs)

In \$ millions	The Group	
	2015	2014
Balance at 1 January	2,513	2,996
New NPAs	1,398	1,156
Upgrades, recoveries and translations	(293)	(873)
Write-offs	(826)	(766)
Balance at 31 December	2,792	2,513

Non-performing assets by loan grading and industry

In \$ millions	NPAs			The Group				
	Sub-standard	Doubtful	Loss	Total	Sub-standard	Doubtful	Loss	Total
2015								
Customer loans								
Manufacturing	367	121	72	560	53	99	72	224
Building and construction	219	87	28	334	19	73	28	120
Housing loans	112	5	5	122	-	2	5	7
General commerce	497	165	43	705	14	100	43	157
Transportation, storage and communications	223	25	59	307	10	25	59	94
Financial institutions, investment and holding companies	36	50	14	100	10	36	14	60
Professional and private individuals (excluding housing loans)	176	19	8	203	34	16	8	58
Others	206	52	23	281	40	38	23	101
Total customer loans	1,836	524	252	2,612	180	389	252	821
Debt securities	4	-	1	5	2	-	1	3
Contingent liabilities and others	84	70	21	175	24	46	21	91
Total	1,924	594	274	2,792	206	435	274	915
Of which: restructured loans	236	142	8	386	30	82	8	120
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

Non-performing assets by region^(a)

In \$ millions	The Group	
	NPAs	Specific allowances
2015		
Singapore	527	117
Hong Kong	480	129
Rest of Greater China	435	118
South and Southeast Asia	909	454
Rest of the World	441	97
Total	2,792	915
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

(a) Based on the country of incorporation of the borrower

Non-performing assets by past due period

In \$ millions	The Group	
	2015	2014
Not overdue	520	597
Less than 90 days past due	508	273
91 to 180 days past due	424	162
More than 180 days past due	1,340	1,481
Total past due assets	2,272	1,916
Total	2,792	2,513

Collateral value for non-performing assets

In \$ millions	The Group	
	2015	2014
Properties	670	441
Shares and debentures	268	316
Fixed deposits	21	11
Others	467	367
Total	1,426	1,135

Past due non-performing assets by industry

In \$ millions	The Group	
	2015	2014
Manufacturing	502	581
Building and construction	267	255
Housing loans	95	94
General commerce	604	325
Transportation, storage and communications	183	201
Financial institutions, investment and holding companies	85	106
Professional and private individuals (excluding housing loans)	158	123
Others	249	177
Sub-total	2,143	1,862
Debt securities, contingent liabilities and others	129	54
Total	2,272	1,916

Past due non-performing assets by region^(a)

In \$ millions	The Group	
	2015	2014
Singapore	410	401
Hong Kong	361	222
Rest of Greater China	312	221
South and Southeast Asia	771	740
Rest of the World	289	278
Sub-total	2,143	1,862
Debt securities, contingent liabilities and others	129	54
Total	2,272	1,916

(a) Based on the country of incorporation of the borrower

40.3 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
2015			
AAA	12,312	5,812	11,024
AA- to AA+	–	12,466	4,845
A- to A+	–	1,016	5,272
Lower than A-	–	2,895	4,296
Unrated	–	–	11,558
Total	12,312	22,189	36,995
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

40.4 Credit risk by Geography^(a) and Industry

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
2015						
Singapore	12,312	261	2,475	12,476	135,860	163,384
Hong Kong	2,708	474	2,999	1,779	50,976	58,936
Rest of Greater China	4,199	16,054	1,966	3,907	45,129	71,255
South and Southeast Asia	2,892	3,011	1,124	4,669	26,443	38,139
Rest of the World	12,390	18,485	15,067	14,164	28,463	88,569
Total	34,501	38,285	23,631	36,995	286,871	420,283
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

(a) Based on the country of incorporation of the issuer (for debt securities), counterparty (for derivatives), borrower (for loans) or the issuing bank in the case of bank-backed export financing

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
2015						
Manufacturing	–	–	1,038	2,849	30,874	34,761
Building and construction	–	–	330	2,976	55,584	58,890
Housing loans	–	–	–	–	58,569	58,569
General commerce	–	–	920	980	48,249	50,149
Transportation, storage and communications	–	–	801	2,192	26,357	29,350
Financial institutions, investment and holding companies	–	38,285	19,406	15,547	13,725	86,963
Government	34,501	–	–	–	–	34,501
Professionals and private individuals (excluding housing loans)	–	–	606	–	24,105	24,711
Others	–	–	530	12,451	29,408	42,389
Total	34,501	38,285	23,631	36,995	286,871	420,283
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

41 Liquidity Risk

41.1 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	3 to 5 years	More than 5 years	No specific maturity	Total
2015									
Cash and balances with central banks	14,209	1,064	595	1,935	1,026	–	–	–	18,829
Government securities and treasury bills	544	334	2,328	4,535	12,089	4,338	10,333	–	34,501
Due from banks	19,276	3,020	5,799	9,511	381	298	–	–	38,285
Derivatives ^(a)	23,631	–	–	–	–	–	–	–	23,631
Bank and corporate securities	117	241	988	5,148	13,384	9,083	8,034	3,078	40,073
Loans and advances to customers	24,711	36,063	28,343	45,259	51,893	34,646	62,374	–	283,289
Other assets	5,874	949	1,435	1,421	1,211	14	12	646	11,562
Associates	–	–	–	–	–	–	–	1,000	1,000
Properties and other fixed assets	–	–	–	–	–	–	–	1,547	1,547
Goodwill and intangibles	–	–	–	–	–	–	–	5,117	5,117
Total assets	88,362	41,671	39,488	67,809	79,984	48,379	80,753	11,388	457,834
Due to banks	13,575	2,634	1,835	98	36	73	–	–	18,251
Deposits and balances from customers	218,063	42,716	34,018	23,237	1,278	170	652	–	320,134
Derivatives ^(a)	22,145	–	–	–	–	–	–	–	22,145
Other liabilities	4,226	1,189	1,670	2,037	931	16	19	2,316	12,404
Other debt securities	1,765	6,622	13,278	5,174	5,195	4,022	2,022	–	38,078
Subordinated term debts	–	613	–	–	–	–	3,413	–	4,026
Total liabilities	259,774	53,774	50,801	30,546	7,440	4,281	6,106	2,316	415,038
Non-controlling interests	–	–	–	–	–	–	–	2,422	2,422
Shareholders' funds	–	–	–	–	–	–	–	40,374	40,374
Total equity	–	–	–	–	–	–	–	42,796	42,796

In \$ millions	Less than 7 days	1 week to 1 month	1 to 3 months	3 to 12 months	1 to 3 years	3 to 5 years	More than 5 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	2,312	8,018	–	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	8,262	8,201	2,239	37,763
Loans and advances to customers	20,650	34,324	31,291	48,010	54,794	30,244	56,275	–	275,588
Other assets	5,253	490	790	3,505	486	4	–	721	11,249
Associates	–	–	–	–	–	–	–	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	40,822	72,494	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	19	289	–	317,173
Derivatives ^(a)	18,755	–	–	–	–	–	–	–	18,755
Other liabilities	2,548	522	2,478	3,942	517	227	207	1,287	11,728
Other debt securities	37	2,569	9,236	11,351	3,602	3,495	1,673	–	31,963
Subordinated term debts	–	726	–	–	–	–	3,939	–	4,665
Total liabilities	238,950	56,250	46,935	40,575	6,614	3,741	6,108	1,287	400,460
Non-controlling interests	–	–	–	–	–	–	–	2,498	2,498
Shareholders' funds	–	–	–	–	–	–	–	37,708	37,708
Total equity	–	–	–	–	–	–	–	40,206	40,206

(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 41.2 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 the contractual basis.

41.2 Derivatives

The table below shows the contractual undiscounted cash flows for derivatives settled on net and gross settlement basis.

In \$ millions ^(a)	Less than 7 days	1 week to 1 month	1 to 3 months	3 to 12 months	More than 1 year	Total
2015						
Derivatives settled on a net basis	(398)	3	41	153	457	256
Derivatives settled on a gross basis						
– inflow	48,301	93,374	141,698	263,871	136,811	684,055
– outflow	(48,045)	(93,041)	(141,707)	(263,906)	(136,252)	(682,951)
2014						
Derivatives settled on a net basis	(490)	18	20	149	451	148
Derivatives settled on a gross basis						
– inflow	51,768	92,889	165,736	307,503	155,025	772,921
– outflow	(51,476)	(92,575)	(165,570)	(307,689)	(155,044)	(772,354)

(a) Positive indicates inflow and negative indicates outflow of funds

41.3 Contingent liabilities and commitments

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 expiry date.

In \$ millions	Less than 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
2015					
Guarantees, endorsements and other contingent liabilities	19,901	-	-	-	19,901
Undrawn credit commitments ^(a) and other facilities	197,676	8,985	10,389	2,732	219,782
Operating lease commitments	226	342	84	9	661
Capital commitments	33	8	7	-	48
Total	217,836	9,335	10,480	2,741	240,392
2014					
Guarantees, endorsements and other contingent liabilities	22,231	-	-	-	22,231
Undrawn credit 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

(a) Includes commitments that are unconditionally cancellable at any time by the Group

The Group expects that not all of the contingent liabilities and undrawn credit commitments will be drawn before expiry.

42 Capital Management

The capital management and planning process is overseen by the Capital Committee which is chaired by the Chief Financial Officer. Regular updates on the Group's current and projected capital positions are provided to the Board of Directors, which holds 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 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, taking into consideration our strategic plans and risk appetite.

The Group is subject to the capital adequacy requirements set out in the MAS Notice 637, 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).

43 Segment Reporting

43.1 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 primarily 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 customers 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 include 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 segment:

In \$ millions	Consumer Banking/ Wealth Management	Institutional Banking	Treasury	Others	Total
2015					
Net interest income	2,157	3,538	694	711	7,100
Non-interest income	1,390	1,752	446	235	3,823
Total income	3,547	5,290	1,140	946	10,923
Expenses	2,261	1,722	572	345	4,900
Allowances for credit and other losses	116	558	(38)	107	743
Share of profits of associates	–	–	–	14	14
Profit before tax	1,170	3,010	606	508	5,294
Income tax expense					727
Net profit attributable to shareholders					4,454
Total assets before goodwill and intangibles	90,685	224,196	91,257	46,579	452,717
Goodwill and intangibles					5,117
Total assets					457,834
Total liabilities	172,723	155,231	43,354	43,730	415,038
Capital expenditure	75	28	12	219	334
Depreciation ^(a)	37	11	4	199	251
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	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

(a) Amounts for each business segment are shown before allocation of centralised cost

43.2 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.

In \$ millions	The Group					Total
	Singapore	Hong Kong	Rest of Greater China ^(a)	South and Southeast Asia ^(b)	Rest of the World ^(c)	
2015						
Net interest income	4,658	1,330	547	382	183	7,100
Non-interest income	2,154	959	472	175	63	3,823
Total income	6,812	2,289	1,019	557	246	10,923
Expenses	2,816	951	699	343	91	4,900
Allowances for credit and other losses	320	58	140	181	44	743
Share of profits of associates	(3)	–	13	4	–	14
Profit before tax	3,673	1,280	193	37	111	5,294
Income tax expense	469	189	26	5	38	727
Net profit attributable to shareholders	3,091	1,091	167	32	73	4,454
Total assets before goodwill and intangibles	303,530	73,013	41,784	16,304	18,086	452,717
Goodwill and intangibles	5,083	34	–	–	–	5,117
Total assets	308,613	73,047	41,784	16,304	18,086	457,834
Non-current assets ^(d)	2,022	386	85	46	8	2,547
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	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

(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 and Vietnam

(c) Rest of the World includes branch operations in South Korea, Japan, Dubai, United States of America, United Kingdom and Australia. Los Angeles Agency became a representative office on 31 March 2015 and its business was transferred to Singapore

(d) Includes investments in associates, properties and other fixed assets

Income statement

for the year ended 31 December 2015

In \$ millions	Note	Bank 2015	2014
Interest income		7,080	6,282
Interest expense		1,691	1,617
Net interest income		5,389	4,665
Net fee and commission income		1,536	1,431
Net trading income		274	312
Net income from investment securities		319	233
Other income	2	514	456
Non-interest income		2,643	2,432
Total income		8,032	7,097
Employee benefits		1,667	1,464
Other expenses		1,450	1,304
Total expenses		3,117	2,768
Profit before allowances		4,915	4,329
Allowances for credit and other losses		435	547
Profit before tax		4,480	3,782
Income tax expense		636	533
Net profit attributable to shareholders		3,844	3,249

(see notes on pages 172 and 173 which form part of these financial statements)

Statement of comprehensive income

for the year ended 31 December 2015

In \$ millions	Bank	
	2015	2014
Net profit	3,844	3,249
Other comprehensive income^(a):		
Foreign currency translation differences for foreign operations	20	19
Available-for-sale financial assets and others:		
Net valuation taken to equity	(222)	427
Transferred to income statement	58	(134)
Tax on items taken directly to or transferred from equity	7	(14)
Other comprehensive income, net of tax	(137)	298
Total comprehensive income attributable to shareholders	3,707	3,547

(a) Items recorded in "Other comprehensive income" above will be reclassified subsequently to the income statement when specific conditions are met e.g. when foreign operations or available-for-sale financial assets are disposed of

(see notes on pages 172 and 173 which form part of these financial statements)

Balance sheet

as at 31 December 2015

In \$ millions	Note	2015	Bank 2014
Assets			
Cash and balances with central banks		11,021	12,395
Government securities and treasury bills		29,181	24,034
Due from banks		32,704	35,716
Derivatives		22,791	16,488
Bank and corporate securities		35,978	33,686
Loans and advances to customers		229,287	218,232
Other assets		8,818	8,000
Associates		239	205
Subsidiaries	3	25,331	18,641
Properties and other fixed assets		635	569
Goodwill and intangibles		281	281
Total assets		396,266	368,247
Liabilities			
Due to banks		15,797	14,310
Deposits and balances from customers		250,082	244,669
Derivatives		21,386	18,383
Other liabilities		8,726	7,062
Other debt securities		34,554	28,835
Due to holding company		1,085	3,373
Due to subsidiaries	4	24,432	14,341
Subordinated term debts		4,026	4,665
Total liabilities		360,088	335,638
Net assets		36,178	32,609
Equity			
Share capital	5	23,496	22,096
Other reserves	6	2,435	2,572
Revenue reserves	6	10,247	7,941
Shareholders' funds		36,178	32,609
Total equity		36,178	32,609

(see notes on pages 172 and 173 which form part of these financial statements)

Notes to the supplementary financial statements

for the year ended 31 December 2015

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 2015. 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	2015	2014
Dividends from subsidiaries	475	243
Dividends from associates	10	19
Total	485	262

3 Subsidiaries

In \$ millions	2015	2014
Unquoted equity shares ^{(a)(b)}	11,407	11,846
Due from subsidiaries	13,924	6,795
Total	25,331	18,641

(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	2015	2014
Subordinated term debts issued to DBS Capital Funding II Corporation (Note 4.1)	1,500	1,500
Due to subsidiaries	22,932	12,841
Total	24,432	14,341

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	
	2015	2014	2015	2014
Ordinary shares				
Balance at 1 January	2,489,381	2,233,103	21,297	14,597
Issue of shares	85,262	256,278	1,400	5,000
Redemption of preference shares	–	–	–	1,700
Balance at 31 December	2,574,643	2,489,381	22,697	21,297
Non-cumulative preference shares				
Balance at 1 January				
S\$1,700m 4.7% non-cumulative non-convertible perpetual preference shares	–	7	–	1,700
S\$800m 4.7% non-cumulative non-convertible perpetual preference shares	8,000	8,000	799	799
	8,000	8,007	799	2,499
Redemption of preference shares	–	(7)	–	(1,700)
Balance at 31 December	8,000	8,000	799	799
Issued share capital at 31 December			23,496	22,096

6 Other Reserves

6.1 Other reserves

In \$ millions	2015	2014
Available-for-sale revaluation reserves	92	288
Cash flow hedge reserves	6	(33)
General reserves	2,360	2,360
Capital reserves	(23)	(43)
Total	2,435	2,572

Movements in other reserves of 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
2015					
Balance at 1 January	288	(33)	2,360	(43)	2,572
Net exchange translation adjustments	–	1	–	20	21
Available-for-sale financial assets and others:					
– net valuation taken to equity	(79)	(144)	–	–	(223)
– transferred to income statement	(128)	186	–	–	58
– tax on items taken directly to or transferred from equity	11	(4)	–	–	7
Balance at 31 December	92	6	2,360	(23)	2,435
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

(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 branches and the related foreign currency instruments designated as a hedge

6.2 Revenue reserves

In \$ millions	2015	2014
Balance at 1 January	7,941	12,649
Redemption of preference shares	–	(1,700)
Remeasurement of defined benefit plan	–	(1)
Net profit attributable to shareholders	3,844	3,249
Amount available for distribution	11,785	14,197
Less: Dividends paid to holding company	1,500	6,197
Dividends paid on preference shares	38	59
Balance at 31 December	10,247	7,941

Directors' statement

The Directors are pleased to submit their statement to the Members, together with the audited balance sheet of DBS Group Holdings Ltd (the Company or DBSH) and the consolidated financial statements of the Company and its subsidiaries (the Group) for the financial year ended 31 December 2015. These have been prepared in accordance with the provisions of the Companies Act, Chapter 50 (the Companies Act) and the 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.

In the opinion of the Directors, the balance sheet of the Company and the consolidated financial statements of the Group, together with the notes thereon, as set out on pages 115 to 168, are drawn up so as to give a true and fair view of the financial position of the Company and the Group as at 31 December 2015, and the performance, changes in equity and cash flows of the Group for the financial year ended on that date. As at the date of this statement, 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.

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 have been 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 2015	Exercised	Forfeited/expired	31 December 2015		
March 2005	354,877	350,623	4,254	–	\$12.81	01 March 2015
	354,877	350,623	4,254	–		

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 5,718,522 ordinary shares were granted pursuant to the DBSH Share Plan to selected employees of the Group. This included 312,085 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 47,545 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⁾	25,496	38,102
Piyush Gupta	312,085 ⁽¹⁾	319,347
Bart Broadman ⁽²⁾	3,021	6,347
Euleen Goh ⁽²⁾	4,861	10,122
Ho Tian Yee ⁽²⁾	2,778	3,754
Nihal Kaviratne CBE ⁽²⁾	3,529	4,851
Andre Sekulic ⁽²⁾	3,794	3,794
Danny Teoh ⁽²⁾	4,066	6,712

(1) Mr Gupta's awards formed part of his remuneration for 2014

(2) The awards of these non-executive Directors formed part of their directors' fees for 2014, which had been approved by the shareholders at DBSH's annual general meeting held on 23 April 2015. 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 or, at the Compensation and Management Development Committee's discretion, their equivalent cash value or a combination of both as part of their deferred bonus, at the end of the prescribed vesting periods. Dividends on unvested shares do not accrue to employees.
- (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.

Board of Directors

The Directors in office at the date of this statement 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)		

Ms Euleen Goh, Mr Danny Teoh and Mr Piyush Gupta will retire in accordance with Article 95 of the Company's Constitution 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, will retire under the resolution passed at the AGM held on 23 April 2015 pursuant to Section 153(6) of the Companies Act, Chapter 50 which was then in force. 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 statement.

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 2015	As at 1 Jan 2015	As at 31 Dec 2015	As at 1 Jan 2015
DBSH ordinary shares				
Peter Seah	125,994	84,838	–	–
Piyush Gupta	623,196	403,849	118,000	118,000
Bart Broadman	28,862	22,515	–	–
Euleen Goh	34,245	24,123	–	–
Ho Tian Yee	12,017	7,973	–	–
Nihal Kaviratne CBE	9,865	5,014	–	–
Andre Sekulic	11,611	7,539	–	–
Danny Teoh	25,966	19,254	18,723	18,723
Ow Foong Pheng	24,466	4,403	–	–
Share awards (unvested) granted under the DBSH Share Plan				
Peter Seah	7,639	20,245	–	–
Piyush Gupta ⁽¹⁾	1,052,706	1,059,968	–	–
Bart Broadman	1,647	4,973	–	–
Euleen Goh	2,961	8,222	–	–
Ho Tian Yee	1,008	1,984	–	–
Nihal Kaviratne CBE	1,364	2,686	–	–
Danny Teoh	2,256	4,902	–	–
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 37 of the Notes to the 2015 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 2016.

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 2012, 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 2015, the Audit Committee had 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 has recommended, to the Board of Directors, the re-appointment of PwC as independent external auditor at the forthcoming AGM of the Company on 28 April 2016.

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

19 February 2016
Singapore

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 115 to 168, which comprise the consolidated balance sheet of the Group and balance sheet of the Company as at 31 December 2015, the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated 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 financial statements 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 financial position of the Group and of the Company as at 31 December 2015, and of the financial performance, 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 subsidiary corporations 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, 19 February 2016

Five-year summary

Group	2015	2014	2013	2012	2011
Selected income statement items (\$ millions)					
Total income	10,787	9,618	8,927	8,064	7,631
Profit before allowances	5,887	5,288	5,009	4,450	4,328
Allowances	743	667	770	417	722
Profit before tax	5,158	4,700	4,318	4,157	3,733
Net profit excluding one-time items and goodwill charges	4,318	3,848	3,501	3,359	3,035
One-time items ⁽¹⁾	136	198	171	450	–
Goodwill charges	–	–	–	–	–
Net profit	4,454	4,046	3,672	3,809	3,035
Selected balance sheet items (\$ millions)					
Total assets	457,834	440,666	402,008	353,033	340,847
Customer loans	283,289	275,588	248,654	210,519	194,720
Total liabilities	415,038	400,460	364,322	317,035	307,778
Customer deposits ⁽²⁾	320,134	317,173	292,365	253,464	225,346
Total shareholders' funds	40,374	37,708	34,233	31,737	28,794
Per ordinary share (\$)					
Earnings excluding one-time items and goodwill charges	1.71	1.55	1.43	1.39	1.30
Earnings	1.77	1.63	1.50	1.57	1.30
Net asset value	15.82	14.85	13.61	12.96	11.99
Dividends	0.60	0.58	0.58	0.56	0.56
Selected financial ratios (%)					
Dividend cover for ordinary shares (number of times)	2.94	2.80	2.58	2.79	2.28
Net interest margin	1.77	1.68	1.62	1.70	1.77
Cost-to-income	45.4	45.0	43.9	44.8	43.3
Return on assets ⁽³⁾	0.96	0.91	0.91	0.97	0.97
Return on shareholders' funds ⁽³⁾⁽⁴⁾	11.2	10.9	10.8	11.2	11.0
Loan/deposit ratio	88.5	86.9	85.0	83.1	86.4
Non-performing loan rate	0.9	0.9	1.1	1.2	1.3
Loss allowance coverage	148	163	135	142	126
Capital adequacy⁽⁵⁾					
Common Equity Tier 1	13.5	13.1	13.7	–	–
Tier I	13.5	13.1	13.7	14.0	12.9
Total	15.4	15.3	16.3	17.1	15.8
Basel III fully phased-in Common Equity Tier 1 ⁽⁶⁾	12.4	11.9	11.9	–	–

(1) One-time items include gains on sale of investments, impairment charges for 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

(6) Calculated by dividing Common Equity Tier 1 capital after all regulatory adjustments applicable from 1 January 2018 by RWA as at each reporting date