

# Summary of disclosures

## Corporate governance

### For the financial year ended 31 December 2017, we have complied:

- with the Banking (Corporate Governance) Regulations 2005 (Banking Regulations), and
- in all material aspects with the principles laid down by the Guidelines on Corporate Governance for Financial Holding Companies, Banks, Direct Insurers, Reinsurers and Captive Insurers which are incorporated in Singapore issued on 3 April 2013, which comprises the Code of Corporate Governance 2012 (Code) and supplementary guidelines and policies added by the Monetary Authority of Singapore (collectively referred to as the Guidelines) to cater to the diverse and complex risks undertaken by financial institutions.

### Express disclosure requirements in the Guidelines and the applicable disclosures pursuant to the Corporate Governance Disclosure Guide issued by the Singapore Exchange on 29 January 2015.

### Where to find key information on each Director?

In this Annual Report:

- *Pages 49 to 50 – Directors' independence status, appointment dates, meeting attendance and remuneration details*
- *Pages 201 to 205 – Directors' length of directorship, academic and professional qualifications and present and past directorships*

At our website ([www.dbs.com](http://www.dbs.com)):  
Directors' biodata

Principle and guidelines	Page reference in DBS Annual Report 2017
<b>Guideline 1.3</b> Delegation of authority, by the Board to any Board committee, to make decisions on certain Board matters	Pages 51 to 57
<b>Guideline 1.4</b> The number of meetings of the Board and Board committees held in the year, as well as the attendance of every Board member at these meetings	Pages 49 to 50
<b>Guideline 1.5</b> The type of material transactions that require Board approval under guidelines	Page 57
<b>Guideline 1.6</b> The induction, orientation and training provided to new and existing Directors	Pages 48 and 53
<b>Guideline 1.16</b> An assessment of how these programmes meet the requirements as set out by the NC to equip the Board and the respective Board committees with relevant knowledge and skills in order to perform their roles effectively	Page 53
<b>Guideline 2.1</b> Compliance with the guideline on proportion of independent Directors on the Board	Page 53
<b>Guideline 2.3</b> The Board should identify in the Company's Annual Report each Director it considers to be independent. Where the Board considers a Director to be independent in spite of the existence of a relationship as stated in the Code that would otherwise deem a Director not to be independent, the nature of the Director's relationship and the reasons for considering him as independent should be disclosed	Pages 49 to 50 and 53
<b>Guideline 2.4</b> Where the Board considers an independent Director, who has served on the Board for more than nine years from the date of his first appointment, to be independent, the reasons for considering him as independent should be disclosed	Not applicable

Principle and guidelines	Page reference in DBS Annual Report 2017
<p><b>Guideline 2.6</b></p> <p>(a) The Board's policy with regard to diversity in identifying Director nominees</p> <p>(b) Whether current composition of the Board provides diversity on skills, experience, gender and knowledge of the Company, and elaborate with numerical data where appropriate</p> <p>(c) Steps that the Board has taken to achieve the balance and diversity necessary to maximise its effectiveness</p>	Pages 48, 50 and 52
<p><b>Guideline 2.13</b></p> <p>Names of the members of the EXCO and the key terms of reference of the EXCO, explaining its role and the authority delegated to it by the Board</p>	Pages 51, 53 and 54
<p><b>Guideline 3.1</b></p> <p>Relationship between the Chairman and the CEO where they are immediate family members</p>	Not applicable
<p><b>Guideline 4.1</b></p> <p>Names of the members of the NC and the key terms of reference of the NC, explaining its role and the authority delegated to it by the Board</p>	Pages 51 to 53
<p><b>Guideline 4.4</b></p> <p>(a) The maximum number of listed company Board representations which Directors may hold should be disclosed</p> <p>(b) Reasons for not determining maximum number of listed company Board representations</p> <p>(c) Specific considerations in deciding on the capacity of Directors</p>	Page 53
<p><b>Guideline 4.6</b></p> <p>Process for the selection, appointment and re-appointment of new Directors to the Board, including the search and nomination process</p>	Pages 48 and 52
<p><b>Guideline 4.7</b></p> <p>Key information regarding Directors, including which Directors are executive, non-executive or considered by the NC to be independent</p>	Pages 49 to 50 and 53
<p><b>Guideline 4.13</b></p> <p>Resignation or dismissal of key appointment holders</p>	Page 48
<p><b>Guideline 4.14</b></p> <p>Deviation and explanation for the deviation from the internal guidelines on time commitment referred to in Guidelines 4.4 and 4.10</p>	Page 53
<p><b>Guideline 5.1</b></p> <p>The Board should state in the Company's Annual Report how assessment of the Board, its Board committees and each Director has been conducted. If an external facilitator has been used, the Board should disclose in the Company's Annual Report whether the external facilitator has any other connection with the Company or any of its Directors. This assessment process should be disclosed in the Company's Annual Report</p>	Pages 52 to 53
<p><b>Guideline 6.1</b></p> <p>Types of information which the Company provides to independent Directors to enable them to understand its business, the business and financial environment as well as the risks faced by the Company, and how frequent is such information provided.</p>	Pages 51 to 58
<p><b>Guideline 7.1</b></p> <p>Names of the members of the Remuneration Committee (RC) and the key terms of reference of the RC, explaining its role and the authority delegated to it by the Board</p>	Pages 52 and 56 to 57

Principle and guidelines	Page reference in DBS Annual Report 2017
<p><b>Guideline 7.3</b> Names and firms of the remuneration consultants (if any) should be disclosed in the annual remuneration report, including a statement on whether the remuneration consultants have any relationships with the Company</p>	Page 64
<p><b>Principle 9</b> Clear disclosure of remuneration policies, level and mix of remuneration, and procedure for setting remuneration</p>	Pages 62 to 66
<p><b>Guideline 9.1</b> Remuneration of Directors, the CEO and at least the top five key management personnel (who are not also Directors or the CEO) of the Company. The annual remuneration report should include the aggregate amount of any termination, retirement and post-employment benefits that may be granted to Directors, the CEO and the top five key management personnel (who are not Directors or the CEO)</p>	<p>For the CEO and management: Page 65</p> <p>For the Company's other Directors: Pages 56 to 57</p>
<p><b>Guideline 9.2</b> Fully disclose the remuneration of each individual Director and the CEO on a named basis. There will be a breakdown (in percentage or dollar terms) of each Director's and the CEO's remuneration earned through base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives</p>	<p>For the CEO: Page 67</p> <p>For the Company's other Directors: Pages 49 to 50</p>
<p><b>Guideline 9.3</b> Name and disclose the remuneration of at least the top five key management personnel (who are not Directors or the CEO) in bands of SGD 250,000. There will be a breakdown (in percentage or dollar terms) of each key management personnel's remuneration earned through base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives. In addition, the Company should disclose in aggregate the total remuneration paid to the top five key management personnel (who are not Directors or the CEO). As best practice, companies are also encouraged to fully disclose the remuneration of the said top five key management personnel</p>	Page 65
<p><b>Guideline 9.4</b> Details of the remuneration of employees who are immediate family members of a Director or the CEO, and whose remuneration exceeds SGD 50,000 during the year. This will be done on a named basis with clear indication of the employee's relationship with the relevant Director or the CEO. Disclosure of remuneration should be in incremental bands of SGD 50,000</p>	Page 57
<p><b>Guideline 9.5</b> Details and important terms of employee share schemes</p>	Pages 64, 189 to 190
<p><b>Guideline 9.6</b> For greater transparency, companies should disclose more information on the link between remuneration paid to the executive Directors and key management personnel, and performance. The annual remuneration report should set out a description of performance conditions to which entitlement to short-term and long-term incentive schemes are subject, an explanation on why such performance conditions were chosen, and a statement of whether such performance conditions are met</p>	Pages 62 to 67
<p><b>Guideline 11.3</b> The Board should comment on the adequacy and effectiveness of the internal controls, including financial, operational, compliance and information technology controls, and risk management systems. The commentary should include information needed by stakeholders to make an informed assessment of the Company's internal control and risk management systems. The Board should also comment on whether it has received assurance from the CEO and the CFO: (a) that the financial records have been properly maintained and the financial statements give true and fair view of the Company's operations and finances; and (b) regarding the effectiveness of the Company's risk management and internal control systems</p>	Page 58

Principle and guidelines	Page reference in DBS Annual Report 2017
<p><b>Guideline 11.14</b> Names of the members of the Board risk committee and the key terms of reference of the Board risk committee, explaining its role and the authority delegated to it by the Board</p>	Pages 52 and 55 to 56
<p><b>Guideline 12.1</b> Names of the members of the AC and the key terms of reference of the AC, explaining its role and the authority delegated to it by the Board</p>	Pages 52 and 54 to 55
<p><b>Guideline 12.6</b> Aggregate amount of fees paid to the external auditors for that financial year, and breakdown of fees paid in total for audit and non-audit services respectively, or an appropriate negative statement</p>	Page 55
<p><b>Guideline 12.7</b> The existence of a whistle-blowing policy should be disclosed in the Company's Annual Report</p>	Page 60
<p><b>Guideline 12.8</b> Summary of the AC's activities and measures taken to keep abreast of changes to accounting standards and issues which have a direct impact on financial statements</p>	Pages 54 to 55
<p><b>Guideline 13.1</b> Whether the Company has an internal audit function</p>	Pages 58 to 59
<p><b>Guideline 15.4</b> The steps the Board has taken to solicit and understand the views of the shareholders e.g. through analyst briefings, investor roadshows or Investors' Day briefings</p>	Page 61
<p><b>Guideline 15.5</b> Where dividends are not paid, companies should disclose their reasons</p>	Not applicable
<p><b>Guideline 17.4</b> Material related party transactions</p>	Pages 59 to 60

# Summary of disclosures

## Enhanced Disclosure

### Task Force recommendations

General recommendations		Where have we disclosed this? (in Risk management section unless otherwise stated)
1	Present all related risk information together in any particular report.	Refer to the table on page 71
2	<p>Define the bank's risk terminology and risk measures and present key parameter values used.</p> <p><b>Permanent considerations regarding the impact of expected credit loss approaches:</b></p> <p>Describe how the bank interprets and applies the key concepts within an ECL approach.</p> <p>Disclose the credit loss modelling techniques developed to implement the ECL approach.</p>	<p>Sections 1, 5.1, 6.1, 7.1, 8.1</p> <p>Refer to Note 1 on page 116</p> <p>Refer to Note 1 on page 116</p>
3	<p>Describe and discuss top and emerging risks, incorporating relevant information in the bank's external reports on a timely basis.</p> <p><b>Temporary considerations regarding the impact of expected credit loss approaches:</b></p> <p>Provide disclosures describing how the concepts applied and modelling techniques under the current impairment approaches compare with the new ECL approach to highlight factors that may drive changes in ECL that may not have been relevant in current impairment approaches.</p>	<p>Refer to CRO Statement on page 68</p> <p>Refer to Note 1 on page 116</p>
4	<p>Once the applicable rules are finalised, outline plans to meet each new key regulatory ratio, e.g. the net stable funding ratio, liquidity coverage ratio and leverage ratio, and, once the applicable rules are in force, provide such key ratios.</p> <p><b>Temporary considerations regarding the impact of expected credit loss approaches:</b></p> <p>Banks should consider describing the intended implementation strategy including the current timeline for the implementation.</p> <p>Disclose how the risk management organisation, processes and key functions have been organised to run the ECL methodology.</p>	<p>Section 7.4 Refer to Capital Management and Planning section on page 92 and Pillar 3 disclosures published on the DBS website</p> <p>Refer to Note 1 on page 116</p> <p>Refer to Note 1 on page 116</p>
Risk governance and risk management strategies/business model		
5	Summarise prominently the bank's risk management organisation, processes and key functions.	Section 3
6	Provide a description of the bank's risk culture, and how procedures and strategies are applied to support that culture.	Section 4 Refer to Corporate Governance section on page 48
7	Describe the key risks arising from the bank's business models and activities, the bank's Risk Appetite in the context of its business models and how the bank manages such risks.	Sections 1, 2 and 4

General recommendations		Where have we disclosed this? (in Risk management section unless otherwise stated)
8	<p>Describe the usage of stress testing within the bank's risk governance and capital frameworks. Stress testing disclosures should provide a narrative overview of the bank's internal stress testing process and governance.</p> <p><b>Temporary considerations regarding the impact of expected credit loss approaches:</b></p> <p>Describe the relationship, if any, between the stress testing programs and the implementation of ECL accounting requirements.</p>	<p>Sections 4.2, 5.1, 6.1, 7.1</p> <p>Refer to Note 1 on page 116</p>
Capital adequacy and risk-weighted assets		
9	<p>Provide minimum Pillar 1 capital requirements, including capital surcharges for G-SIBs and the application of counter-cyclical and capital conservation buffers or the minimum internal ratio established by management.</p>	<p>Refer to Capital Management and Planning section on page 92 and Pillar 3 disclosures published on the DBS website</p>
10	<p>Summarise information contained in the composition of capital templates adopted by the Basel Committee to provide an overview of the main components of capital, including capital instruments and regulatory adjustments. A reconciliation of the accounting balance sheet to the regulatory balance sheet should be disclosed.</p>	<p>Refer to Pillar 3 disclosures published on the DBS website</p>
11	<p>Present a flow statement of movements since the prior reporting date in regulatory capital, including changes in common equity tier 1, tier 1 and tier 2 capital.</p>	<p>Refer to Capital Management and Planning section on page 92</p>
12	<p>Qualitatively and quantitatively discuss capital planning within a more general discussion of management's strategic planning, including a description of management's view of the required or targeted level of capital and how this will be established.</p> <p><b>Temporary considerations regarding the impact of expected credit loss approaches:</b></p> <p>Banks should consider explaining how ECL requirements are anticipated to have an impact on capital planning (particularly in meeting capital adequacy requirements), including any strategic changes expected by management, to the extent that the impact is material. If regulatory requirements are unclear or not yet fully determined, the effects of such uncertainty should be discussed.</p>	<p>Refer to Capital Management and Planning section on page 92</p> <p>Refer to Note 1 on page 116</p>
13	<p>Provide granular information to explain how risk-weighted assets (RWAs) relate to business activities and related risks.</p>	<p>Section 2</p>
14	<p>Present a table showing the capital requirements for each method used for calculating RWAs for credit risk, including counterparty credit risk, for each Basel asset class as well as for major portfolios within those classes. For market risk and operational risk, present a table showing the capital requirements for each method used for calculation.</p>	<p>Refer to Pillar 3 disclosures published on the DBS website</p>
15	<p>Tabulate credit risk in the banking book showing the average probability of default (PD) and LGD as well as the exposure at default (EAD), total RWAs and the RWA density for Basel asset classes and major portfolios within classes at a suitable level of granularity, based on internal ratings grades.</p>	<p>Refer to Pillar 3 disclosures published on the DBS website</p>
16	<p>Present a flow statement that reconciles movements in RWAs for the period for each RWA risk type.</p>	<p>To be implemented for credit risk RWA under revised Pillar 3 disclosures, effective from 1 January 2018</p>
17	<p>Provide a narrative putting Basel Pillar 3 back-testing requirements into context, including how the bank has assessed model performance and validated its models against default and loss.</p>	<p>Sections 6.1, 6.2</p>

General recommendations		Where have we disclosed this? (in Risk management section unless otherwise stated)
<b>Liquidity</b>		
18	Describe how the bank manages its potential liquidity needs and provide a quantitative analysis of the components of the liquidity reserve held to meet these needs, ideally by providing averages as well as period-end balances.	Sections 7.1, 7.3
<b>Funding</b>		
19	Summarise encumbered and unencumbered assets in a tabular format by balance sheet categories, including collateral received that can be rehypothecated or otherwise redeployed. This is to facilitate an understanding of available and unrestricted assets to support potential funding and collateral needs.	Section 7.3
20	Tabulate consolidated total assets, liabilities and off-balance sheet commitments by retaining contractual maturity at the balance sheet date. Present separately (i) senior unsecured borrowing (ii) senior secured borrowing (separately for covered bonds and repos) and (iii) subordinated borrowing. Banks should provide a narrative discussion of management's approach in determining the behavioural characteristics of financial assets and liabilities.	Section 7.2 Financial Statements Note 42.1
21	Discuss the bank's funding strategy, including key sources and any funding concentrations, to enable effective insight into available funding sources, our reliance on wholesale funding, any geographical or currency risks and changes in those sources over time.	Section 7.1
<b>Market risk</b>		
22	Provide information that facilitates the user's understanding of the links between line items in the balance sheet and the income statement with positions included in the traded market risk disclosures [using the bank's primary risk management measures such as Value at Risk (VaR)] and non-traded market risk disclosures such as risk factor sensitivities, economic value and earnings scenarios and/or sensitivities.	Section 6.1
23	Provide further qualitative and quantitative breakdowns of significant trading and non-trading market risk factors that may be relevant to the bank's portfolios beyond interest rate, foreign exchange, commodity and equity measures.	Sections 6.1, 6.2
24	Provide qualitative and quantitative disclosures that describe significant market risk measurement model limitations, assumptions, validation procedures, usage of proxies, changes in risk measures and models through time, reasons for back-testing exceptions, and how these results are used to enhance the parameters of the model.	Sections 6.1, 6.2
25	Provide a description of the primary risk management techniques employed by the bank to measure and assess the risk of loss beyond reported risk measures and parameters, such as VaR, earnings or economic value scenario results, through methods such as stress tests, expected shortfall, economic capital, scenario analysis, stressed VaR or other alternative approaches. The disclosure should discuss how market liquidity horizons are considered and applied within such measures.	Sections 6.1, 6.2

General recommendations	Where have we disclosed this? (in Risk management section unless otherwise stated)
<b>Credit risk</b>	
<p><b>26</b> Provide information that facilitates the user’s understanding of the bank’s credit risk profile, including any significant credit risk concentrations.</p> <p><b>Temporary considerations regarding the impact of expected credit loss approaches:</b></p> <p>Banks should consider whether existing segmentation for disclosure purposes is sufficiently granular to appropriately understand credit risk through an ECL approach.</p> <p>Once practical and when disclosures are reliable, provide users with a quantitative assessment of the potential impact of applying an ECL approach.</p> <p><b>Permanent considerations regarding the impact of expected credit loss approaches:</b></p> <p>Where it aids understanding of credit risk exposures, provide disclosure of vintage.</p>	<p>Section 5.4 Financial Statements Note 41.4</p> <p>Not applicable (quantitative assessment not yet available)</p> <p>Not applicable</p>
<p><b>27</b> Describe the policies for identifying impaired or non-performing loans, including how the bank defines impaired or non-performing, restructured and returned-to-performing (cured) loans, as well as explanations for loan forbearance policies.</p>	<p>Section 5.1</p>
<p><b>28</b> Provide reconciliation for the opening and closing balances of non-performing or impaired loans in the period and the allowance for loan losses. Disclosures should include an explanation of the effects of loan acquisitions on ratio trends, and qualitative and quantitative information about restructured loans.</p>	<p>Sections 5.1, 5.4 Financial Statements Note 41.2</p>
<p><b>29</b> Provide a quantitative and qualitative analysis of the bank’s counterparty credit risk, which arises from its derivatives transactions.</p>	<p>Sections 5.1, 5.4</p>
<p><b>30</b> Provide qualitative information about credit risk mitigation and collateral held for all sources of credit risk, as well as quantitative information where meaningful.</p>	<p>Sections 5.2, 5.4</p>
<b>Other risk</b>	
<p><b>31</b> Describe “other risk” types based on management’s classifications and discuss how each one is identified, governed, measured and managed. In addition to risks such as operational risk, reputational risk, fraud risk and legal risk, it may be relevant to include topical risks such as business continuity, regulatory compliance, technology, and outsourcing.</p>	<p>Sections 1, 8.1, 9</p>
<p><b>32</b> Discuss publicly known risk events related to other risks, including operational, regulatory, compliance and legal risks, where material or potentially material loss events have occurred. Such disclosures should concentrate on the effect on the business, the lessons learned and the resulting changes to risk processes already implemented or in progress.</p>	<p>Section 8.2</p>



## Note 1: SFRS(I) 9 impairment methodology

1 DBS will adopt Singapore Financial Reporting Standards (International) 9 Financial Instruments (SFRS(I) 9) on 1 January 2018. SFRS(I) 9 governs how Singapore reporting entities classify and measure financial instruments; recognise impairment (or allowance) charges; and account for hedges.

**1.1** Information on the estimated transitional impact to the Group's shareholders' funds is provided on page 133. SFRS(I) 9 mandated disclosures will be made during the course of 2018.

### 2 Current impairment approach

**2.1** Prior to 2018, for impairment allowances, DBS complies with the provisions of MAS Notice 612 where banks maintain, in addition to specific allowances, a prudent level of general allowances of at least 1% of uncollateralised exposures. This is an intended departure from the incurred loss provisioning approach prescribed under FRS 39.

### 3 SFRS(I) 9 impairment methodology

**3.1** Under SFRS(I) 9, impairment charges will be determined using an Expected Credit Loss (ECL) approach, which classifies financial assets into three categories or stages, each of which is associated with an ECL requirement that is reflective of the assessed credit risk profile. A financial asset is classified under:

- Stage 1, if it was not credit-impaired upon origination, and there has not been a significant increase in its credit risk since then. The ECL of a Stage 1 financial asset will be the credit loss expected to result from a default occurring over the next 12 months;
- Stage 2, if it was not credit-impaired upon origination but has since experienced a significant increase in credit risk. The ECL of a Stage 2 financial asset will be the credit loss that is expected over the remaining lifetime of the asset;
- Stage 3, if it has been credit-impaired with objective evidence of default. The assessed ECL for a Stage 3 financial asset is not expected to be materially different from the existing specific allowances taken.

#### Staging criteria

**3.2** The analysis underpinning the assessment of whether a financial asset has, since origination, experienced a significant increase in credit risk is multi-factor in nature, with a range of qualitative and quantitative parameters being taken into consideration.

**3.3** For non-retail exposures, these include observed changes in the probability of

default (derived from the internal credit risk rating for each obligor) that are in excess of pre-specified thresholds, as well as exposures that are placed on credit "watchlists" for closer scrutiny of developing credit issues. For retail exposures, days past due is a driver, supplemented with a probability of default-based criterion.

**3.4** A Stage 2 exposure could migrate back to Stage 1 if it is assessed, after a minimum observation period, that there is assurance of a sustainable improvement in its credit profile.

#### Definition of credit-impaired/default

**3.5** Exposures are classified as Stage 3 if these are deemed to be credit-impaired or have suffered objective evidence of default as at the reporting date. The definition of default that will be applied upon adoption of SFRS(I) 9 is consistent with that specified in the Basel regulatory capital rules.

**3.6** A Stage 3 exposure that is restructured could be upgraded to Stage 2 if there are reasonable grounds to conclude that the obligor is able to service all future principal and interest payments on the credit facility in accordance with the restructured terms.

#### ECL Modelling – Point-in-Time and Forward-Looking Adjustments

**3.7** Portfolio-specific adjustments are made to the Bank's existing credit rating systems, models, processes and tools to meet the requirements of SFRS(I) 9.

**3.8** For the non-retail portfolios, credit risk cycle indices have been developed for significant industries and regions. These are used as inputs to convert through-the-cycle loss estimates measures into the point-in-time equivalents and determine the forward-looking estimates. For retail portfolios, adjustments are made in light of the latest loss experience, as well as outputs from macroeconomic forecast models.

#### Management overlay

**3.9** In determining the final ECL, management will evaluate a range of possible outcomes, taking into account past events, current conditions and the economic outlook. Additional considerations that are assessed to have been inadequately addressed in the ECL model estimates will be addressed through the application of a structured management overlay framework. This incorporates considerations such as (1) individual loss assessments of large exposures on watchlists; (2) observed model limitations; and (3) thematic events and stress-test outputs.

**3.10** ECL adjustments arising from the exercise of the management overlay are subject to a robust review and governance process.

## 4 SFRS(I) 9 Implementation

**4.1** A Project Steering Committee (PSC), chaired by the Group CFO, was established to oversee the SFRS(I) 9 implementation, including the development of the ECL model, in 2016. The PSC is supported by the Group Operational Implementation Committee, consisting of subject matter experts.

**4.2** To support the regional roll-out across the Group and local implementation where applicable, Country Implementation Committees were also established in key locations.

**4.3** Periodic progress reports and results of parallel runs were provided to the various Committees, including the Audit Committee during the course of 2017. DBS' external auditor has reviewed the SFRS(I) 9 implementation and the transitional impact was considered to be reasonable.

## 5 Impact on regulatory capital planning

**5.1** Periodic changes in the ECL balance will be reflected as impairment charges and recorded in profit and loss and ultimately common equity Tier 1 capital (CET1). Banks are required to also maintain a minimum total allowance balance amounting to 1% of a defined list of non-credit-impaired exposures, which has been termed the Minimum Regulatory Loss Allowance (MRLA). If the balance of Stage 1 & 2 ECL (which would equate to general allowances) is less than the MRLA, banks will have to appropriate the shortfall amount from retained earnings into a non-distributable reserve within equity, which is described as the Regulatory Loss Allowance Reserve (RLAR). The RLAR is excluded from CET1; instead, it is recognised as part of the Total Eligible Provision for Basel capital reporting and will be included as Tier 2 capital (subject to the existing prescribed limits).

**5.2** Relative to the current approach outlined in paragraph 2.1, Stage 1 & 2 ECL is expected to be more volatile and the Group will take this into consideration in its capital planning. As the Group has observed MAS Notice 612 requirements since 2005, the general allowances balance has remained prudent. As such, SFRS(I) 9 adoption will not have a significant impact on the Group's capital position at transition. Consequently, the Group will not require the transitional arrangements, which are intended to shield regulatory capital from the application of ECL accounting, that the Basel Committee had introduced in March 2017.

# Summary of disclosures

## Global Reporting Initiative (GRI)

### Content Index

GRI standard	Disclosure requirements	Where have we disclosed this?	Externally assured?	
<b>GRI 101: Foundation 2016</b>				
<b>General Disclosures</b>				
<b>GRI 102: General Disclosures 2016</b>	<b>Organisational profile</b>			
	<b>102-1 Name of the organisation</b>	DBS Group Holdings Ltd		
	<b>102-2 Activities, brands, products, and services</b>	Refer to “How we create value” on page 20.		
	<b>102-3 Location of headquarters</b>	12 Marina Boulevard Marina Bay Financial Centre Tower 3 Singapore 018982		
	<b>102-4 Location of operations</b>	Refer to “Who we are” on page 2.		
	<b>102-5 Ownership and legal form</b>	Public limited company listed on the Singapore Exchange.		
	<b>102-6 Markets served</b>	Refer to “Who we are” on page 2.		
	<b>102-7 Scale of the organisation</b>	Refer to “Who we are” on page 2.		
	<b>102-8 Information on employees and other workers</b>	Refer to Tables 1, 2 and 3 on page 123. Read more about our employee initiatives on page 105.		✓
	<b>102-9 Supply chain</b>	Refer to “Sustainable sourcing” on page 103.		✓
	<b>102-10 Significant changes to the organisation and its supply chain</b>	There were no significant changes to our organisational profile during the reporting period.		
	<b>102-11 Precautionary principle or approach</b>	We do not explicitly refer to the precautionary approach or principle in our risk management framework. We seek to contribute to society by generating profits responsibly, which ties in with our corporate value of being purpose-driven.  Refer to “Sustainability” on page 97.		
	<b>102-12 External initiatives</b>	Refer to “About this report” on inside cover.		
	<b>102-13 Membership of associations</b>	Our key memberships include Institute of International Finance and The Association of Banks in Singapore (Chairman Bank from 2017 to 2019).		
	<b>Strategy</b>			
<b>102-14 Statement from senior decision-maker</b>	Refer to “Letter from the Chairman and CEO” on page 10.			
<b>Ethics and integrity</b>				
<b>102-16 Values, principles, standards, and norms of behavior</b>	Refer to “Culture” on page 60. See also “values-led culture” on page 21.			
<b>Governance</b>				
<b>102-18 Governance structure</b>	Refer to “Corporate governance” on page 48.			
<b>Stakeholder engagement</b>				
<b>102-40 List of stakeholder groups</b>	Refer to “What our stakeholders are telling us” on page 28.			
<b>102-41 Collective bargaining agreements</b>	Our house union in Singapore, the DBS Staff Union, is an affiliate of the National Trades Union Congress (NTUC). As at 31 December 2017, 1,773 of our employees are eligible for collective bargaining under the Memorandum of Understanding between DBS and NTUC. We do not have house unions in other markets.  In addition, three employees who are officers and below in DBS Vickers are eligible for collective bargaining under the Collective Agreement between DBS Vickers and The Singapore Manual and Mercantile Workers’ Union.		✓	

GRI standard	Disclosure requirements	Where have we disclosed this?	Externally assured?	
<b>GRI 101: Foundation 2016</b>				
<b>General Disclosures</b>				
<b>GRI 102: General Disclosures 2016</b>	<b>Stakeholder engagement</b>			
	<b>102-42 Identifying and selecting stakeholders</b>	Refer to "What our stakeholders are telling us" on page 28.		
	<b>102-43 Approach to stakeholder engagement</b>			
	<b>102-44 Key topics and concerns raised</b>			
	<b>Reporting practice</b>			
	<b>102-45 Entities included in the consolidated financial statements</b>	Refer to "Subsidiaries and consolidated structured entities" on page 149 and "Associates" on page 150.		
	<b>102-46 Defining report content and topic boundaries</b>	<p>Our Annual Report is prepared in accordance with the International Integrated Reporting &lt;IR&gt; Framework.</p> <p>Under &lt;IR&gt;, our disclosures focus primarily on matters that substantively affect our ability to create long-term value.</p> <p>Read more about our material matters identification process on page 25.</p> <p>In addition, through internal evaluation and our stakeholder interactions, we have identified additional GRI topics where our operations may impact the environment or society. These are outlined below (see 102-47 List of GRI topics).</p>		
	<b>102-47 List of GRI topics</b>	<b>GRI topics relevant for DBS</b>	<b>Related material/ important matter, where applicable*</b>	
		201: Economic performance 203: Indirect economic impacts 205: Anti-corruption 302: Energy 303: Water 305: Emissions 306: Effluents and waste 308: Supplier environmental assessment 401: Employment 404: Training and education 405: Diversity and equal opportunity 412: Human rights assessment 414: Supplier social assessment 415: Public policy 417: Marketing and labelling 418: Customer privacy 419: Socioeconomic compliance	Macroeconomic and demographic trends Financial inclusion Financial crime Climate change Not applicable Climate change Managing our environmental footprint Sustainable procurement Talent management and retention Talent management and retention Diversity and equal opportunity Sustainable procurement/ Responsible financing Sustainable procurement Not applicable Fair dealing Cyber security Evolving regulatory landscape	
		*Refer to "Material Matters" on page 25.		
	<b>102-48 Restatements of information</b>	Restatements of information, where applicable, are noted within the relevant data sets.		
<b>102-49 Changes in reporting</b>	There are no significant changes in scope and aspect boundaries.			
<b>102-50 Reporting period</b>	This report covers the period 1 January to 31 December 2017.			
<b>102-51 Date of most recent report</b>	31 December 2016			

GRI standard	Disclosure requirements	Where have we disclosed this?	Externally assured?
<b>GRI 101: Foundation 2016</b>			
<b>General Disclosures</b>			
<b>GRI 102: General Disclosures 2016</b>	<b>Reporting practice</b>		
	<b>102-52 Reporting cycle</b>	Annual	
	<b>102-53 Contact point for questions regarding the report</b>	For any questions regarding this report or its contents, please contact Investor Relations at investor@dbs.com.	
	<b>102-54 Claims of reporting in accordance with the GRI Standards</b>	This report has been prepared in accordance with the GRI Standards: Core option.	
	<b>102-55 GRI content index</b>	This Appendix is the GRI Content Index.	
	<b>102-56 External assurance</b>	With effect from 2017, we have sought external independent limited assurance on our annual sustainability reporting.  Refer to "Independent limited assurance report on sustainability information" on page 124.	
<b>Material Topics</b>			
<b>GRI 200 Economic Standard Series</b>			
<b>Economic Performance</b>			
<b>GRI 103: Management Approach 2016</b>	<b>103-1 Explanation of the material topic and its boundary</b>	Refer to "CFO Statement" on page 30 and "Consolidated income statement" on page 127.	
	<b>103-2 The management approach and its components</b>	Further breakdown of income and expenses by geography can be found in "Geographical segment reporting" on page 182.	
	<b>103-3 Evaluation of the management approach</b>	See also "How we distribute value created" on page 24.	
<b>GRI 201: Economic Performance 2016</b>	<b>201-1 Direct economic value generated and distributed</b>		✓
<b>Indirect Economic Impacts</b>			
<b>GRI 103: Management Approach 2016</b>	<b>103-1 Explanation of the material topic and its boundary</b>	Refer to "Sustainable Finance" on page 100 and "Financial inclusion – being the People's Bank" on page 101.	
	<b>103-2 The management approach and its components</b>		
	<b>103-3 Evaluation of the management approach</b>		
<b>GRI 203: Indirect Economic Impacts 2016</b>	<b>203-2 Significant indirect economic impacts</b>		
<b>Anti-corruption</b>			
<b>GRI 103: Management Approach 2016</b>	<b>103-1 Explanation of the material topic and its boundary</b>	Refer to "Preventing financial crime (including bribery/ corruption)" on page 99.	
	<b>103-2 The management approach and its components</b>		
	<b>103-3 Evaluation of the management approach</b>		
<b>GRI 205: Anti-corruption 2016</b>	<b>205-2 Communication and training about anti-corruption policies and procedures</b>		✓

GRI standard	Disclosure requirements	Where have we disclosed this?	Externally assured?
<b>GRI 300 Environmental Standards Series</b>			
<b>Energy</b>			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Refer to "Managing our environmental footprint" on page 101.	
	103-2 The management approach and its components		
	103-3 Evaluation of the management approach		
GRI 302: Energy 2016	302-1 Energy consumption within the organisation		✓
<b>Water</b>			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Refer to "Managing our environmental footprint" on page 101.	
	103-2 The management approach and its components		
	103-3 Evaluation of the management approach		
GRI 303: Water 2016	303-1 Water withdrawal by source		✓
<b>Emissions</b>			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Refer to "Managing our environmental footprint" on page 101. Our direct (Scope 1) GHG emissions relate only to the less than 20 passenger vehicles that we own and are negligible.	
	103-2 The management approach and its components		
	103-3 Evaluation of the management approach		
GRI 305: Emissions 2016	305-2 Energy indirect (Scope 2) GHG emissions		
	305-3 Other indirect (Scope 3) GHG emissions		✓
	305-4 GHG emissions intensity		✓
	305-5 Reduction of GHG emissions		✓
<b>Effluents and Waste</b>			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Refer to "Managing our environmental footprint" on page 101.	
	103-2 The management approach and its components		
	103-3 Evaluation of the management approach		
GRI 306: Effluents and Waste 2016	306-2 Waste by type and disposal method		✓
<b>Supplier Environmental Assessment</b>			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Refer to "Sustainable Sourcing" on page 103.	
	103-2 The management approach and its components		
	103-3 Evaluation of the management approach		
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria		✓

GRI standard	Disclosure requirements	Where have we disclosed this?	Externally assured?
<b>GRI 400 Social Standards Series</b>			
<b>Employment</b>			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Refer to "Hiring and employee engagement" on page 105.	
	103-2 The management approach and its components		
	103-3 Evaluation of the management approach		
GRI 401: Employment 2016	401-1 New employee hires and employee turnover		✓
<b>Training and Education</b>			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Refer to "Developing a future-ready workforce and talent pipeline" on page 106.	
	103-2 The management approach and its components		
	103-3 Evaluation of the management approach		
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee		✓
	404-3 Percentage of employees receiving regular performance and career development reviews	99.5% of eligible employees received regular performance and career development reviews in 2017.	✓
<b>Diversity and Equal Opportunity</b>			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Refer to "Diversity and equal opportunity" on page 106.  See also "Board of Directors" on page 4, "Our Board" on page 51 and "Further information on Board of Directors" on page 201.	
	103-2 The management approach and its components		
	103-3 Evaluation of the management approach		
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees		✓
<b>Human Rights Assessment</b>			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	DBS is committed to promulgating good practices and aligning our operations and strategies with universally accepted principles in human rights, including the elimination of all forms of forced and compulsory labour.  Through our Code of Conduct, we set out clear principles and minimum standards of behaviour expected of each employee, which includes treating others in a professional, ethical and responsible manner. It also defines the procedures for reporting of incidents and provides protection for employees making these disclosures.	
	103-2 The management approach and its components		
	103-3 Evaluation of the management approach		
GRI 412: Human Rights Assessment 2016	412-1 Operations that have been subject to human rights reviews or impact assessments	Human rights assessment is addressed in various parts of our business. Refer to "Responsible financing" on page 100 and "Sustainable sourcing" on page 103.	
<b>Supplier Social Assessment</b>			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Refer to "Sustainable sourcing" on page 103.	
	103-2 The management approach and its components		
	103-3 Evaluation of the management approach		
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria		✓

GRI standard	Disclosure requirements	Where have we disclosed this?	Externally assured?
<b>Public Policy</b>			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Under our Code of Conduct Standard, all staff are prohibited from making payments on behalf of or using DBS' assets to support political candidates or parties.	
	103-2 The management approach and its components		
	103-3 Evaluation of the management approach		
GRI 415: Public Policy 2016	415-1 Political contributions		
<b>Marketing and Labeling</b>			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Refer to "Fair dealing" on page 99. There were no material incidents of non-compliance concerning fair dealing during the year.	
	103-2 The management approach and its components		
	103-3 Evaluation of the management approach		
GRI 417: Marketing and Labeling 2016	417-2 Incidents of non-compliance concerning product and service information and labeling		
<b>Customer Privacy</b>			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Refer to "Cyber security and data protection" on page 98. There were no material complaints concerning breaches of customer privacy and losses of customer data during the year.	
	103-2 The management approach and its components		
	103-3 Evaluation of the management approach		
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data		
<b>Socioeconomic Compliance</b>			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Socioeconomic compliance relates only to those ESG topics included within our Sustainability Report. Refer to "Compliance and regulatory compliance" on page 70 and "Compliance risk" on page 89. There were no material instances of non-compliance with laws and regulations in this context during the year.	
	103-2 The management approach and its components		
	103-3 Evaluation of the management approach		
GRI 419: Socioeconomic Compliance 2016	419-1 Non-compliance with laws and regulations in the social and economic area		

## Information on employees

**Table 1 Total number of employees by contract type and gender**

Type of contract	2017			2016		
	Female	Male	Total	Female	Male	Total
<b>Permanent of which:</b>	<b>13,005</b>	<b>10,591</b>	<b>23,596</b>	12,163	9,613	21,776
Full time	12,932	10,588	23,520	12,088	9,611	21,699
Part time	73	3	76	75	2	77
<b>Contract/Temporary<sup>(1)</sup></b>	<b>278</b>	<b>300</b>	<b>578</b>	186	232	418
<b>Total</b>	<b>13,283</b>	<b>10,891</b>	<b>24,174</b>	12,349	9,845	22,194

(1) Headcount on DBS' payroll

**Table 2 Total number of employees by geography and gender**

Geography	2017			2016		
	Female	Male	Total	Female	Male	Total
<b>Singapore</b>	<b>6,417</b>	<b>4,545</b>	<b>10,962</b>	6,226	4,155	10,381
<b>Hong Kong</b>	<b>2,391</b>	<b>2,146</b>	<b>4,537</b>	2,272	2,078	4,350
<b>Rest of Greater China<sup>(1)</sup></b>	<b>2,835</b>	<b>1,396</b>	<b>4,231</b>	2,359	1,250	3,609
<b>South and Southeast Asia<sup>(2)</sup></b>	<b>1,524</b>	<b>2,638</b>	<b>4,162</b>	1,386	2,201	3,587
<b>Rest of the World<sup>(3)</sup></b>	<b>116</b>	<b>166</b>	<b>282</b>	106	161	267
<b>Total</b>	<b>13,283</b>	<b>10,891</b>	<b>24,174</b>	12,349	9,845	22,194

(1) Rest of Greater China includes Mainland China and Taiwan

(2) South and Southeast Asia includes India, Indonesia, Malaysia, Vietnam, Thailand, Myanmar and the Philippines

(3) Rest of the World includes Australia, South Korea, Japan, Dubai, United States of America and United Kingdom

**Table 3 Total number of employees by geography and contract type**

Geography	2017			2016		
	Permanent	Contract/ Temporary	Total	Permanent	Contract/ Temporary	Total
<b>Singapore</b>	<b>10,844</b>	<b>118</b>	<b>10,962</b>	10,284	97	10,381
<b>Hong Kong</b>	<b>4,398</b>	<b>139</b>	<b>4,537</b>	4,244	106	4,350
<b>Rest of Greater China<sup>(1)</sup></b>	<b>4,129</b>	<b>102</b>	<b>4,231</b>	3,591	18	3,609
<b>South and Southeast Asia<sup>(2)</sup></b>	<b>3,960</b>	<b>202</b>	<b>4,162</b>	3,398	189	3,587
<b>Rest of the World<sup>(3)</sup></b>	<b>265</b>	<b>17</b>	<b>282</b>	259	8	267
<b>Total</b>	<b>23,596</b>	<b>578</b>	<b>24,174</b>	21,776	418	22,194

(1) Rest of Greater China includes in Mainland China and Taiwan

(2) South and Southeast Asia includes in India, Indonesia, Malaysia, Vietnam, Thailand, Myanmar and the Philippines

(3) Rest of the World includes in Australia, South Korea, Japan, Dubai, United States of America and United Kingdom



# Independent limited assurance report on sustainability information

## To the Board of Directors of DBS Group Holdings Ltd

---

We have been engaged by DBS Group Holdings Ltd (DBS) to undertake a limited assurance engagement in respect of the selected sustainability information from the 2017 Sustainability Report of DBS described below for the year ended 31 December 2017 (the "Identified Sustainability Information").

### Identified Sustainability Information

The Identified Sustainability Information for the year ended 31 December 2017 is set out below:

- GRI 102-8: Information on employees and other workers
- GRI 102-9: Supply chain
- GRI 102-41: Collective bargaining agreements
- GRI 201-1: Direct economic value generated and distributed
- GRI 205-2: Communication and training about anti-corruption policies and procedures
- GRI 302-1: Energy consumption within the organisation
- GRI 303-1: Water withdrawal by source
- GRI 305-2: Energy indirect (Scope 2) GHG emissions
- GRI 305-3: Other indirect (Scope 3) GHG emissions
- GRI 305-4: GHG emissions intensity
- GRI 305-5: Reduction of GHG emissions
- GRI 306-2: Waste by type and disposal method
- GRI 308-1: New suppliers that were screened using environmental criteria
- GRI 401-1: New employee hires and employee turnover
- GRI 404-1: Average hours of training per year per employee
- GRI 404-3: Percentage of employees receiving regular performance and career development reviews
- GRI 405-1: Diversity of governance bodies and employees
- GRI 414-1: New suppliers that were screened using social criteria

Our assurance engagement was with respect to the year ended 31 December 2017. We have not performed any procedures with respect to (i) earlier periods; and (ii) any other elements included in the 2017 Sustainability Report of DBS, and in the annual report, website and other publications, and therefore do not express any conclusion thereon.

### Reporting Criteria

The Identified Sustainability Information has been assessed against the Global Reporting Initiative (GRI) Sustainability Reporting Standards (the "Reporting Criteria").

### Management's Responsibility for the Identified Sustainability Information

Management of DBS is responsible for the preparation of the Identified Sustainability Information in accordance with the Reporting Criteria. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of the Identified Sustainability Information that is free from material misstatement, whether due to fraud or error.

### Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Singapore Standard on Quality Control 1 and, accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

## Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Identified Sustainability Information based on the procedures we have performed and the evidence we have obtained. We performed our limited assurance engagement in accordance with Singapore Standard on Assurance Engagements 3000 (Revised) – Assurance Engagements other than Audits and Reviews of Historical Financial Information (the “Standard”). This Standard requires that we plan and perform our work to form the conclusion about whether the Identified Sustainability Information is free from material misstatement. The extent of our procedures depends on our professional judgement and our assessment of the engagement risk.

A limited assurance engagement involves assessing the suitability in the circumstances of DBS’s use of the Reporting Criteria as the basis for the preparation of the Identified Sustainability Information, assessing the risks of material misstatement of the Identified Sustainability Information whether due to fraud or error, responding to the assessed risks as necessary in the circumstances, and evaluating the overall presentation of the Identified Sustainability Information.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement, in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks. Consequently, the level of assurance in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Accordingly, we do not express a reasonable assurance opinion about whether DBS’s Identified Sustainability Information has been prepared, in all material respects, in accordance with the Reporting Criteria.

The procedures selected included inquiries, observation of processes performed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records. Given the circumstances of the engagement, we also performed the following:

- interviewed management and personnel in Group Finance, Group Procurement Services, Group Human Resources, Group Compliance and Corporate Real Estate Strategy and Administration in relation to the Identified Sustainability Information;
- obtained an understanding of how the Identified Sustainability Information is gathered, collated and aggregated internally;
- performed limited substantive testing, on a selective basis, of the Identified Sustainability Information (i) to verify the assumptions, estimations and computations made in relation to the Identified Sustainability Information; and (ii) to check that data had been appropriately measured, recorded, collated and reported, to the extent we considered necessary and appropriate to provide sufficient evidence for our conclusion; and
- assessed the disclosure and presentation of the Identified Sustainability Information.

In designing these procedures, we considered the system of internal controls in relation to the Identified Sustainability Information and reliance has been placed on internal controls where appropriate. Because of the inherent limitations in any accounting and internal control system, errors and irregularities may nevertheless occur and not be detected.

## Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Identified Sustainability Information for the financial year ended 31 December 2017 is not prepared, in all material respects, in accordance with the Reporting Criteria.

This report, including our conclusion, has been prepared solely for DBS in accordance with the agreement between us. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than DBS for our work or this report.

*PricewaterhouseCoopers UT*

Yours faithfully

PricewaterhouseCoopers LLP  
Public Accountants and Chartered Accountants  
Name of Partner: Fang Eu-Lin

Singapore  
6 March 2018