CONSOLIDATED INCOME STATEMENT

for the year ended 31 December 2021

In $ millions	Note	2021	2020
Interest income		**10,185**	12,208
Interest expense		**1,745**	3,132
Net interest income	4	**8,440**	9,076
Net fee and commission income	5	**3,524**	3,058
Net trading income	6	**1,791**	1,405
Net income from investment securities	7	**387**	963
Other income	8	**259**	90
Non-interest income		**5,961**	5,516
Total income		**14,401**	14,592
Employee benefits	9	**3,875**	3,550
Other expenses	10	**2,694**	2,608
Total expenses		**6,569**	6,158
Profit before allowances		**7,832**	8,434
Allowances for credit and other losses	11	**52**	3,066
Profit before tax		**7,780**	5,368
Income tax expense	12	**973**	612
Net profit		**6,807**	4,756
Attributable to:			
Shareholders		**6,805**	4,721
Non-controlling interests		**2**	35
		6,807	4,756
Basic and diluted earnings per ordinary share ($)	13	**2.61**	1.81

(The notes on pages 124 to 183 as well as the Risk Management section on pages 78 to 96 form part of these financial statements)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2021

In $ millions	2021	2020
Net profit	**6,807**	4,756
Other comprehensive income:		
Items that may be reclassified subsequently to income statement:		
Translation differences for foreign operations	**361**	(65)
Other comprehensive income of associates	**12**	(11)
Gains/ (losses) on debt instruments classified at fair value through other comprehensive income and cash flow hedge movements		
Net valuation taken to equity	**(757)**	1,215
Transferred to income statement	**(390)**	(636)
Taxation relating to components of other comprehensive income	**88**	(41)
Items that will not be reclassified to income statement:		
Gains/ (losses) on equity instruments classified at fair value through other comprehensive income (net of tax)	**122**	(225)
Fair value change from own credit risk on financial liabilities designated at fair value (net of tax)	**(32)**	25
Defined benefit plans remeasurements (net of tax)	**(11)**	–
Other comprehensive income, net of tax	**(607)**	262
Total comprehensive income	**6,200**	5,018
Attributable to:		
Shareholders	**6,194**	4,983
Non-controlling interests	**6**	35
	6,200	5,018

(The notes on pages 124 to 183 as well as the Risk Management section on pages 78 to 96 form part of these financial statements)

BALANCE SHEETS

as at 31 December 2021

In $ millions	Note	The Group 2021	The Group 2020	The Company 2021	The Company 2020
Assets					
Cash and balances with central banks	15	**56,377**	50,618	**–**	–
Government securities and treasury bills	16	**53,262**	51,700	**–**	–
Due from banks		**51,377**	50,867	**85**	51
Derivatives	36	**19,681**	31,108	**98**	184
Bank and corporate securities	17	**69,692**	65,456	**–**	–
Loans and advances to customers	18	**408,993**	371,171	**–**	–
Other assets	20	**15,895**	19,495	**1**	–
Associates and joint ventures	23	**2,172**	862	**–**	–
Subsidiaries	22	**–**	–	**31,344**	30,337
Properties and other fixed assets	26	**3,262**	3,338	**–**	–
Goodwill and intangibles	27	**5,362**	5,323	**–**	–
Total assets		**686,073**	649,938	**31,528**	30,572
Liabilities					
Due to banks		**30,209**	28,220	**–**	–
Deposits and balances from customers	28	**501,959**	464,850	**–**	–
Derivatives	36	**20,318**	32,904	**29**	12
Other liabilities	29	**18,667**	22,074	**75**	87
Due to subsidiaries		**–**	–	**719**	947
Other debt securities	30	**52,570**	43,277	**5,670**	4,048
Subordinated term debts	31	**4,636**	3,970	**4,636**	3,970
Total liabilities		**628,359**	595,295	**11,129**	9,064
Net assets		**57,714**	54,643	**20,399**	21,508
Equity					
Share capital	32	**11,383**	10,942	**11,425**	10,968
Other equity instruments	33	**2,392**	3,401	**2,392**	3,401
Other reserves	34	**3,810**	4,397	**131**	157
Revenue reserves	34	**39,941**	35,886	**6,451**	6,982
Shareholders' funds		**57,526**	54,626	**20,399**	21,508
Non-controlling interests		**188**	17	**–**	–
Total equity		**57,714**	54,643	**20,399**	21,508

(The notes on pages 124 to 183 as well as the Risk Management section on pages 78 to 96 form part of these financial statements)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2021

	Attributable to shareholders of the Company						
In $ millions	Share capital	Other equity instruments	Other reserves	Revenue reserves	Shareholders' funds	Non-controlling interests	Total equity
2021							
Balance at 1 January	**10,942**	**3,401**	**4,397**	**35,886**	**54,626**	**17**	**54,643**
Purchase of treasury shares	**(16)**	**–**	**–**	**–**	**(16)**	**–**	**(16)**
Draw-down of reserves upon vesting of performance shares	**115**	**–**	**(117)**	**–**	**(2)**	**–**	**(2)**
Redemption of perpetual capital securities	**–**	**(1,009)**	**–**	**1**	**(1,008)**	**–**	**(1,008)**
Cost of share-based payments	**–**	**–**	**134**	**–**	**134**	**–**	**134**
Issue of shares pursuant to Scrip Dividend Scheme	**342**	**–**	**–**	**(342)**	**–**	**–**	**–**
Dividends paid to shareholders[(a)]	**–**	**–**	**–**	**(2,392)**	**(2,392)**	**–**	**(2,392)**
Capital contribution from non-controlling interests	**–**	**–**	**3**	**–**	**3**	**152**	**155**
Other movements	**–**	**–**	**–**	**(13)**	**(13)**	**13**	**–**
Total comprehensive income	**–**	**–**	**(607)**	**6,801**	**6,194**	**6**	**6,200**
Balance at 31 December	**11,383**	**2,392**	**3,810**	**39,941**	**57,526**	**188**	**57,714**
2020							
Balance at 1 January	10,948	2,009	4,102	33,922	50,981	818	51,799
Purchase of treasury shares	(447)	–	–	–	(447)	–	(447)
Draw-down of reserves upon vesting of performance shares	162	–	(164)	–	(2)	–	(2)
Issue of perpetual capital securities	–	1,392	–	–	1,392	–	1,392
Redemption of preference shares issued by a subsidiary	–	–	–	(1)	(1)	(799)	(800)
Cost of share-based payments	–	–	131	–	131	–	131
Issue of shares pursuant to Scrip Dividend Scheme	279	–	–	(279)	–	–	–
Dividends paid to shareholders[(a)]	–	–	–	(2,411)	(2,411)	–	(2,411)
Dividends paid to non-controlling interests	–	–	–	–	–	(38)	(38)
Capital contribution from non-controlling interests	–	–	–	–	–	1	1
Total comprehensive income	–	–	328	4,655	4,983	35	5,018
Balance at 31 December	10,942	3,401	4,397	35,886	54,626	17	54,643

(a) Includes distributions paid on capital securities classified as equity (2021: $121 million; 2020: $100 million)

(The notes on pages 124 to 183 as well as the Risk Management section on pages 78 to 96 form part of these financial statements)

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 December 2021

In $ millions	2021	2020
Cash flows from operating activities		
Profit before tax	**7,780**	5,368
Adjustments for non-cash and other items:		
Allowances for credit and other losses	**52**	3,066
Depreciation of properties and other fixed assets	**669**	648
Share of profits or losses of associates	**(213)**	(61)
Net gain on disposal, net of write-off of properties and other fixed assets	**13**	38
Net income from investment securities	**(387)**	(963)
Cost of share-based payments	**134**	131
Interest expense on subordinated term debts	**76**	64
Interest expense on lease liabilities	**30**	28
Profit before changes in operating assets and liabilities	**8,154**	8,319
Increase/ (Decrease) in:		
Due to banks	**598**	4,246
Deposits and balances from customers	**33,162**	57,164
Other liabilities	**(16,913)**	16,160
Other debt securities and borrowings	**9,149**	(14,250)
(Increase)/ Decrease in:		
Restricted balances with central banks	**(1,189)**	(1,818)
Government securities and treasury bills	**(1,168)**	(379)
Due from banks	**232**	(11,465)
Bank and corporate securities	**(3,277)**	(1,340)
Loans and advances to customers	**(35,518)**	(13,460)
Other assets	**15,199**	(17,108)
Tax paid	**(698)**	(1,188)
Net cash generated from operating activities (1)	**7,731**	24,881
Cash flows from investing activities		
Dividends from associates	**42**	31
Capital distribution from an associate	**10**	–
Acquisition of interests in associates and joint ventures	**(1,108)**	–
Proceeds from disposal of properties and other fixed assets	**22**	8
Purchase of properties and other fixed assets	**(567)**	(547)
Cash and cash equivalents acquired from Lakshmi Vilas Bank (LVB)	**–**	93
Net cash used in investing activities (2)	**(1,601)**	(415)

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 December 2021

In $ millions	2021	2020
Cash flows from financing activities		
Issue of perpetual capital securities	**–**	1,392
Redemption of perpetual capital securities	**(1,008)**	–
Issue of subordinated term debts	**1,000**	–
Redemption of subordinated term debts	**(257)**	–
Interest paid on subordinated term debts	**(64)**	(66)
Redemption of preference shares issued by a subsidiary	**–**	(800)
Purchase of treasury shares	**(16)**	(447)
Dividends paid to non-controlling interests	**–**	(38)
Dividends paid to shareholders of the Company, net of scrip dividends[(a)]	**(2,392)**	(2,411)
Capital contribution by non-controlling interests	**155**	1
Net cash used in financing activities (3)	**(2,582)**	(2,369)
Exchange translation adjustments (4)	**940**	170
Net change in cash and cash equivalents (1)+(2)+(3)+(4)	**4,488**	22,267
Cash and cash equivalents at 1 January	**42,202**	19,935
Cash and cash equivalents at 31 December (Note 15)	**46,690**	42,202

(a) Includes distributions paid on capital securities classified as equity

(The notes on pages 124 to 183 as well as the Risk Management section on pages 78 to 96 form part of these financial statements)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2021

These Notes are integral to the financial statements.

The consolidated financial statements for the year ended 31 December 2021 were authorised for issue by the Directors on 11 February 2022.

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 and joint ventures.

2. Summary of Significant Accounting Policies

2.1 Basis of preparation

Compliance with Singapore Financial Reporting Standards (International) (SFRS(I))

The financial statements of the Company and the consolidated financial statements of the Group are prepared in accordance with Singapore Financial Reporting Standards (International) (SFRS(I)). As permitted by Section 201(10)(b) of the Companies Act (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.

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 New or amended SFRS(I) and Interpretations effective for 2021 year-end

On 1 January 2021, the Group adopted 'Amendments to SFRS(I) 9, SFRS(I) 1-39, SFRS(I) 7, SFRS(I) 4, SFRS(I) 16: Interest Rate Benchmark Reform – Phase 2'. These amendments represent the second phase of SFRS(I) amendments ('Phase 2' amendments), which were issued due to global reform of interest rate benchmarks, such as Interbank Offered Rates (IBORs), including replacing them with Alternative Reference Rates (ARRs). In accordance with the transitional provisions, the amendments have been adopted retrospectively. There is no material impact to the Group's financial statements.

Further information is included in Note 37.

2.4 New SFRS(I) and Interpretations effective for future periods

The amendments and interpretations effective for future periods do not have a significant impact on the Group's financial statements.

A) General Accounting Policies

A summary of the 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.

2.5 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. Please refer to Note 2.13 for the Group's accounting policy on goodwill.

All intra-group transactions and balances are eliminated on consolidation.

Associates and Joint Ventures

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.

Joint ventures are entities which the Group has joint control and rights to the net assets of the entity.

Investments in associates and joint ventures are initially recognised at cost. On acquisition, when the Group's share of the fair value of the identifiable net assets of the investment exceeds the cost of acquisition paid by the Group, the excess is recognised in profit and loss as part of the share of profit from associates and joint ventures.

Investments in associates and joint ventures are accounted for using the equity method. Under the equity method of accounting, these investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of post-acquisition profits or losses and the Group's share of other comprehensive income. Dividends received or receivable from the associates and joint ventures are recognised as a reduction of the carrying amount of the investments.

2.6 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.

With effect from 1 January 2021, the functional currency of the Treasury Markets trading business in Singapore ("TM Singapore") changed prospectively from Singapore dollars to US dollars (USD).

The transition to the new USD functional currency on 1 January 2021 had no impact on the income statement or equity on transition date. The change in functional currency better reflects the increasing dominance of the USD in the business activities of TM Singapore.

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 (FVPL) are recognised in the income statement as trading income.

Non-monetary financial assets that are classified at fair value through other comprehensive income (FVOCI) relates mainly to FVOCI equities. Please refer to Note 2.9 for the accounting treatment of FVOCI equities.

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 partially or fully disposed of, or when it is liquidated, such exchange differences are recognised in the income statement as part of the gain or loss.

For acquisitions prior to 1 January 2005, the foreign exchange rates at the respective dates of acquisition were used. Please refer to Note 27 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.

2.7 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 45 for further details on business and geographical segment reporting.

B) Income Statement

2.8 Income recognition

Interest income and interest expense
Interest is accrued on all interest-bearing financial assets and financial liabilities, regardless of their classification and measurement, except for limited transactions measured at FVPL where the economics are better reflected in "Net 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 are recognised when the Group has satisfied its performance obligation in providing the promised products and services to the customer, and are recognised based on contractual rates agreed with customers, net of expected waivers based on historical experience, and net of expenses directly related to it. The Group generally satisfies its performance obligation and recognises the fee and commission income on the following basis:

- Transaction-based fee and commission income is recognised on the completion of the transaction. Such fees include underwriting fees, brokerage fees, bancassurance sales commission and variable service fees, and fees related to the completion of corporate finance transactions.
- For a service that is provided over a period of time, fee and commission income is generally recognised on equal proportion basis over the period during which the related service is provided or credit risk is undertaken. This basis of recognition most appropriately reflects the nature and pattern of provision of these services to the customers over time. Fees for these services can be billed to customers in advance or periodically over time. Such fees include the income from issuance of financial guarantees and bancassurance fixed service fees.

The Group does not provide any significant credit terms to customers for the above products and services.

Directly related 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 financial assets classified as FVPL is recognised in "Net trading income", while those arising from FVOCI financial assets is recognised in "Net income from investment securities".

Allowances for credit and other losses
Please refer to Note 2.11 for the accounting policy on impairment of financial assets.

C) Balance Sheet

2.9 Financial assets

Initial recognition
Purchases and sales of all financial assets 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
SFRS(I) 9 categorises debt-like financial assets based on the business model within which the assets are managed, and whether the assets constitute a "basic lending arrangement" where their contractual cash flows represent solely payments of principal and interest (SPPI). Interest is defined as consideration for the time value of money, credit risk, other basic lending risks and may include a profit margin.

The classification of the financial assets and the associated accounting treatment are as follows:

- Debt instruments are measured at **amortised cost** when they are in a "hold to collect" (HTC) business model and have contractual cash flows that are SPPI in nature. The objective of a HTC business model is to collect contractual principal and interest cash flows. Sales are incidental to the objective and expected to be either insignificant or infrequent. These assets consist primarily of loans in the "Consumer Banking/ Wealth Management" and "Institutional Banking" segments as well as debt securities from the "Others" segment.
- Debt instruments are measured at **fair value through other comprehensive income** (FVOCI) when they are in a "hold to collect & sell" (HTC & S) business model and have cash flows that are SPPI in nature. Both the collection of contractual cash flows and sales are integral to achieving the objective of the HTC & S business model. Assets measured at FVOCI comprise mainly of debt securities from "Treasury Markets" and the "Others" segment.

  Unrealised gains or losses on FVOCI debt instruments are recorded in other comprehensive income and accumulated in FVOCI revaluation reserves. When they are sold, the accumulated fair value adjustments in FVOCI are reclassified to the income statement as "Net income from investment securities".
- Debt instruments are measured at **fair value through profit or loss** (FVPL) when:

  i) the assets are not SPPI in nature;

  ii) the assets are not part of a "HTC" or "HTC & S" business model; or

  iii) the assets are designated at FVPL to eliminate or significantly reduce the measurement or recognition inconsistencies that would otherwise arise from measuring assets or liabilities on different bases.

  Assets measured at FVPL are mainly recorded in the "Treasury Markets" segment. Realised and unrealised gains or losses on FVPL financial assets are taken to the income statement in the period they arise.
- Subsequent changes in fair value of non-trading equity can be taken through profit or loss or comprehensive income, as elected. The Group generally elects its non-trading equity instruments to be classified as FVOCI. Other than dividend income, gains and losses on FVOCI equity instruments are recorded in other comprehensive income and accumulated in FVOCI revaluation reserves, and not reclassified to profit or loss upon derecognition.
- Derivatives (including derivatives embedded in financial liabilities but separated for accounting purposes) are also classified as held for trading unless they are designated as hedging instruments. 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".

Reclassification
Reclassification of financial assets are prohibited unless the Group changes its business model for managing financial assets. In practice, this is expected to be infrequent.

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 41.

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 agreements described in Note 2.12. 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 Markets" 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.

2.10 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.

2.11 Impairment of financial assets at amortised cost and FVOCI

Expected Credit Losses (ECL)
ECL are recognised for all financial assets held at amortised cost, debt instruments measured at FVOCI, guarantees and undrawn credit commitments. It represents the present value of expected cash shortfalls over the residual term of a financial asset, guarantee or undrawn commitment.

At initial recognition, allowance is required for ECL resulting from possible default events that may occur within the next 12 months ('12-month ECL'). In the event of a significant increase in credit risk, allowance is required for ECL resulting from possible default events over the expected life of the instrument ('lifetime ECL').

The ECL recognised follows the three-stage model: financial instruments where 12-month ECL is recognised are considered Stage 1; financial instruments which experience a significant increase in credit risk are in Stage 2; and financial instruments with objective evidence of default or credit-impaired are in Stage 3.

- **Stage 1** – Financial instruments are classified as Stage 1 at initial recognition and will remain under Stage 1 unless they experience a significant increase in credit risk or become credit-impaired. 12-month ECL is recognised for these instruments.
- **Stage 2** – Financial instruments which experience a significant increase in credit risk (SICR) subsequent to initial recognition, but are not yet credit-impaired, will migrate from Stage 1 to Stage 2. Lifetime ECL is recognised for these instruments.

  Significant increase in credit risk (SICR): SICR is assessed by comparing the risk of default at reporting date to the risk of default at origination using a range of qualitative and quantitative factors.

  For wholesale exposures, a financial instrument is deemed to have experienced a significant increase in credit risk when:

  - the observed change in its probability of default (PD), as observed by downgrades in the Group's internal credit risk rating for this instrument between origination and reporting dates, is more than pre-specified thresholds; or
  - it is placed on internal credit watchlists for closer scrutiny of developing credit issues.

  For retail exposures, days past due is the main driver, supplemented with a PD-based criterion. In any event, all retail and wholesale exposures that are more than 30 days past due are presumed to have experienced a significant increase in credit risk, unless assessed otherwise, and are classified as Stage 2.

  Instruments in Stage 2 that no longer exhibit a significant increase in credit risk will be transferred back to Stage 1.

- **Stage 3** – Financial instruments that become credit-impaired with evidence of default, i.e. non-performing assets, are transferred to Stage 3. Please refer to Risk Management section for the definition of non-performing assets.

  Lifetime ECL is recognised for these assets. ECL for Stage 3 assets are also known as specific allowances.

  A Stage 3 exposure that is restructured can be upgraded to Stage 2 if there are reasonable grounds to conclude that the obligor is able to service future principal and interest payments in accordance with the restructured terms. Stage 3 financial assets are written-off, in whole or in part, when the Group has exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of future recoveries.

Measurement of ECL
ECL are unbiased and probability-weighted estimates of credit losses determined by evaluating a range of possible outcomes, considering past events, current conditions and assessments of future economic conditions at the reporting date. The ECL associated with a financial instrument is typically a product of its probability of default (PD), loss given default (LGD) and exposure at default (EAD) discounted using the original effective interest rate to the reporting date.

Component	Description
PD	Point-in-time (based on current conditions, adjusted to take into account estimates of future conditions that will impact PD) estimate of the likelihood of default.
LGD	Estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the Group would expect to receive, including recoveries from collaterals.
EAD	Estimate of the expected credit exposure at time of default, taking into account repayments of principal and interest as well as expected drawdowns on undrawn credit commitments and potential pay-outs on guarantees issued.

The 12-month ECL is calculated by multiplying the 12-month PD, LGD and EAD. Lifetime ECL is calculated using the lifetime PD. The 12-month and lifetime PDs represent the probability of default occurring over the next 12 months and the remaining maturity of the instrument respectively.

In most instances, expected remaining maturity is the same as the remaining contractual life which represents the maximum contractual period over which the Group is exposed to the credit risk of the borrower. However, for some revolving products (e.g. credit cards), the expected remaining maturity may exceed the contractual maturity. In such instances, behavioural expected remaining life will be used.

ECL Modelling - Point-in-Time and Forward-Looking Adjustments
The Group leverages the models and parameters implemented under the Basel II Internal Ratings-Based (IRB) framework where possible, with appropriate modifications to meet SFRS(I) 9 requirements.

Other relevant historical information, loss experience or proxies will be utilised for portfolios without appropriate Basel models and parameters, with a view to maximise the use of available information that is reliable and supportable.

For the wholesale portfolios, credit cycle indices (CCIs) have been developed for the key industries and geographies. CCIs are summary measures that depict broad-based, sector-wide changes in credit risk, which are constructed by comparing the median expected default frequency of firms within each segment against a long-run average. Expected default frequency is in turn a market-based point-in-time default risk measure driven by the market value of firms' assets, asset volatility and leverage. CCIs are then used as inputs to convert the generally more through-the-cycle PDs derived from Basel models/ parameters into the point-in-time equivalents by adding the unaccounted portion of cyclical variations, as well as to incorporate forward-looking information. LGDs are determined using historical loss data, which are adjusted for both the latest and forecasted recovery experience.

The Group relies on a Monte Carlo simulation approach to consider over 100 probability-weighted forward-looking scenarios in estimating ECL. This involves simulations of many alternative CCI scenarios to arrive at an unbiased ECL estimate that are meant to cover all possible good and bad scenarios based on known estimates.

For retail portfolios, historical loss experience is used in conjunction with the forecast loss rates which take into account relevant macroeconomic variables, such as property prices and unemployment rates.

Expert credit judgement and post model adjustments
The measurement of ECL requires the application of expert credit judgement and post model adjustments. These include:

- assignment of credit risk ratings and determination of whether exposures should be placed on credit watchlists;
- assessment of whether a significant increase in credit risk has occurred;
- selecting and calibrating the ECL models such as CCIs;
- determining the expected remaining maturity of revolving products (e.g. overdrafts and credit cards);
- determination of the forecast loss rates; and
- application of thematic overlays based on emerging risk themes where potential risks may not be fully captured in the underlying modelled ECL. Such top-down additional modelled ECL was quantified by means of applying conditional probabilities on more severe scenarios materialising from emerging risk themes.

The Group has two thematic overlays as at 31 December 2021.

In addition to the base scenarios generated by the model, the Group has incorporated a stress scenario and assigned probabilities to the scenarios, in line with management's judgement of the likelihood of each scenario. The stress scenario assumes Covid-19 recovery being derailed by higher global inflation which triggers rate hikes and causes financial market dislocation.

An additional thematic overlay was introduced in 2021 to address pricing pressures and risks of asset stranding that the conventional energy sector could face as a result of a transition to a low-carbon economy. Probabilities were assigned to the scenarios in-line with management's judgement of the likelihood of each scenario.

Governance framework
The measurement of ECL is subject to a robust governance framework as described below.

- The Group ECL Review Committee (Review Committee) is the overarching committee for ECL related matters and comprises senior management and representatives from functions across the Group. Significant changes to ECL models and methodologies and the application of thematic overlays are subject to the oversight and approval of the Review Committee.
- The Review Committee is supported by the Group ECL Operating Committee (Operating Committee) which comprises cross functional representatives and subject matter experts. The Operating Committee recommends changes to ECL models, methodologies and thematic overlays to the Review Committee; provides oversight over system design, infrastructure and development; and establishes principles and significant policies pertaining to ECL. Group Credit Risk Models Committee oversees ECL models and credit risk models used by the Group.
- Location ECL committees are established for key overseas subsidiaries to govern and manage location-specific ECL reporting.
- ECL models are subject to independent validation by the Risk Management Group (RMG) as well as independent reviews by internal and external auditors. The validation and assurance processes cover the review of the underlying ECL methodology including its logic and conceptual soundness.

2.12 Repurchase agreements

Repurchase agreements (Repos) are arrangements where the Group sold the securities but are subject to a commitment to repurchase or redeem the securities at a pre-determined price. The securities are retained on the balance sheet as Group retains substantially all the risk and rewards of ownership and these securities are disclosed within "Financial assets pledged or transferred" (Note 19). The consideration received is recorded as financial liabilities in either "due to banks" or "deposits and balances from customers". Short-dated repos transacted as part of Treasury Markets activities are measured at FVPL.

Reverse repurchase agreements (Reverse repos) are arrangements where the Group purchased the securities but are subject to a commitment to resell or return the securities at a pre-determined price. The risk and rewards of ownership of the collateral are not acquired by the Group and are reflected as collateral received and recorded off-balance sheet. The consideration paid is recorded as financial assets as "cash and balances with central banks", "due from banks" or "loans and advances to customers". Short-dated reverse repos transacted as part of Treasury Markets activities are measured at FVPL.

2.13 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.

2.14 Properties and other fixed assets

Owned 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 to write down the costs of the assets to their estimated residual values over the estimated useful lives of the assets. No depreciation is recognised when the residual value is higher than the carrying amount.

Generally, the useful lives are as follows:

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.
Buildings	30 to 50 years or over the remaining lease period, whichever is shorter.
Computer software	3 to 5 years
Office equipment, furniture and fittings	5 to 10 years
Leasehold improvements	Up to 20 years

Leased properties and other fixed assets
Lease liabilities are initially measured at the present value of lease payments to be made over the lease term at the lease commencement date. The associated right-of-use assets are measured at the amount that approximates the lease liability.

Lease liabilities are subsequently measured at amortised cost using the effective interest method. The right-of-use assets are depreciated over the lease term on a straight-line basis.

Extension options and termination options are included in the assessment of the lease term if the options are reasonably certain to be exercised or not exercised accordingly. If the Group changes its initial assessment, adjustments are made to the carrying amounts of the lease liabilities and right-of-use assets prospectively.

The recognition exceptions for short-term leases and leases of low-value assets are applied.

Please refer to Note 26 for the details of owned and leased properties and other fixed assets.

2.15 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, or if a group of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis. Financial liabilities in this classification are usually within the "Treasury Markets" 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.

The changes to the fair value of financial liabilities designated under the fair value option that are attributable to a reporting entity's own credit risk are taken to revenue reserves through other comprehensive income. These amounts are not transferred to the income statement even when realised.

- Derivative liabilities are treated consistently with derivative assets. Please refer to Note 2.9 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".

Where the classification and measurement of financial liabilities do not reflect the management of the financial liabilities, the Group may apply hedge accounting where permissible and relevant to better reflect the management of the financial liabilities. Please refer to Note 2.19 for details on hedging and hedge accounting.

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 to Note 41 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.

2.16 Loan commitments, letters of credit and financial guarantees

Loan commitments

Loan commitments are not recognised on the balance sheet and are disclosed in Note 35. Upon a loan draw-down, the amount of the loan is generally recognised as "Loans and advances to customers" on the Group's balance sheet.

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 the balance sheet upon acceptance of the underlying documents.

Financial guarantees

Financial guarantees are initially recognised in the financial statements at fair value on the date the guarantees are given.

Financial guarantees are subsequently measured at the higher of:

- the amount of the ECL (Note 2.11); and
- the unamortised portion of the fees that were received on initial recognition.

Please refer to Note 2.8 for the principles for recognising the fees.

Off-balance sheet credit exposures are managed for credit risk in the same manner as financial assets.

Please refer to Note 2.11 on the Group's accounting policies on allowances for credit losses.

2.17 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.

2.18 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 other 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

2.19 Hedging and hedge accounting

As part of the overall risk management of the Group, derivatives and other instruments are used to manage exposures to interest rate and foreign currency risks, including exposures arising from forecast transactions.

Where hedge accounting is not applied, the 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". The Group applies hedge accounting for economic hedge relationships that meet the hedge accounting criteria. To qualify for hedge accounting, at the inception of each hedging relationship, the Group designates and 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 assesses and measures the effectiveness of the hedging relationship between the hedging instrument and the hedged item.

Where all relevant criteria are met, hedge accounting is applied to remove the accounting mismatch between hedging instrument and the hedged item. The Group designates certain derivatives as hedging instruments in respect of foreign currency risk and interest rate risk in fair value hedges, cash flow hedges, or hedges of net investments in foreign operations as described below.

- **Fair value hedge**

  For a qualifying fair value hedge, the changes in the fair value of the hedging instruments 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, using the effective interest method, to the income statement over its remaining maturity.

  However, where the hedged item is an equity instrument classified as FVOCI, changes in the fair value of the hedging instrument and the hedged item are both recorded in other comprehensive income and accumulated in FVOCI revaluation reserves. The amounts recorded in FVOCI revaluation reserves are not subsequently reclassified to the income statement.

- **Cash flow hedge**

  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 reserves 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 reserves 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 reserves is reclassified from equity to the income statement.

- **Net investment hedge**

  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.

When designating the hedging instrument, the Group may elect to exclude the valuation components of currency basis spreads and forward points from the hedge relationship on a hedge-by-hedge basis.

The forward points and currency basis spreads which are excluded and recorded in other comprehensive income are:

- reclassified to the income statement when the forecast transaction occurs; or
- amortised to the income statement over the hedging tenor for time-period hedges. The amounts recorded in other comprehensive income are not subsequently reclassified to the income statement for hedges of FVOCI equities.

The Group has elected to apply the SFRS(I) 9 hedge accounting rules in full.

Please refer to Note 38 for further details relating to hedge accounting, including fair value, cash flow and net investment hedges.

2.20 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.

2.21 Share-based compensation

Employee benefits also include share-based compensation, namely the DBSH Share Plan, the DBSH Employee Share Plan and the DBSH Employee Share Purchase Plan (the Plans). The details of the Plans are described in Note 39.

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 plan reserves.

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. The trust deeds for DBSH Share Plan and DBSH Employee Share Plan expired on 27 January 2021, following which the Company directly undertakes the administration of these Plans.

2.22 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 exists 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 FVOCI 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 FVOCI 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 of financial assets

It is the Group's policy to recognise, through charges against profit, allowances in respect of estimated and inherent credit losses in its portfolio as described in Note 2.11.

ECLs are probability-weighted amounts determined by evaluating a range of possible outcomes and taking into account past events, current conditions and assessments of future economic conditions, which will necessarily involve the use of judgement.

The Covid-19 pandemic, related measures to control the spread of the virus and governmental support to mitigate the impact of the pandemic had a profound economic impact on the Group's key markets. A significant degree of judgement is thus required in estimating the ECLs in the current environment. Please refer to Note 2.11 for more details.

Please refer to Risk Management section for a further description of the Group's credit risk management framework, policies and procedures.

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 or verified 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 Markets" 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 41 for further details on fair valuation and fair value hierarchy of the Group's financial instruments measured at fair value.

3.3 Goodwill impairment

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 27 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 several jurisdictions. The Group recognises liabilities for expected tax issues based on reasonable estimate of whether additional tax will be due. Where uncertainty exists around the Group's tax position, appropriate provisions are provided based on the technical assessment of the cases. Where the final tax outcome of these positions is different from the provision provided, the differences will impact the income tax and deferred tax balances in the period in which the final tax is determined. Note 21 provides details of the Group's deferred tax assets/liabilities.

4. Net Interest Income

	The Group	
In $ millions	**2021**	**2020**
Cash and balances with central banks and Due from banks	**419**	645
Customer non-trade loans	**6,947**	8,062
Trade assets	**640**	1,017
Securities and others	**2,179**	2,484
Total interest income	**10,185**	12,208
Deposits and balances from customers	**1,184**	2,175
Other borrowings	**561**	957
Total interest expense	**1,745**	3,132
Net interest income	**8,440**	9,076
Comprising:		
Interest income from financial assets at FVPL	**547**	784
Interest income from financial assets at FVOCI	**457**	503
Interest income from financial assets at amortised cost	**9,181**	10,921
Interest expense from financial liabilities at FVPL	**(194)**	(229)
Interest expense from financial liabilities not at FVPL[a]	**(1,551)**	(2,903)
Total	**8,440**	9,076

(a) Includes interest expense of $30 million (2020: $28 million) on lease liabilities

5. Net Fee and Commission Income

	The Group	
In $ millions	**2021**	**2020**
Investment banking	**218**	148
Transaction services[a][b]	**925**	821
Loan-related	**413**	417
Cards[c]	**715**	641
Wealth management[a]	**1,786**	1,506
Fee and commission income	**4,057**	3,533
Less: fee and commission expense	**533**	475
Net fee and commission income[d]	**3,524**	3,058

(a) The institutional and retail brokerage fees previously presented under brokerage line have been reclassified to transaction services and wealth management lines respectively. Prior year's comparatives have been restated to conform with current year's presentation
(b) Includes trade & remittances, guarantees and deposit-related fees
(c) Card fees are net of interchange fees paid
(d) Includes net fee and commission income of $139 million (2020: $136 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 $895 million (2020: $829 million) during the year

6. Net Trading Income

	The Group	
In $ millions	**2021**	**2020**
Net trading income[a]		
– Foreign exchange	**1,202**	852
– Interest rates, credit, equities and others[b]	**191**	1,226
Net (loss)/ gain from financial assets designated at fair value	**(7)**	8
Net gain/ (loss) from financial liabilities designated at fair value	**405**	(681)
Total	**1,791**	1,405

(a) Includes income from assets that are mandatorily classified at FVPL
(b) Includes dividend income of $300 million (2020: $231 million)

7. Net Income from Investment Securities

	The Group	
In $ millions	**2021**	**2020**
Debt securities		
– FVOCI	**140**	428
– Amortised cost	**98**	411
Equity securities at FVOCI[a]	**149**	124
Total[b]	**387**	963
Of which: net gains transferred from FVOCI revaluation reserves	**163**	476

(a) Dividend income
(b) Includes fair value impact of hedges for investment securities

8. Other Income

	The Group	
In $ millions	**2021**	**2020**
Net gain on disposal of properties and other fixed assets	**17**	8
Share of profits or losses of associates[a]	**213**	61
Others[b]	**29**	21
Total	**259**	90

(a) 2021 includes a gain of $104 million recognised on completion of the Shenzhen Rural Commercial Bank Corporation Limited transaction (Note 25.2)
(b) Includes net gains and losses from sale of loans carried at amortised cost and rental income from operating leases

9. Employee Benefits

	The Group	
In $ millions	**2021**	**2020**
Salaries and bonuses[a]	**3,251**	2,890
Contributions to defined contribution plans	**192**	181
Share-based expenses	**130**	128
Others	**302**	351
Total	**3,875**	3,550

(a) 2021 includes $25 million (2020: $172 million) of government grants recognised (deducted against salaries and bonuses)

10. Other Expenses

In $ millions	The Group 2021	2020
Computerisation expenses[(a)]	**1,080**	1,093
Occupancy expenses[(b)]	**416**	452
Revenue-related expenses	**376**	334
Others[(c)(d)]	**822**	729
Total	**2,694**	2,608

(a) Includes hire, depreciation and maintenance costs of computer hardware and software
(b) Includes depreciation of leased office and branch premises of $205 million (2020: $202 million) and amounts incurred in the maintenance of buildings
(c) Includes office administration expenses (e.g. printing, stationery, telecommunications, etc.), and legal and professional fees
(d) 2021 includes a $100 million Corporate Social Responsibility commitment to DBS Foundation and other charitable causes

In $ millions	The Group 2021	2020
Depreciation expenses		
– owned properties and other fixed assets	**431**	415
– leased properties and other fixed assets	**238**	233
Hire and maintenance costs of fixed assets, including building-related expenses	**379**	397
Audit fees[(a)] payable to external auditors[(b)]:		
– Auditors of the Company	**5**	4
– Associated firms of auditors of the Company	**5**	5
Non-audit related fees payable to external auditors[(b)]:		
– Auditors of the Company	**#**	1
– Associated firms of auditors of the Company	**1**	1

 # Amount under $500,000
(a) Includes audit related assurance fees
(b) PricewaterhouseCoopers network firms

11. Allowances for Credit and Other Losses

In $ millions	The Group 2021	2020
Specific allowances[(a)(b)]		
Loans and advances to customers (Note 18)	**471**	1,174
Investment securities (amortised cost)	**#**	–
Off-balance sheet credit exposures	**8**	39
Others	**20**	140
General allowances[(c)]	**(447)**	1,713
Total	**52**	3,066

 # Amount under $500,000
(a) Includes Stage 3 ECL
(b) Includes charge for non-credit exposures (2021: $1 million; 2020: $3 million)
(c) Refers to Stage 1 and 2 ECL

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	Net write-off during the year	Amalgamation of LVB	Exchange and other movements	Balance at 31 December
2021						
Specific allowances						
Loans and advances to customers (Note 18)	**2,692**	**471**	**(641)**	**–**	**23**	**2,545**
Investment securities	**15**	**#**	**–**	**–**	**62**	**77**
Properties and other fixed assets	**19**	**–**	**–**	**–**	**1**	**20**
Off-balance sheet credit exposures	**96**	**8**	**–**	**–**	**(24)**	**80**
Others	**219**	**20**	**(18)**	**–**	**6**	**227**
Total specific allowances	**3,041**	**499**	**(659)**	**–**	**68**	**2,949**
Total general allowances for credit losses	**4,312**	**(447)**	**–**	**–**	**11**	**3,876**
Total allowances	**7,353**	**52**	**(659)**	**–**	**79**	**6,825**
2020						
Specific allowances						
Loans and advances to customers (Note 18)	2,305	1,174	(746)	–	(41)	2,692
Investment securities	15	–	–	–	#	15
Properties and other fixed assets	19	–	–	–	#	19
Off-balance sheet credit exposures	111	39	–	–	(54)	96
Others	80	140	(36)	–	35	219
Total specific allowances	2,530	1,353	(782)	–	(60)	3,041
Total general allowances for credit losses	2,511	1,713	–	96	(8)	4,312
Total allowances	5,041	3,066	(782)	96	(68)	7,353

 # Amount under $500,000

The following tables outline the changes in ECL under SFRS(I) 9 in 2021 and 2020 which are attributable to the following factors:

- Transfers between stages.
- Net portfolio changes, which are determined on an obligor basis i.e. originations with new obligors net of derecognitions of former obligors.
- Remeasurements, which include the impact of changes in model inputs or assumptions, partial repayments, additional drawdowns on existing facilities and changes in ECL following a transfer between stages.

	The Group			
	General allowances (Non-impaired)		Specific allowances (Impaired)	
In $ millions	Stage 1	Stage 2	Stage 3	Total
2021				
Balance at 1 January	**2,507**	**1,805**	**3,014**	**7,326**
Changes in allowances recognised in opening balance that were transferred to/ (from)	**34**	**(191)**	**157**	**–**
– Stage 1	**(40)**	**40**	**–**	**–**
– Stage 2	**144**	**(144)**	**–**	**–**
– Stage 3	**(70)**	**(87)**	**157**	**–**
Net portfolio changes	**88**	**(63)**	**–**	**25**
Remeasurements	**(403)**	**88**	**341**	**26**
Net write-offs[a]	**–**	**–**	**(655)**	**(655)**
Exchange and other movements	**5**	**6**	**69**	**80**
Balance at 31 December	**2,231**	**1,645**	**2,926**	**6,802**
Charge in the income statement	**(281)**	**(166)**	**498**	**51**
2020				
Balance at 1 January	1,090	1,421	2,502	5,013
Changes in allowances recognised in opening balance that were transferred to/ (from)	106	(288)	182	–
– Stage 1	(38)	38	–	–
– Stage 2	163	(163)	–	–
– Stage 3	(19)	(163)	182	–
Net portfolio changes	68	(90)	–	(22)
Remeasurements	1,151	766	1,168	3,085
Net write-offs[a]	–	–	(777)	(777)
Amalgamation of LVB	96	–	–	96
Exchange and other movements	(4)	(4)	(61)	(69)
Balance at 31 December	2,507	1,805	3,014	7,326
Charge in the income statement	1,325	388	1,350	3,063

(a) Write-offs net of recoveries

The following table provides additional information on the financial instruments that are subject to ECL as at 31 December 2021 and 2020. FVPL assets and FVOCI equity instruments are not subject to ECL and therefore not reflected in the tables.

	The Group							
	Gross carrying value[c]				ECL balances			
In $ millions	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
2021								
Assets								
Loans and advances to customers								
– Retail	**122,964**	**724**	**651**	**124,339**	**528**	**125**	**144**	**797**
– Wholesale and others	**260,763**	**23,814**	**4,639**	**289,216**	**1,508**	**1,373**	**2,401**	**5,282**
Investment securities								
– Government securities and treasury bills[a]	**40,582**	**–**	**–**	**40,582**	**7**	**–**	**–**	**7**
– Bank and corporate debt securities[a]	**42,811**	**1,131**	**97**	**44,039**	**29**	**11**	**77**	**117**
Others[b]	**105,406**	**55**	**229**	**105,690**	**29**	**2**	**224**	**255**
Liabilities								
ECL on guarantees and other off-balance sheet exposures	**–**	**–**	**–**	**–**	**130**	**134**	**80**	**344**
Total ECL					**2,231**	**1,645**	**2,926**	**6,802**
2020								
Assets								
Loans and advances to customers								
– Retail	112,274	773	676	113,723	575	195	166	936
– Wholesale and others	236,914	20,280	5,383	262,577	1,727	1,410	2,526	5,663
Investment securities								
– Government securities and treasury bills[a]	39,062	–	–	39,062	9	–	–	9
– Bank and corporate debt securities[a]	44,593	1,170	38	45,801	28	23	15	66
Others[b]	105,810	120	226	106,156	28	3	211	242
Liabilities								
ECL on guarantees and other off-balance sheet exposures	–	–	–	–	140	174	96	410
Total ECL					2,507	1,805	3,014	7,326

(a) Includes loss allowances of $25 million (2020: $25 million) for debt securities that are classified as FVOCI
(b) Comprise of amounts in "Cash and balances with central banks", "Due from Banks" and "Other assets" that are subject to ECL
(c) Balances exclude off-balance sheet exposures

The table below shows the portfolio mix of the Loans and advances to customers – Wholesale and others presented in the gross carrying value table above by internal counterparty risk rating (CRR) and probability of default (PD) range:

		The Group	
In $ millions	PD range (based on Basel 12-month PDs)[a]	Stage 1 exposures	Stage 2 exposures
2021			
Loans and advances to customers			
– Wholesale and others		**260,763**	**23,814**
Of which (in percentage terms):			
CRR 1 – 6B	**0.01% - 0.99%**	**88%**	**38%**
CRR 7A – 7B	**1.26% - 2.30%**	**8%**	**22%**
CRR 8A – 9	**2.57% - 28.83%**	**2%**	**39%**
Others (not rated)	**NA**	**2%**	**1%**
Total		**100%**	**100%**

(a) Basel 12-month PDs are transformed to Point-in-Time and forward-looking PDs. Stage 2 exposures are also measured on lifetime basis

Sensitivity of ECL
The Group assessed ECL sensitivity for the wholesale and retail portfolios to changes in the allocation of exposures between Stages 1 and 2. ECL is estimated to reduce by $1,187 million (2020: $1,300 million) should all the exposures in Stage 2 return to Stage 1 and were assigned a lower 12-month ECL instead of lifetime ECL. The impact also reflects the higher PDs ascribed to Stage 2 exposures in addition to the recognition of lifetime instead of 12-month ECL.

As ECL estimation relies on multiple variables, no single analysis can fully demonstrate the sensitivity of the ECL to changes in macroeconomic variables.

Relief measures offered to customers
In response to the impact of Covid-19, various forms of relief measures, such as payment deferments, had been offered to eligible retail and corporate customers. Payment deferments were considered to be non-substantial modifications and accounted for as a continuation of the existing loan agreements.

In line with regulatory guidelines, customers' utilisation of relief measures does not automatically result in significant increase in credit risk and a transfer to Stage 2. The assessment of customer's risk of default continues to be performed comprehensively, taking into account the customer's ability to make payments based on the rescheduled payments and their creditworthiness in the long term.

12. Income Tax Expense

	The Group	
In $ millions	**2021**	**2020**
Current tax expense		
– Current year	**1,009**	730
– Prior years' provision	**(96)**	3
Deferred tax expense		
– Prior years' provision	**8**	3
– Origination/ (Reversal) of temporary differences	**52**	(124)
Total	**973**	612

The deferred tax expense/ (credit) in the income statement comprises the following temporary differences:

	The Group	
In $ millions	**2021**	**2020**
Accelerated tax depreciation	**19**	4
Allowances for credit and other losses	**66**	(106)
Other temporary differences	**(25)**	(19)
Deferred tax expense/ (credit) charged to income statement	**60**	(121)

The tax on the Group's profit before tax differs from the theoretical amount computed using the Singapore basic tax rate due to:

	The Group	
In $ millions	**2021**	**2020**
Profit before tax	**7,780**	5,368
Prima facie tax calculated at a tax rate of 17% (2020: 17%)	**1,322**	913
Effect of different tax rates in other countries	**48**	19
Effect of change in country's tax rate[(a)]	**–**	11
Net income not subject to tax	**(43)**	(111)
Net income taxed at concessionary rate	**(293)**	(287)
Expenses not deductible for tax	**26**	13
Others	**(87)**	54
Income tax expense charged to income statement	**973**	612

(a) 2020 relates to impact from revaluation of net deferred tax asset due to a cut in Indonesia's corporate tax rate

Deferred income tax relating to FVOCI financial assets and cash flow hedges of $82 million was credited (2020: $31 million debited) and own credit risk of $2 million was credited (2020: $2 million debited) directly to equity.

Please refer to Note 21 for further information on deferred tax assets/ liabilities.

13. Earnings Per Ordinary Share

		The Group	
Number of shares ('000)		**2021**	**2020**
Weighted average number of ordinary shares in issue (basic and diluted)	(a)	**2,562,334**	2,543,231

		The Group	
In $ millions		**2021**	**2020**
Profit attributable to shareholders		**6,805**	4,721
Less: Dividends on other equity instruments		**(109)**	(115)
Adjusted profit	(b)	**6,696**	4,606
Earnings per ordinary share ($)			
Basic and diluted	(b)/ (a)	**2.61**	1.81

14. Classification of Financial Instruments

	The Group						
In $ millions	Mandatorily at FVPL[c]	FVPL designated	Amortised cost	FVOCI-Debt	FVOCI-Equity	Hedging derivatives	Total
2021							
Assets							
Cash and balances with central banks	**–**	**–**	**52,475**	**3,902**	**–**	**–**	**56,377**
Government securities and treasury bills	**12,587**	**97**	**22,653**	**17,925**	**–**	**–**	**53,262**
Due from banks	**15,447**	**–**	**34,633**	**1,297**	**–**	**–**	**51,377**
Derivatives	**18,821**	**–**	**–**	**–**	**–**	**860**	**19,681**
Bank and corporate securities	**22,813**	**–**	**26,963**	**16,981**	**2,935**	**–**	**69,692**
Loans and advances to customers	**1,492**	**25**	**407,476**	**–**	**–**	**–**	**408,993**
Other financial assets	**–**	**–**	**15,268**	**–**	**–**	**–**	**15,268**
Total financial assets	**71,160**	**122**	**559,468**	**40,105**	**2,935**	**860**	**674,650**
Other asset items outside the scope of SFRS(I) 9[a]							**11,423**
Total assets							**686,073**
Liabilities							
Due to banks	**5,429**	**–**	**24,780**	**–**	**–**	**–**	**30,209**
Deposits and balances from customers	**–**	**229**	**501,730**	**–**	**–**	**–**	**501,959**
Derivatives	**19,079**	**–**	**–**	**–**	**–**	**1,239**	**20,318**
Other financial liabilities	**2,695**	**–**	**14,927**	**–**	**–**	**–**	**17,622**
Other debt securities	**126**	**10,600**	**41,844**	**–**	**–**	**–**	**52,570**
Subordinated term debts	**–**	**–**	**4,636**	**–**	**–**	**–**	**4,636**
Total financial liabilities	**27,329**	**10,829**	**587,917**	**–**	**–**	**1,239**	**627,314**
Other liability items outside the scope of SFRS(I) 9[b]							**1,045**
Total liabilities							**628,359**
2020							
Assets							
Cash and balances with central banks	699	–	46,482	3,437	–	–	50,618
Government securities and treasury bills	12,596	45	21,689	17,370	–	–	51,700
Due from banks	11,332	–	38,288	1,247	–	–	50,867
Derivatives	30,576	–	–	–	–	532	31,108
Bank and corporate securities	17,348	–	26,674	19,080	2,354	–	65,456
Loans and advances to customers	1,120	350	369,701	–	–	–	371,171
Other financial assets	–	–	18,871	–	–	–	18,871
Total financial assets	73,671	395	521,705	41,134	2,354	532	639,791
Other asset items outside the scope of SFRS(I) 9[a]							10,147
Total assets							649,938
Liabilities							
Due to banks	1,823	–	26,397	–	–	–	28,220
Deposits and balances from customers	–	623	464,227	–	–	–	464,850
Derivatives	31,561	–	–	–	–	1,343	32,904
Other financial liabilities	1,525	–	19,699	–	–	–	21,224
Other debt securities	203	8,130	34,944	–	–	–	43,277
Subordinated term debts	–	–	3,970	–	–	–	3,970
Total financial liabilities	35,112	8,753	549,237	–	–	1,343	594,445
Other liability items outside the scope of SFRS(I) 9[b]							850
Total liabilities							595,295

(a) Includes associates and joint ventures, goodwill and intangibles, properties and other fixed assets, and deferred tax assets
(b) Includes current tax liabilities and deferred tax liabilities
(c) Includes assets and liabilities that are held for trading and debt-type financial assets that are not SPPI in nature

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 2021, "Loans and advances to customers" of $18 million (2020: $24 million) were set off against "Deposits and balances from customers" of $18 million (2020: $24 million) because contractually the Group has a legally enforceable right to set off these amounts, and intends to settle the loans and the deposits simultaneously at maturity or termination dates.

Financial assets and liabilities subject to netting agreements 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 collaterals received and pledged under these agreements are generally conducted under terms that are in accordance with normal market practice. The agreements may allow rehypothecation of collateral received and there may be ongoing margin requirements to mitigate counterparty risk.

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 master netting arrangements or similar agreements that cover 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.

	The Group					
				Related amounts not offset on balance sheet		
In $ millions	Carrying amounts on balance sheet	Not subject to enforceable netting agreement	Net amounts	Financial instruments	Financial collateral received/ pledged	Net amounts
2021						
Financial Assets						
Derivatives	**19,681**	**4,656[a]**	**15,025**	**12,932[a]**	**1,035**	**1,058**
Reverse repurchase agreements	**29,466[b]**	**–**	**29,466**	**–**	**29,444**	**22**
Securities borrowings	**64[c]**	**–**	**64**	**–**	**61**	**3**
Total	**49,211**	**4,656**	**44,555**	**12,932**	**30,540**	**1,083**
Financial Liabilities						
Derivatives	**20,318**	**5,601[a]**	**14,717**	**12,932[a]**	**1,038**	**747**
Repurchase agreements	**5,666[d]**	**–**	**5,666**	**–**	**5,665**	**1**
Securities lendings	**41[e]**	**–**	**41**	**–**	**41**	**–**
Short sale of securities	**2,695[f]**	**2,176**	**519**	**–**	**519**	**–**
Total	**28,720**	**7,777**	**20,943**	**12,932**	**7,263**	**748**
2020						
Financial Assets						
Derivatives	31,108	9,503[a]	21,605	19,623[a]	1,156	826
Reverse repurchase agreements	17,809[b]	–	17,809	–	17,807	2
Securities borrowings	570[c]	–	570	–	550	20
Total	49,487	9,503	39,984	19,623	19,513	848
Financial Liabilities						
Derivatives	32,904	7,674[a]	25,230	19,623[a]	4,648	959
Repurchase agreements	8,148[d]	–	8,148	–	8,147	1
Securities lendings	59[e]	–	59	–	53	6
Short sale of securities	1,525[f]	1,338	187	–	187	–
Total	42,636	9,012	33,624	19,623	13,035	966

(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 "Not subject to enforceable netting agreement" are those where either no netting agreements exist or where the netting agreements have 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 pledged 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) Cash collateral received under securities lendings are presented under "Other liabilities" on the balance sheet
(f) Short sale of securities are presented under "Other liabilities" on the balance sheet

15. Cash and Balances with Central Banks

In $ millions	The Group 2021	2020
Cash on hand	**2,140**	2,411
Non-restricted balances with central banks	**44,550**	39,791
Cash and cash equivalents	**46,690**	42,202
Restricted balances with central banks[a]	**9,687**	8,416
Total[b][c]	**56,377**	50,618

(a) Mandatory balances with central banks
(b) Includes financial assets (certificates of deposit) pledged or transferred of $563 million (2020: $542 million) (See Note 19)
(c) Balances are net of ECL

16. Government Securities and Treasury Bills

In $ millions	The Group Mandatorily at FVPL	FVPL designated	FVOCI	Amortised cost	Total
2021					
Singapore Government securities and treasury bills (Gross)[a]	**4,609**	**–**	**1,025**	**5,730**	**11,364**
Other government securities and treasury bills (Gross)[b]	**7,978**	**97**	**16,900**	**16,927**	**41,902**
Less: ECL[c]	**–**	**–**	**–**	**4**	**4**
Total	**12,587**	**97**	**17,925**	**22,653**	**53,262**
2020					
Singapore Government securities and treasury bills (Gross)[a]	5,070	–	1,646	6,892	13,608
Other government securities and treasury bills (Gross)[b]	7,526	45	15,724	14,800	38,095
Less: ECL[c]	–	–	–	3	3
Total	12,596	45	17,370	21,689	51,700

(a) Includes financial assets pledged or transferred of $2,092 million (2020: $1,360 million) (See Note 19)
(b) Includes financial assets pledged or transferred of $4,327 million (2020: $8,642 million) (See Note 19)
(c) ECL for FVOCI securities amounting to $3 million (2020: $6 million) are not shown in the table, as these securities are recorded at fair value

17. Bank and Corporate Securities

In $ millions	The Group Mandatorily at FVPL	FVOCI	Amortised cost	Total
2021				
Bank and corporate debt securities (Gross)[a]	**9,844**	**16,981**	**27,058**	**53,883**
Less: ECL[c]	**–**	**–**	**95**	**95**
Bank and corporate debt securities	**9,844**	**16,981**	**26,963**	**53,788**
Equity securities[b]	**12,969**	**2,935**	**–**	**15,904**
Total	**22,813**	**19,916**	**26,963**	**69,692**
2020				
Bank and corporate debt securities (Gross)[a]	8,355	19,080	26,721	54,156
Less: ECL[c]	–	–	47	47
Bank and corporate debt securities	8,355	19,080	26,674	54,109
Equity securities[b]	8,993	2,354	–	11,347
Total	17,348	21,434	26,674	65,456

(a) Includes financial assets pledged or transferred of $1,407 million (2020: $3,305 million) (See Note 19)
(b) Includes financial assets pledged or transferred of $42 million (2020: Nil) (See Note 19)
(c) ECL for FVOCI securities amounting to $22 million (2020: $19 million) are not shown in the table, as these securities are recorded at fair value

18. Loans and Advances to Customers

In $ millions	The Group 2021	2020
Gross	**415,072**	377,770
Less: Specific allowances[a]	**2,545**	2,692
General allowances[a]	**3,534**	3,907
Net total	**408,993**	371,171
Analysed by product		
Long-term loans	**188,483**	177,174
Short-term facilities	**105,593**	88,472
Housing loans	**78,516**	74,207
Trade loans	**42,480**	37,917
Gross loans	**415,072**	377,770
Analysed by currency		
Singapore dollar	**159,305**	151,110
Hong Kong dollar	**49,685**	42,289
US dollar	**121,691**	105,656
Chinese yuan	**19,203**	16,824
Others	**65,188**	61,891
Gross loans	**415,072**	377,770

(a) Balances refer to ECL under SFRS(I) 9 (Specific allowances: Stage 3 ECL; General allowances: Stage 1 and Stage 2 ECL)

Please refer to Note 42.4 for a 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.

	The Group					
In $ millions	Balance at 1 January	Charge/ (Write-back) to income statement	Net write-off during the year	Amalgamation of LVB	Exchange and other movements	Balance at 31 December
2021						
Specific allowances						
Manufacturing	**269**	**173**	**(97)**	**–**	**27**	**372**
Building and construction	**138**	**35**	**(25)**	**–**	**1**	**149**
Housing loans	**11**	**5**	**(1)**	**–**	**#**	**15**
General commerce	**564**	**184**	**(97)**	**–**	**11**	**662**
Transportation, storage and communications	**1,369**	**(102)**	**(273)**	**–**	**(23)**	**971**
Financial institutions, investment and holding companies	**23**	**27**	**–**	**–**	**#**	**50**
Professionals and private individuals (excluding housing loans)	**151**	**108**	**(143)**	**–**	**5**	**121**
Others	**167**	**41**	**(5)**	**–**	**2**	**205**
Total specific allowances	**2,692**	**471**	**(641)**	**–**	**23**	**2,545**
Total general allowances	**3,907**	**(382)**	**–**	**–**	**9**	**3,534**
Total allowances	**6,599**	**89**	**(641)**	**–**	**32**	**6,079**
2020						
Specific allowances						
Manufacturing	296	227	(248)	–	(6)	269
Building and construction	140	17	(17)	–	(2)	138
Housing loans	11	8	(8)	–	#	11
General commerce	313	322	(54)	–	(17)	564
Transportation, storage and communications	1,346	181	(139)	–	(19)	1,369
Financial institutions, investment and holding companies	19	4	–	–	#	23
Professionals and private individuals (excluding housing loans)	138	284	(274)	–	3	151
Others	42	131	(6)	–	#	167
Total specific allowances	2,305	1,174	(746)	–	(41)	2,692
Total general allowances	2,238	1,581	–	95	(7)	3,907
Total allowances	4,543	2,755	(746)	95	(48)	6,599

Amount under $500,000

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

	The Group	
In $ millions	2021	2020
Fair value designated loans and advances and related credit derivatives		
Maximum credit exposure	**25**	350
Credit derivatives – protection bought	**(25)**	(350)
Cumulative change in fair value arising from changes in credit risk	**(1)**	(8)
Cumulative change in fair value of related credit derivatives	**1**	8

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 gain of $7 million (2020: gain of $16 million). During the year, the amount of change in the fair value of the related credit derivatives was a loss of $7 million (2020: loss of $16 million).

19. Financial Assets Pledged or Transferred

The Group pledges or transfers financial assets to third parties in the ordinary course of business. Transferred assets continue to be recognised in the Group's financial statements when the Group retains substantially all their risks and rewards. Among these, as set out below, are securities pledged or transferred pursuant to repurchase or securities lending or collateral swap agreements and for derivative transactions under credit support agreements.

Derecognised assets that were subject to the Group's partial continuing involvement were not material in 2021 and 2020.

Securities and Certificates of deposit

Securities transferred under repurchase, securities lending and collateral swap 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 collateral.

For repurchase agreements, the securities pledged or transferred continue to be recorded on the balance sheet while cash received in exchange is recorded as a financial liability. The Group also pledges assets to secure its short position in securities and to facilitate settlement operations. The fair value of the associated liabilities approximates their carrying amount of $4,488 million (2020: $5,184 million), which are recorded under "Due to banks", "Deposits and balances from customers" and "Other liabilities" on the balance sheet.

For securities lending and collateral swap transactions, the securities lent continue to be recorded on the balance sheet. As the Group mainly receives other financial assets in exchange, the associated liabilities are not recorded on the balance sheet.

In addition, the Group also pledges securities for derivative transactions under credit support agreements. These assets continue to be recorded on the balance sheet. As the related derivative assets and liabilities are managed on a portfolio basis, there is no direct relationship between the securities pledged and the associated liabilities. As such, the associated liabilities are not disclosed.

	The Group	
In $ millions	2021	2020
Financial assets pledged or transferred		
Singapore Government securities and treasury bills	**2,092**	1,360
Other government securities and treasury bills	**4,327**	8,642
Bank and corporate debt securities	**1,407**	3,305
Equity securities	**42**	–
Certificates of deposit	**563**	542
Total	**8,431**	13,849

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 30.4). 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 2021, the carrying value of the covered bonds in issue was $5,689 million (2020: $4,545 million), while the carrying value of assets assigned was $9,237 million (2020: $11,498 million). 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 amounted to $25 million (2020: $350 million).

20. Other Assets

In $ millions	The Group 2021	2020
Accrued interest receivable	**1,274**	1,310
Deposits and prepayments	**584**	643
Receivables from securities business	**480**	602
Sundry debtors and others	**9,748**	10,645
Cash collateral pledged[(a)]	**3,182**	5,671
Deferred tax assets (Note 21)	**627**	624
Total[(b)]	**15,895**	19,495

(a) Mainly relates to cash collateral pledged in respect of derivative portfolios
(b) Balances are net of specific and general allowances

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 29) respectively.

Deferred tax assets and liabilities comprise the following temporary differences:

In $ millions	The Group 2021	2020
Deferred income tax assets		
Allowances for credit and other losses	**449**	484
FVOCI financial assets and cash flow hedges	**26**	12
Own credit risk	**3**	1
Other temporary differences	**382**	321
Sub-total	**860**	818
Amounts offset against deferred tax liabilities	**(233)**	(194)
Total	**627**	624
Deferred income tax liabilities		
Allowances for credit and other losses	**62**	35
Accelerated tax depreciation	**158**	138
FVOCI financial assets and cash flow hedges	**13**	81
Other temporary differences	**81**	50
Sub-total	**314**	304
Amounts offset against deferred tax assets	**(233)**	(194)
Total	**81**	110
Net deferred tax assets	**546**	514

22. Subsidiaries and Consolidated Structured Entities

In $ millions	The Company 2021	2020
Investment in subsidiaries[(a)]		
Ordinary shares	**17,682**	17,682
Additional Tier 1 instruments	**3,025**	4,812
Other equity instruments	**344**	344
	21,051	22,838
Due from subsidiaries		
Subordinated term debts	**6,398**	5,411
Other debt securities	**735**	763
Other receivables	**3,160**	1,325
	10,293	7,499
Total	**31,344**	30,337

(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

22.1 Main operating subsidiaries

The main operating subsidiaries within the Group are listed below.

Name of subsidiary	Incorporated in	The Group Effective shareholding % 2021	2020
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
DBS Bank India Limited*	India	**100**	100
Other Financial Services			
DBS Vickers Securities Holdings Pte Ltd	Singapore	**100**	100
DBS Digital Exchange Pte. Ltd.[(a)]	Singapore	**90**	100
DBS Securities (China) Co. Ltd*	China	**51**	–

** Audited by PricewaterhouseCoopers network firms outside Singapore*
(a) Subsidiary held by DBS Finnovation Pte. Ltd., an investment holding company under DBS Bank Ltd.

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 2020 and 2021.

22.2 Consolidated structured entity

The structured entity consolidated by the Group is listed below.

Name of entity	Purpose of consolidated structured entity	Incorporated in
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 USD 10 billion Global Covered Bond Programme (see Note 30.4). As part of the contractual structures that are integral to this programme, the Bank provides funding and hedging facilities to it.

23. Associates and Joint Ventures

In $ millions	The Group 2021	2020
Unquoted equity securities	**1,932**	835
Share of post-acquisition reserves	**240**	27
Total	**2,172**	862

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

In $ millions	The Group 2021	2020
Income statement		
Share of income	**502**	325
Share of expenses	**(289)**	(264)
Balance sheet		
Share of total assets	**4,233**	2,554
Share of total liabilities	**2,061**	1,692
Off-balance sheet		
Share of contingent liabilities and commitments	**2,435**	#

Amount under $500,000

23.1 Main associates

The main associates of the Group are listed below.

Name of associate	Incorporated in	The Group Effective shareholding % 2021	2020
Unquoted			
Central Boulevard Development Pte Ltd**	Singapore	**33.3**	33.3
Shenzhen Rural Commercial Bank Corporation Limited* (a) (Note 25.2)	China	**13.0**	–

* *Audited by PricewaterhouseCoopers network firms outside Singapore*
** *Audited by other auditors*
(a) *The Group is able to exercise significant influence over the financial and operating policy decision through board representation*

As of 31 December 2021 and 31 December 2020, no associate and joint venture 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 and joint ventures 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 and joint ventures as well as its commitments to finance or otherwise provide resources to them are not material.

24. Unconsolidated Structured Entities

"Unconsolidated structured entities" are structured entities, as defined by SFRS(I) 12, that are not controlled by the Group. In the normal course of business, the Group enters into transactions with these structured entities to facilitate customer transactions and for specific investment opportunities.

While the economic exposures may be the same as those to other type of entities, SFRS(I) 12 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.

The table below 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.

In $ millions	The Group 2021	2020
Derivatives	**6**	142
Corporate securities	**3,704**	3,627
Loans and advances to customers	**9**	14
Other assets	**2**	3
Total assets	**3,721**	3,786
Commitments	**549**	306
Maximum exposure to loss	**4,270**	4,092
Derivatives	**108**	10
Total liabilities	**108**	10

SFRS(I) 12 also requires additional disclosures where the Group acts as a sponsor to unconsolidated structured entities. The Group is deemed a sponsor of a structured entity if it plays a key role in establishing the entity, and has an on-going involvement with the structured entity or if the Group's name appears in the structured entity's name.

There are certain investment funds where the Group is the fund manager and the investors have no or limited removal rights over the fund manager. These funds are primarily subscribed by the investors. As of 31 December 2021, the Group did not hold any investment in these investment funds. The table below summarises the Group's involvement in the funds.

In $ millions	The Group 2021	2020
Total assets of the sponsored structured entities	**452**	–
Fee income earned from the sponsored structured entities	**4**	–

25. Acquisitions

25.1 Lakshmi Vilas Bank (LVB)

LVB has been amalgamated with DBS Bank India Limited (DBIL) with effect from 27 November 2020. The scheme of amalgamation is under the special powers of the Government of India and Reserve Bank of India under Section 45 of the Banking Regulation Act, 1949, India. The amalgamation provides stability to LVB's depositors, customers and employees following a period of uncertainty. It complements the Group's digibank strategy with an expanded network of 600 branches and 1,000 ATMs, an additional two million retail and 125,000 non-retail customers, as well as a strengthened deposit franchise.

The provisional goodwill from amalgamation of LVB was finalised at $190 million (2020: $153 million) in November 2021, being the difference between the fair value of its assets and liabilities of $3.89 billion (2020: $3.89 billion) and $4.08 billion (2020: $4.04 billion) respectively. The $37 million increase reflects the increase in fair values of pension and gratuity liabilities as of the acquisition date based on the updated actuary report. As at 26 November 2020, total loans transferred amounted to $2.12 billion, including net non-performing loans of $212 million and total deposits transferred amounted to $3.60 billion.

25.2 Shenzhen Rural Commercial Bank Corporation Limited

The Group announced on 20 April 2021 that it had entered into an agreement and have obtained approvals from Monetary Authority of Singapore and China Banking and Insurance Regulatory Commission, Shenzhen Office to subscribe for a 13% stake in Shenzhen Rural Commercial Bank Corporation Limited ("SZRCB") for CNY5.3 billion ($1.1 billion) ("the Investment").The purchase consideration was adjusted to CNY5.2 billion ($1.1 billion) following the dividend distribution of CNY10 cents per share by SZRCB in May 2021.

The Investment is classified as an associate and applies the equity method of accounting. The Group is able to exercise significant influence over the financial and operating policy decision through board representation.

The transaction was completed in October 2021 and a gain of $104 million was recognised, being the excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of investment. The gain is included in share of profits or losses of associates during the year. The Investment is in line with the Group's strategy of investing in its core markets and accelerates its expansion in the rapidly growing Greater Bay Area.

26. Properties and Other Fixed Assets

	The Group	
In $ millions	**2021**	**2020**
Owned properties and other fixed assets		
Investment properties	**40**	42
Owner-occupied properties	**423**	429
Software[(a)]	**1,042**	916
Other fixed assets	**380**	392
	1,885	1,779
Right-of-use assets		
Properties	**1,261**	1,425
Other fixed assets	**116**	134
	1,377	1,559
Total	**3,262**	3,338

(a) During the year, the additions to software were $399 million (2020: $377 million), disposals/ write-offs were $21 million (2020: $44 million) and depreciation expenses were $261 million (2020: $236 million)

27. Goodwill and Intangibles

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

	The Group	
In $ millions	**2021**	**2020**
DBS Bank (Hong Kong) Limited	**4,631**	4,631
Others[(a)]	**731**	692
Total	**5,362**	5,323

(a) 2021 includes goodwill relating to LVB of $192 million (2020: $153 million) following the amalgamation with DBS Bank India Limited

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 free cash flows, after taking into account the maintenance of capital adequacy requirements at target levels, are discounted by its cost of capital to derive its 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 3.5% (2020: 3.5%) and discount rate of 9.0% (2020: 9.0%) were assumed in the value-in-use calculation for DBS Bank (Hong Kong) Limited's franchise.

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. Key assumptions used to determine the recoverable amounts of the CGU, including growth rate and discount rate, are tested for sensitivity by applying a reasonably possible change to those assumptions. The reasonably possible changes in key assumptions did not result in an impairment of goodwill at 31 December 2021.

28. Deposits and Balances from Customers

In $ millions	The Group 2021	2020
Analysed by currency		
Singapore dollar	**219,838**	204,469
US dollar	**174,338**	152,799
Hong Kong dollar	**31,067**	38,924
Chinese yuan	**20,995**	16,182
Others	**55,721**	52,476
Total	**501,959**	464,850
Analysed by product		
Savings accounts	**221,908**	195,802
Current accounts	**159,453**	142,029
Fixed deposits	**113,731**	123,583
Other deposits	**6,867**	3,436
Total	**501,959**	464,850

29. Other Liabilities

In $ millions	The Group 2021	2020
Cash collateral received[(a)]	**1,951**	2,976
Accrued interest payable	**286**	396
Provision for loss in respect of off-balance sheet credit exposures	**344**	410
Payable in respect of securities business	**365**	487
Sundry creditors and others[(b)]	**10,459**	13,726
Lease liabilities[(c)]	**1,522**	1,704
Current tax liabilities	**964**	740
Short sale of securities	**2,695**	1,525
Deferred tax liabilities (Note 21)	**81**	110
Total	**18,667**	22,074

(a) Mainly relates to cash collateral received in respect of derivative portfolios
(b) Includes income received in advance of $960 million (2020: $1,066 million) arising from a 15-year regional distribution agreement entered with Manulife Financial Asia Limited, to be amortised on a straight-line basis. $107 million (2020: $107 million) of the Manulife income received in advance was recognised as fee income during the year. The regional distribution agreement was extended for one more year to 2031 via a contract addendum in 2021. The revised amortisation amounting to $96 million per annum arising from the change will take effect from 2022
(c) Total lease payments made during the year amounted to $261 million (2020: $258 million)

30. Other Debt Securities

In $ millions	Note	The Group 2021	The Group 2020	The Company 2021	The Company 2020
Negotiable certificates of deposit	30.1	**4,865**	3,738	**–**	–
Senior medium term notes	30.2	**6,540**	5,506	**5,400**	3,454
Commercial papers	30.3	**24,865**	21,345	**270**	594
Covered bonds	30.4	**5,689**	4,545	**–**	–
Other debt securities	30.5	**10,611**	8,143	**–**	–
Total		**52,570**	43,277	**5,670**	4,048
Due within 1 year		**38,056**	31,920	**2,119**	1,306
Due after 1 year[(a)]		**14,514**	11,357	**3,551**	2,742
Total		**52,570**	43,277	**5,670**	4,048

(a) Includes instruments in perpetuity

30.1 Negotiable certificates of deposit issued and outstanding are as follows:

In $ millions Currency	Interest Rate and Interest Frequency	The Group 2021	2020
Issued by the Bank and other subsidiaries			
AUD	0.03% to 0.33%, payable on maturity	**3,119**	3,209
CNY	2.42% to 2.84%, payable on maturity	**1,648**	79
HKD	3.80% to 3.83%, payable annually	**–**	37
HKD	Zero-coupon, payable on maturity	**–**	341
INR	Zero-coupon, payable on maturity	**–**	72
TWD	0.42%, payable on maturity	**98**	–
Total		**4,865**	3,738

The outstanding negotiable certificates of deposit as at 31 December 2021 were issued between 5 July 2021 and 30 December 2021 (2020: 16 March 2011 and 30 December 2020) and mature between 4 January 2022 and 20 October 2022 (2020: 4 January 2021 and 25 June 2021).

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

In $ millions Currency	Interest Rate and Interest Frequency	The Group 2021	The Group 2020	The Company 2021	The Company 2020
Issued by the Company					
AUD	0.85%, payable semi-annually	**292**	305	**294**	305
AUD	Floating rate note, payable quarterly	**441**	458	**441**	458
HKD	2.78% to 2.8%, payable annually	**156**	157	**156**	157
HKD	1.074%, payable semi-annually	**243**	–	**243**	–
SGD	2.78%, payable semi-annually	**–**	481	**–**	481
USD	1.169% to 3.422%, payable semi-annually	**3,184**	1,161	**3,185**	1,161
USD	Floating rate note, payable quarterly	**1,081**	892	**1,081**	892
Issued by the Bank and other subsidiaries					
AUD	Floating rate note, payable quarterly	**686**	1,425	**–**	–
CNY	4.55% to 4.7%, payable annually	**174**	607	**–**	–
SGD	Floating rate note, payable quarterly	**–**	20	**–**	–
USD	1.49%, payable semi-annually	**283**	–	**–**	–
Total		**6,540**	5,506	**5,400**	3,454

The outstanding senior medium term notes as at 31 December 2021 were issued between 13 January 2017 and 22 November 2021 (2020: 11 January 2016 and 17 July 2020) and mature between 13 January 2022 and 15 March 2027 (2020: 11 January 2021 and 24 January 2024).

30.3 The commercial papers were issued by the Bank under its USD 5 billion Euro Commercial Paper Programme and USD 20 billion US Commercial Paper Programme and by the Company under its USD 5 billion US Commercial Paper Programme. These are mainly zero-coupon papers. The outstanding notes as at 31 December 2021 were issued between 6 July 2021 and 31 December 2021 (2020: 11 June 2020 and 22 December 2020) and mature between 5 January 2022 and 9 September 2022 (2020: 4 January 2021 and 7 September 2021).

30.4 The covered bonds were issued by the Bank under its USD 10 billion Global Covered Bond Programme. 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 provides an unconditional and irrevocable guarantee, which is secured by the cover pool, to the covered bond holders. Please refer to Note 19 for further details on the covered bonds.

The outstanding covered bonds as at 31 December 2021 were issued between 23 January 2017 and 17 November 2021 (2020: 23 January 2017 and 25 October 2019) and mature between 25 October 2022 and 26 October 2026 (2020: 27 November 2021 and 21 November 2024).

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

In $ millions	The Group 2021	2020
Issued by the Bank and other subsidiaries		
Equity linked notes	**4,929**	2,641
Credit linked notes	**2,826**	2,550
Interest linked notes	**2,809**	2,891
Foreign exchange linked notes	**38**	52
Fixed rate bonds	**9**	9
Total	**10,611**	8,143

The outstanding securities (excluding perpetual securities) as at 31 December 2021 were issued between 1 March 2013 and 31 December 2021 (2020: 10 February 2012 and 31 December 2020) and mature between 3 January 2022 and 31 March 2061 (2020: 4 January 2021 and 28 October 2060).

31. Subordinated Term Debts

The following subordinated term debts issued by the Company are classified as liabilities. These term debt instruments have a junior or lower priority claim on the issuing entity's assets in the event of a default or liquidation.

The subordinated term debts issued by the Company include provisions for them to be written-off if and when the Monetary Authority of Singapore notifies the Company that a write-off of the instruments, or a public sector injection of capital (or equivalent support), is necessary, without which the Company or the Group would become non-viable. These instruments qualify as Tier 2 capital under the Monetary Authority of Singapore 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.

In $ millions	Note	Issue Date	Maturity Date	Interest Payment	The Group and The Company 2021	2020
Issued by the Company						
SGD 250m 3.80% Subordinated Notes due 2028 Callable in 2023	31.1	20 Jan 2016	20 Jan 2028	Jan/ Jul	**256**	263
JPY 10,000m 0.918% Subordinated Notes due 2026	31.2	8 Mar 2016	8 Mar 2026	Mar/ Sep	**118**	129
HKD 1,500m 3.24% Subordinated Notes due 2026 Callable in 2021	31.3	19 Apr 2016	19 Apr 2026	Jan/ Apr/ Jul/ Oct	**–**	257
AUD 750m 3-month BBSW+1.58% Subordinated Notes due 2028 Callable in 2023	31.4	16 Mar 2018	16 Mar 2028	Mar/ Jun/ Sep/ Dec	**735**	763
EUR 600m 1.50% Subordinated Notes due 2028 Callable in 2023	31.5	11 Apr 2018	11 Apr 2028	Apr	**917**	974
CNY 950m 5.25% Subordinated Notes due 2028 Callable in 2023	31.6	15 May 2018	15 May 2028	May/ Nov	**201**	193
USD 750m 4.52% Subordinated Notes due 2028 Callable in 2023	31.7	11 Jun 2018	11 Dec 2028	Jun/ Dec	**1,014**	992
JPY 7,300m 0.85% Subordinated Notes due 2028 Callable in 2023	31.8	25 Jun 2018	25 Jun 2028	Jun/ Dec	**86**	94
AUD 300m 3-month BBSW+1.90% Subordinated Notes due 2031 Callable in 2026	31.9	8 Oct 2020	8 Apr 2031	Jan/ Apr/ Jul/ Oct	**294**	305
CNY 1,600m 3.70% Subordinated Notes due 2031 Callable in 2026	31.10	3 Mar 2021	3 Mar 2031	Mar/ Sep	**339**	–
USD 500m 1.822% Subordinated Notes due 2031 Callable in 2026	31.11	10 Mar 2021	10 Mar 2031	Mar/ Sep	**676**	–
Total					**4,636**	3,970
Due within 1 year					**–**	–
Due after 1 year					**4,636**	3,970
Total					**4,636**	3,970

31.1 Interest on the notes is payable at 3.80% per annum up to 20 January 2023. Thereafter, the interest rate resets to the then-prevailing five-year Singapore Dollar Swap Offer Rate plus 1.10% per annum. Interest is paid semi-annually on 20 January and 20 July each year. The notes are redeemable on 20 January 2023 or on any interest payment date thereafter. Swaps have been entered into to exchange the fixed rate payments on the notes to floating rate payments.

31.2 Interest on the notes is payable semi-annually at 0.918% per annum on 8 March and 8 September each year. Swaps have been entered into to exchange the fixed rate payments on the notes to floating rate payments.

31.3 Interest on the notes is payable at 3.24% per annum up to 19 April 2021. Thereafter, the interest rate resets to the then-prevailing five-year Hong Kong Dollar Swap Rate plus 1.90% per annum. Interest is paid quarterly on 19 January, 19 April, 19 July and 19 October each year. Swaps have been entered into to exchange the fixed rate payments on the notes to floating rate payments. The notes were fully redeemed on 19 April 2021.

31.4 Interest on the notes is payable quarterly at 3-month Bank Bill Swap Rate (BBSW) plus 1.58% per annum on 16 March, 16 June, 16 September and 16 December each year. The notes are redeemable on 16 March 2023 or on any interest payment date thereafter.

31.5 Interest on the notes is payable at 1.50% per annum up to 11 April 2023. Thereafter, the interest rate resets to the then-prevailing five-year Euro Mid-Swap Rate plus 1.20% per annum. Interest is paid annually on 11 April each year. The notes are redeemable on 11 April 2023 or on any interest payment date thereafter.

31.6 Interest on the notes is payable semi-annually at 5.25% per annum on 15 May and 15 November each year. The notes are redeemable on 15 May 2023 or on any interest payment date thereafter.

31.7 Interest on the notes is payable at 4.52% per annum up to 11 December 2023. Thereafter, the interest rate resets to the then-prevailing five-year US Dollar Mid-Swap Rate plus 1.59% per annum. Interest is paid semi-annually on 11 June and 11 December each year. The notes are redeemable on 11 December 2023 or on any interest payment date thereafter.

31.8 Interest on the notes is payable at 0.85% per annum up to 25 June 2023. Thereafter, the interest rate resets to the then-prevailing six-month JPY London Interbank Offered Rate plus 0.74375% per annum. Interest is paid semi-annually on 25 June and 25 December each year. The notes are redeemable on 25 June 2023 or on any interest payment date thereafter. Swaps have been entered into to exchange the fixed rate payments on the notes to floating rate payments.

31.9 Interest on the notes is payable quarterly at 3-month Bank Bill Swap Rate (BBSW) plus 1.90% per annum on 8 January, 8 April, 8 July and 8 October each year. The notes are redeemable on 8 April 2026 or on any interest payment date thereafter.

31.10 Interest on the notes is payable semi-annually at 3.70% per annum on 3 March and 3 September each year. The notes are redeemable on 3 March 2026 or on any interest payment date thereafter.

31.11 Interest on the notes is payable at 1.822% per annum up to 10 March 2026. Thereafter, the interest rate resets to the then-prevailing five-year US Dollar Treasury Rate plus 1.10% per annum. Interest is paid semi-annually on 10 March and 10 September each year. The notes are redeemable on 10 March 2026 or on any interest payment date thereafter.

For more information on each instrument, please refer to the "Capital Disclosures" section (unaudited) published on the DBS website (https://www.dbs.com/investors/fixed-income/capital-instruments).

32. Share Capital

The Scrip Dividend Scheme ("Scheme") was re-introduced from the second-quarter interim dividend of financial year 2020. With the lifting of regulatory restrictions on 28 July 2021, the Scheme was not applied to the second and third-quarter interim dividend, as well as the final dividend of financial year 2021.

As at 31 December 2021, the number of treasury shares held by the Group is 20,872,531 (2020: 25,874,461), which is 0.81% (2020: 1.01%) of the total number of issued shares net of 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	
	2021	2020	2021	2020	2021	2020	2021	2020
Ordinary shares								
Balance at 1 January	**2,575,864**	2,563,936	**11,484**	11,205	**2,575,864**	2,563,936	**11,484**	11,205
Shares issued pursuant to Scrip Dividend Scheme	**11,754**	11,928	**342**	279	**11,754**	11,928	**342**	279
Balance at 31 December	**2,587,618**	2,575,864	**11,826**	11,484	**2,587,618**	2,575,864	**11,826**	11,484
Treasury shares								
Balance at 1 January	**(25,874)**	(10,331)	**(542)**	(257)	**(24,796)**	(9,815)	**(516)**	(244)
Purchase of treasury shares	**(534)**	(22,105)	**(16)**	(447)	**–**	(21,400)	**–**	(431)
Draw-down of reserves upon vesting of performance shares	**5,535**	6,562	**115**	162	**–**	–	**–**	–
Transfer of treasury shares	**–**	–	**–**	–	**5,520**	6,419	**115**	159
Balance at 31 December	**(20,873)**	(25,874)	**(443)**	(542)	**(19,276)**	(24,796)	**(401)**	(516)
Issued share capital at 31 December			**11,383**	10,942			**11,425**	10,968

33. Other Equity Instruments

The following perpetual capital securities issued by the Company are classified as other equity instruments. These instruments are subordinated to all liabilities of the Company and senior only to ordinary shareholders of the Company. Their terms require them to be written-off if and when the Monetary Authority of Singapore notifies the Company that a write-off of the instruments, or a public sector injection of capital (or equivalent support), is necessary, without which the Company or the Group would become non-viable. These instruments qualify as Additional Tier 1 capital under MAS Notice 637, on the basis that the Company is subject to the application of MAS Notice 637.

In $ millions	Note	Issue Date	Distribution Payment	The Group and The Company 2021	The Group and The Company 2020
Issued by the Company					
USD 750m 3.60% Non-Cumulative, Non-Convertible Perpetual Capital Securities First Callable in 2021	33.1	7 Sep 2016	Mar/ Sep	**–**	1,009
SGD 1,000m 3.98% Non-Cumulative, Non-Convertible Perpetual Capital Securities First Callable in 2025	33.2	12 Sep 2018	Mar/ Sep	**1,000**	1,000
USD 1,000m 3.30% Non-Cumulative, Non-Convertible Perpetual Capital Securities First Callable in 2025	33.3	27 Feb 2020	Feb/ Aug	**1,392**	1,392
Total				**2,392**	3,401

33.1 Distributions are payable at 3.60% per annum up to 7 September 2021. Thereafter, the distribution rate resets every 5 years to the then-prevailing five-year US Dollar Swap Rate plus 2.39% per annum. Distributions are paid semi-annually on 7 March and 7 September each year, unless cancelled by the Company. The capital securities were fully redeemed on 7 September 2021.

33.2 Distributions are payable at 3.98% per annum up to 12 September 2025. Thereafter, the distribution rate resets every 7 years to the then-prevailing seven-year Singapore Dollar Swap Offer Rate plus 1.65% per annum. Distributions are paid semi-annually on 12 March and 12 September each year, unless cancelled by the Company. The capital securities are redeemable on 12 September 2025 or on any distribution payment date thereafter.

33.3 Distributions are payable at 3.30% per annum up to 27 February 2025. Thereafter, the distribution rate resets every 5 years to the then-prevailing five-year US Dollar Treasury Rate plus 1.915% per annum. Distributions are paid semi-annually on 27 February and 27 August each year, unless cancelled by the Company. The capital securities are redeemable on 27 February 2025 or on any distribution payment date thereafter.

For more information on each instrument, please refer to the "Capital Disclosures" section (unaudited) published on DBS website (https://www.dbs.com/investors/fixed-income/capital-instruments).

34. Other Reserves and Revenue Reserves

34.1 Other reserves

In $ millions	The Group 2021	The Group 2020	The Company 2021	The Company 2020
FVOCI revaluation reserves (bonds)	**(68)**	385	**–**	–
FVOCI revaluation reserves (equities)	**(56)**	(141)	**–**	–
Cash flow hedge reserves	**(210)**	386	**25**	68
General reserves	**95**	95	**–**	–
Capital reserves	**(331)**	(688)	**–**	–
Share plan reserves	**106**	89	**106**	89
Others	**4,274**	4,271	**–**	–
Total	**3,810**	4,397	**131**	157

Movements in other reserves during the year are as follows:

In $ millions	FVOCI revaluation reserves (bonds)	FVOCI revaluation reserves (equities)	Cash flow hedge reserves	General reserves	Capital reserves[(a)]	Share plan reserves	Other reserves[(b)]	Total
	The Group							
2021								
Balance at 1 January	**385**	**(141)**	**386**	**95**	**(688)**	**89**	**4,271**	**4,397**
Net exchange translation adjustments	**–**	**–**	**–**	**–**	**357**	**–**	**–**	**357**
Share of associates' reserves	**–**	**2**	**10**	**–**	**–**	**–**	**–**	**12**
Cost of share-based payments	**–**	**–**	**–**	**–**	**–**	**134**	**–**	**134**
Draw-down of reserves upon vesting of performance shares	**–**	**–**	**–**	**–**	**–**	**(117)**	**–**	**(117)**
FVOCI financial assets and cash flow hedge movements:								
– net valuation taken to equity	**(313)**	**128**	**(444)**	**–**	**–**	**–**	**–**	**(629)**
– transferred to income statement	**(163)**	**–**	**(227)**	**–**	**–**	**–**	**–**	**(390)**
– taxation relating to components of other comprehensive income	**23**	**(6)**	**65**	**–**	**–**	**–**	**–**	**82**
Transfer to revenue reserves upon disposal of FVOCI equities	**–**	**(39)**	**–**	**–**	**–**	**–**	**–**	**(39)**
Capital contribution from non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**	**3**	**3**
Balance at 31 December	**(68)**	**(56)**	**(210)**	**95**	**(331)**	**106**	**4,274**	**3,810**
2020								
Balance at 1 January	88	(7)	156	95	(623)	122	4,271	4,102
Net exchange translation adjustments	–	–	–	–	(65)	–	–	(65)
Share of associates' reserves	–	–	(11)	–	–	–	–	(11)
Cost of share-based payments	–	–	–	–	–	131	–	131
Draw-down of reserves upon vesting of performance shares	–	–	–	–	–	(164)	–	(164)
FVOCI financial assets and cash flow hedge movements:								
– net valuation taken to equity	788	(235)	427	–	–	–	–	980
– transferred to income statement	(476)	–	(160)	–	–	–	–	(636)
– taxation relating to components of other comprehensive income	(15)	10	(26)	–	–	–	–	(31)
Transfer to revenue reserves upon disposal of FVOCI equities	–	91	–	–	–	–	–	91
Balance at 31 December	385	(141)	386	95	(688)	89	4,271	4,397

(a) Capital reserves include net exchange translation adjustments arising from translation differences on net investments in foreign subsidiaries, associates, joint ventures and branches or units with non-SGD functional currency, and the related foreign currency financial instruments designated as a hedge

(b) 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	Cash flow hedge reserves	The Company Share plan reserves	Total
2021			
Balance at 1 January	**68**	**89**	**157**
Cost of share-based payments	**–**	**134**	**134**
Draw-down of reserves upon vesting of performance shares	**–**	**(117)**	**(117)**
Cash flow hedge movements:			
– net valuation taken to equity	**(22)**	**–**	**(22)**
– transferred to income statement	**(43)**	**–**	**(43)**
– taxation relating to components of other comprehensive income	**22**	**–**	**22**
Balance at 31 December	**25**	**106**	**131**
2020			
Balance at 1 January	51	122	173
Cost of share-based payments	–	131	131
Draw-down of reserves upon vesting of performance shares	–	(164)	(164)
Cash flow hedge movements:			
– net valuation taken to equity	54	–	54
– transferred to income statement	(21)	–	(21)
– taxation relating to components of other comprehensive income	(16)	–	(16)
Balance at 31 December	68	89	157

34.2 Revenue reserves

In $ millions	The Group 2021	2020
Balance at 1 January	**35,886**	33,922
Net profit attributable to shareholders	**6,805**	4,721
Other comprehensive income attributable to shareholders		
– Fair value change from own credit risk on financial liabilities designated at fair value (net of tax)	**(32)**	25
– Defined benefit plans remeasurements (net of tax)	**(11)**	–
– Transfer from FVOCI revaluation reserves upon disposal of FVOCI equities	**39**	(91)
Other movements	**(13)**	–
Sub-total	**42,674**	38,577
Less: Redemption of preference shares issued by a subsidiary	**–**	1
Less: Redemption of perpetual capital securities	**(1)**	–
Less: Final dividends on ordinary shares of $0.18 paid for the previous financial year (2020: $0.33 one-tier tax-exempt)	**459**	838
Interim dividends on ordinary shares of $0.84 paid for the current financial year (2020: $0.69 one-tier tax-exempt)	**2,154**	1,752
Dividends on other equity instruments	**121**	100
Balance at 31 December[a]	**39,941**	35,886

(a) Singapore banks are required to maintain a Minimum Regulatory Loss Allowance (MRLA) of at least 1% of the gross carrying amount of selected credit exposures net of collaterals per MAS Notice 612. For periods where Stage 1 and 2 ECL fall below MRLA, the shortfall is appropriated from retained earnings in the shareholders' funds into a non-distributable Regulatory Loss Allowance Reserve (RLAR) account (2021: Nil, 2020: Nil)

34.3 Proposed dividends

Proposed final one-tier tax-exempt dividends on ordinary shares of $0.36 per share has not been accounted for in the financial statements for the year ended 31 December 2021. This is to be approved at the Annual General Meeting on 31 March 2022.

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.

In $ millions	The Group 2021	2020
Guarantees on account of customers	**22,855**	18,530
Letters of credit and other obligations on account of customers	**11,224**	10,786
Undrawn credit commitments[a]	**330,914**	305,141
Forward starting transactions	**501**	1,691
Undisbursed and underwriting commitments in securities	**537**	3
Sub-total	**366,031**	336,151
Capital commitments	**72**	15
Total	**366,103**	336,166
Analysed by industry (excluding capital commitments)		
Manufacturing	**56,053**	50,508
Building and construction	**30,096**	27,232
Housing loans	**8,541**	6,852
General commerce	**55,336**	50,592
Transportation, storage and communications	**19,892**	17,630
Financial institutions, investment and holding companies	**40,027**	34,284
Professionals and private individuals (excluding housing loans)	**123,249**	116,951
Others	**32,837**	32,102
Total	**366,031**	336,151
Analysed by geography[b] (excluding capital commitments)		
Singapore	**145,379**	136,737
Hong Kong	**62,373**	55,399
Rest of Greater China	**47,738**	38,228
South and Southeast Asia	**29,963**	31,442
Rest of the World	**80,578**	74,345
Total	**366,031**	336,151

(a) Includes commitments that are unconditionally cancellable at any time by the Group (2021: $264,953 million; 2020: $251,200 million)
(b) Based on the location of incorporation of the counterparty or borrower

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 give 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, on payment of a premium, 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.

Please refer to Note 38 for more details on derivatives used for hedging.

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 were no offset of derivative assets and liabilities in 2021 and 2020.

	The Group					
	2021			2020		
In $ millions	Underlying notional	Assets	Liabilities	Underlying notional	Assets	Liabilities
Derivatives held for trading						
Interest rate derivatives						
Forward rate agreements	**11,938**	**63**	**69**	28,403	13	21
Interest rate swaps	**1,298,345**	**9,072**	**8,978**	1,040,404	14,599	13,936
Interest rate futures	**20,306**	**15**	**3**	2,872	#	49
Interest rate options	**10,029**	**190**	**172**	9,570	153	255
Interest rate caps/ floors	**37,985**	**800**	**1,147**	37,614	832	1,294
Sub-total	**1,378,603**	**10,140**	**10,369**	1,118,863	15,597	15,555
Foreign exchange (FX) derivatives						
FX contracts	**508,961**	**3,403**	**3,554**	573,763	7,274	8,480
Currency swaps	**222,593**	**3,840**	**3,357**	233,437	6,366	5,742
Currency options	**72,669**	**237**	**288**	92,783	606	772
Sub-total	**804,223**	**7,480**	**7,199**	899,983	14,246	14,994
Equity derivatives						
Equity options and others	**16,451**	**350**	**1,106**	7,732	143	282
Equity swaps	**5,776**	**445**	**137**	4,723	122	248
Sub-total	**22,227**	**795**	**1,243**	12,455	265	530
Credit derivatives						
Credit default swaps and others	**24,265**	**351**	**222**	29,133	240	394
Sub-total	**24,265**	**351**	**222**	29,133	240	394
Commodity derivatives						
Commodity contracts	**1,406**	**29**	**23**	2,094	183	38
Commodity futures	**1,721**	**21**	**16**	956	34	35
Commodity options	**703**	**5**	**7**	1,447	11	15
Sub-total	**3,830**	**55**	**46**	4,497	228	88
Total derivatives held for trading	**2,233,148**	**18,821**	**19,079**	2,064,931	30,576	31,561
Derivatives held for hedging						
Interest rate swaps held for fair value hedge	**13,156**	**94**	**255**	15,666	135	555
Interest rate swaps held for cash flow hedge	**17,329**	**9**	**223**	85	4	–
FX contracts held for cash flow hedge	**6,743**	**69**	**44**	5,645	107	55
FX contracts held for hedge of net investment	**7,217**	**43**	**11**	659	8	8
Currency swaps held for fair value hedge	**425**	**1**	**17**	1,080	4	70
Currency swaps held for cash flow hedge	**23,151**	**635**	**689**	18,616	274	648
Currency swaps held for hedge of net investment	**2,055**	**9**	**–**	2,022	–	7
Total derivatives held for hedging	**70,076**	**860**	**1,239**	43,773	532	1,343
Total derivatives	**2,303,224**	**19,681**	**20,318**	2,108,704	31,108	32,904
Impact of netting arrangements recognised for computation of Capital Adequacy Ratio (CAR) (unaudited)		**(12,932)**	**(12,932)**		(19,623)	(19,623)
		6,749	**7,386**		11,485	13,281

\# *Amount under $500,000*

The derivative financial instruments are mainly booked in Singapore. The Group manages its credit exposures by entering into master netting agreements and collateral 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. Interest Rate Benchmark Reform

In March 2021, the UK Financial Conduct Authority (FCA) announced the dates on which LIBOR would be discontinued. All GBP, CHF, EUR, JPY London Interbank Offered Rate (LIBOR) settings and the one-week and two-month USD LIBOR settings would lose representativeness or discontinue after 31 December 2021. The remaining USD LIBOR settings would lose representativeness or discontinue after 30 June 2023. In Singapore, as announced by the Steering Committee for SOR & SIBOR Transition to SORA (SC-STS) on 31 March 2021, Singapore Swap Offer Rate (SOR), which relies on USD LIBOR in its computation, would similarly be discontinued immediately after 30 June 2023 across all settings. The Singapore Interbank Offered Rate (SIBOR) would discontinue by end-2024, with 6-month SIBOR being discontinued immediately after 31 March 2022.

The Group's main interest rate benchmark exposures are USD LIBOR, SOR and SIBOR. USD LIBOR will be replaced by USD Secured Overnight Financing Rate (SOFR) while the replacement benchmark rate for SOR and SIBOR is Singapore Overnight Rate Average (SORA).

Changes in contractual cash flows of financial instruments
As described in Note 2.3, the Group adopted 'Phase 2' amendments on 1 January 2021. The 'Phase 2' amendments provide practical expedients that require changes in the contractual cash flows of financial instruments that result solely from IBOR reform and are economically equivalent to be accounted for by updating the effective interest rate, rather than recognising an immediate gain or loss in the income statement.

Hedge accounting
The SFRS(I) 9 requirements in respect of hedge accounting were amended in two phases. The first set of amendments ('Phase 1' amendments), which was adopted by the Group in 2020, provided temporary exceptions that allowed the continuation of hedge accounting for existing hedge relationships under the assumption that IBOR-based hedged cash flows are not altered as a result of uncertainty arising from IBOR reform. The uncertainty ends when the key terms of transition have been finalised i.e. the timing of the transition and adjustment spreads between an IBOR and its ARR have been finalised for affected contracts. As at 31 December 2021, the Group continues to apply these temporary exceptions for USD and SGD denominated hedging relationships.

The key assumption made when performing hedge accounting is that both the hedged item and hedging instrument will be amended from existing IBORs to new ARRs at the same time. Where actual differences between those dates arise, hedge ineffectiveness will be recorded in the income statement.

Significant judgement is also required to determine when uncertainty arising from IBOR reform ends and, hence, 'Phase 1' amendments cease to apply. Thereafter, 'Phase 2' amendments, adopted by the Group, require the Group to continue hedge accounting when changes to the hedging instrument, hedged item and hedged risk arise solely from IBOR reform. Hedge ineffectiveness (e.g. arising from mismatches of timing, or cash flows) continue to be recorded in the income statement.

How the Group is managing the transition to ARRs
A Group steering committee was established in 2019 to manage the impact of IBOR reform on the Group. The committee comprises senior representatives from Institutional Banking Group, Consumer Banking Group, Treasury Markets, Finance, Risk Management Group, Technology & Operations, Legal and Compliance and Group Strategic Marketing and Communications and is chaired by the Corporate Treasurer. The Terms of Reference of the committee are to review transition plans related to LIBOR and SOR discontinuation, SIBOR reform and other interest rate benchmark reform, to assess the Group's key risks across different scenarios, and to develop strategies to manage existing and new business in the context of these risks. Oversight of IBOR reform is provided by the Group Executive Committee and the Board Risk Management Committee.

As at 31 December 2021, changes required to systems, processes and models have been identified and have been substantially implemented. Substantially all contracts with interest rates that are pegged to GBP, CHF, EUR, JPY LIBOR or one-week and two-month tenors for USD LIBOR have been remediated. For contracts referencing SOR, SIBOR or the remaining USD LIBOR settings, the Group has begun its communication with relevant counterparties and contract remediation is ongoing.

The Group has identified that the risks arising from IBOR reform are:

- Risk of contractual disputes arising from the lack of legal clauses catering for the discontinuation of an interest rate benchmark, and its replacement with an ARR, or such clauses failing to operate as expected; and
- Risk of reputational harm due to poor customer management related to interest rate benchmark discontinuation, leading to loss of customer business.

These risks are mitigated through robust oversight by the Group steering committee. The Group will continue to identify and assess risks associated with IBOR reform.

Exposures impacted by IBOR reform
The table below provides an overview of significant IBOR-related exposure by interest rate benchmarks.

- The exposures disclosed are for positions with contractual maturities after the announced IBOR cessation dates[(a)].
- Non-derivative financial instruments are presented on the basis of their gross carrying amounts.
- Derivative financial instruments are presented by using their notional contract amounts and where derivatives have both pay and receive legs with exposure to IBOR reform, such as cross currency swaps, the notional contract amount is disclosed for both legs. As at 31 December 2021, there was $13,513 million of cross currency swaps where both the pay and receive legs are impacted by IBOR reform.

	The Group			
In $ millions	**SGD SOR**	**SGD SIBOR**	**USD LIBOR**	**Total**
2021				
Non-derivative financial assets[(b)]	**20,606**	**8,234**	**25,272**	**54,112**
Non-derivative financial liabilities[(c)]	**256**	**–**	**1,018**	**1,274**
Derivatives (notional)	**51,312**	**–**	**376,816**	**428,128**
Of which: hedging derivatives[(d)]	**125**	**–**	**3,791**	**3,916**

(a) The expected cessation date for USD LIBOR and SOR is 30 June 2023. 1-month and 3-month SIBOR will be discontinued by end of 2024 while 6-month SIBOR will be discontinued on 31 March 2022
(b) Relates mainly to "bank and corporates securities" and "loans and advances to customers"
(c) Relates mainly to "other debt securities" and "subordinated term debts"
(d) Relates to derivatives that are designated for hedge accounting. The extent of the hedged risk exposure is reflected in the notional amounts of the derivatives

38. Hedge Accounting

The Group enters into hedging transactions to manage exposures to interest rate and foreign currency risks. Hedge accounting is applied to minimise volatility in earnings arising from changes in interest rate and foreign exchange rates.

Please refer to Risk Management section for more information on market risk and the Group's risk management practices and Note 2.19 for the Group's accounting policy for hedge accounting.

38.1 Fair value hedge

In accordance with the risk management strategy in place, the Group enters into interest rate swaps to mitigate the risk of changes in interest rates on the fair value of the following:

- issued fixed rate debt;
- a portion of purchased fixed rate bonds; and
- some large exposures to corporate loans.

In such instances, the Group hedges the benchmark interest rate risk component which is an observable and reliably measurable component of interest rate risk. Specifically, the Group has designated fair value hedge relationships, on a hedge-by-hedge basis, to hedge against movements in the benchmark interest rate. This effectively results in the recognition of interest expense (for fixed rate liabilities), or interest income (for fixed rate assets) at floating rates. The Group also uses cross currency swaps when there is a need to hedge both interest rate and foreign exchange risks.

The Group manages all other risks arising from these exposures, such as credit risk, but hedge accounting is not applied for those risks.

The Group assesses prospective hedge effectiveness by comparing the changes in fair value of the hedged item resulting from movements in the benchmark interest rate with the changes in fair value of the interest rate swaps used to hedge the exposure. The Group determines the hedge ratio by comparing the notional of the derivative with the principal of the debt issued or the bond asset purchased, or the loan granted.

For all interest rate swaps used for hedging purposes, critical terms match or nearly match those of the underlying hedged items.

The Group has identified the following possible sources of ineffectiveness:

- the use of derivatives as a protection against interest rate risk creates an exposure to the derivative counterparty's credit risk which is not offset by the hedged item. This risk is minimised by entering into derivatives with high credit quality counterparties;
- the use of different discounting curves when measuring the fair value of the hedged items and hedging instruments. For derivatives the discounting curve used depends on collateralisation and the type of collateral used; and
- difference in the timing of settlement of hedging instruments and hedged items.

No other significant sources of ineffectiveness were identified in these hedge relationships.

The Group typically uses foreign currency denominated borrowings/ deposits to fund its investments in non-SGD denominated FVOCI equity instruments. To reduce the accounting mismatch on the borrowings/ deposits and FVOCI equity instruments because of foreign exchange rate movements, the Group designates the borrowings/ deposits as the hedging instruments in fair value hedges of the FVOCI equity instruments. The hedge ratio is determined by comparing the principal of the borrowings/ deposits with the investment costs of the FVOCI equity instruments. A potential source of ineffectiveness is a decrease in the fair value of the equity instruments below their investment costs.

The following table sets out the maturity profile of the hedging instruments used in fair value hedges. The amounts shown in the table reflect the notional amounts of derivatives and the carrying amounts of borrowings and deposits. Please refer to Note 36 for the carrying values of the derivatives.

In $ millions	Type of risk hedged	The Group Less than 1 year	1 to 5 years	More than 5 years	Total
2021					
Derivatives (notional)					
Interest rate swaps	Interest rate	**1,815**	**10,957**	**384**	**13,156**
Currency swaps	Interest rate & Foreign exchange	**94**	**331**	**–**	**425**
Total derivatives		**1,909**	**11,288**	**384**	**13,581**
Non-derivative instruments (e.g. borrowings, deposits)	Foreign exchange	**1,875**	**–**	**–**	**1,875**
Total non-derivative instruments		**1,875**	**–**	**–**	**1,875**
2020					
Derivatives (notional)					
Interest rate swaps	Interest rate	3,987	10,880	799	15,666
Currency swaps	Interest rate & Foreign exchange	917	163	–	1,080
Total derivatives		4,904	11,043	799	16,746
Non-derivative instruments (e.g. borrowings, deposits)	Foreign exchange	1,550	–	–	1,550
Total non-derivative instruments		1,550	–	–	1,550

The table below provides information on hedged items relating to fair value hedges.

	The Group			
	2021		2020	
In $ millions	Carrying amounts (including hedge adjustments)	Fair value hedge adjustments included in carrying amounts	Carrying amounts (including hedge adjustments)	Fair value hedge adjustments included in carrying amounts
Assets				
Loans and advances to customers	**1,066**	**(1)**	1,561	6
Government securities and treasury bills[(a)]	**892**	**4**	2,384	15
Bank and corporate securities[(a)]	**7,531**	**(4)**	8,462	7
Liabilities				
Subordinated term debts	**460**	**7**	743	16
Other debt securities	**5,815**	**28**	5,751	142

(a) The carrying amounts of debt and equity instruments at fair value through other comprehensive income do not include fair value hedge adjustments as the hedged assets are measured at fair value. The accounting for the hedge relationship results in a transfer from other comprehensive income to the income statement for debt instruments

For the year ended 31 December 2021, the net gains on hedging instruments used to calculate hedge effectiveness was $167 million (2020: net losses of $312 million). The net losses on hedged items attributable to the hedged risk amounted to $166 million (2020: net gains of $307 million).

38.2 Cash flow hedge

The Group is predominantly exposed to variability in future cash flows due to interest rate movements and foreign currency fluctuations from the following:

- assets subject to repricing, reinvestment or refinancing risk;
- forecasted interest earnings denominated in foreign currency;
- issued floating or fixed rate foreign currency debt; and
- a portion of purchased floating or fixed rate foreign currency bonds.

In accordance with the Group risk management strategy, the Group enters into interest rate swaps, forward contracts or cross currency swaps to protect against the variability of cash flows due to changes in interest rates and/ or foreign currency exchange rates.

In such instances, cash flow hedge relationships are designated. These are applied on a hedge-by-hedge basis, except for cash flows from assets subject to repricing, reinvestment or refinancing risk, for which a portfolio cash flow hedge relationship is designated using interest rate swaps. A dynamic process is applied for this hedge as the portfolio composition can change e.g. due to maturities and new originations. The portfolio cash flow hedge relationships effectively extend the duration of the assets, such that the interest cash flows are transformed from a floating rate basis to a fixed rate basis.

The Group enters into forward contracts to hedge against variability in future cash flows arising from USD-denominated interest income.

The Group also enters into cross currency swaps to mitigate the risk of fluctuation of coupon and principal cash flows due to changes in foreign currency rates of issued foreign currency debt and a portion of purchased foreign currency bonds. Critical terms of the cross-currency swaps match or nearly match that of the issued foreign currency debt or purchased foreign currency bonds.

The Group manages all other risks derived by these exposures, such as credit risk, but they do not apply hedge accounting for these risks.

The Group assesses hedge effectiveness by comparing the changes in fair value of a hypothetical derivative reflecting the terms of the hedged item due to movements in the hedged risk with the changes in fair value of the derivatives used to hedge the exposure.

The Group determines the hedge ratio by comparing the notional of the derivatives with the assets subject to repricing/ reinvestment/ refinancing risk or amount of forecast earnings denominated in foreign currency or the principal of the debt securities issued or purchased foreign currency bonds.

The Group has identified the following possible sources of ineffectiveness in its cash flow hedge relationships:

- the use of derivatives as a protection against currency and interest rate risk creates an exposure to the derivative counterparty's credit risk which is not offset by the hedged item. This risk is minimised by entering into derivatives with high credit quality counterparties;
- difference in tenor of hedged items and hedging instruments;
- difference in timing of settlement of the hedging instrument and hedged item; and
- designation of off-market hedging instruments.

The following table sets out the maturity profile of the hedging instruments used in cash flow hedges. The amounts shown in the table reflect the notional amounts of derivatives. Please refer to Note 36 for the carrying values of the derivatives.

In $ millions	Type of risk hedged	The Group Less than 1 year	1 to 5 years	More than 5 years	Total
2021					
Derivatives (notional)					
Interest rate swaps	Interest rate	**–**	**16,314**	**1,015**	**17,329**
Currency swaps	Interest rate & Foreign exchange	**4,005**	**18,056**	**1,090**	**23,151**
FX contracts	Foreign exchange	**6,423**	**320**	**–**	**6,743**
Total		**10,428**	**34,690**	**2,105**	**47,223**
2020					
Derivatives (notional)					
Interest rate swaps	Interest rate	–	85	–	85
Currency swaps	Interest rate & Foreign exchange	1,669	16,267	680	18,616
FX contracts	Foreign exchange	5,387	258	–	5,645
Total		7,056	16,610	680	24,346

The hedge ineffectiveness arising from these hedges was insignificant.

Please refer to Note 34 for information on the cash flow hedge reserves.

38.3 Net investment hedges

The Group manages currency risk of its net investment in foreign operations (or structural foreign exchange risk) using foreign currency borrowings, FX forwards, FX swaps and cross currency swaps.

Structural foreign exchange exposures are managed with the primary aim of ensuring that consolidated capital ratios are largely protected from the effect of fluctuations in foreign exchange rates against SGD.

Under the Group's hedging strategy, the carrying amount of these investments could be fully hedged, partially hedged or not hedged at all. The Group regularly reviews its hedging strategy, taking into account the long-term outlook of currency fundamentals and the impact of fluctuations in foreign exchange rates on capital adequacy ratios.

The table below analyses the currency exposure of the Group by functional currency.

	The Group		
In $ millions	**Net investments in foreign operations[(a)]**	**Financial instruments which hedge the net investments**	**Remaining unhedged currency exposures**
2021			
Hong Kong dollar	**9,934**	**2,298**	**7,636**
US dollar	**9,829**	**6,150**	**3,679**
Chinese yuan	**4,424**	**296**	**4,128**
Taiwan dollar	**2,190**	**684**	**1,506**
Others	**4,276**	**–**	**4,276**
Total	**30,653**	**9,428**	**21,225**
2020			
Hong Kong dollar	11,772	2,261	9,511
US dollar	2,990	–	2,990
Chinese yuan	2,730	283	2,447
Taiwan dollar	2,046	376	1,670
Others	4,011	–	4,011
Total	23,549	2,920	20,629

(a) Refers to net tangible assets of entities (e.g. subsidiaries, associates, joint ventures and overseas branches) or units with non-SGD functional currency

Please refer to Note 34 for information on the capital reserves. Capital reserves include the effect of translation differences on net investments in foreign entities (e.g. subsidiaries, associates, joint ventures and branches) or units with non-SGD functional currency and the related foreign currency financial instruments designated for hedge accounting.

39. 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
DBSH Share Plan (Share Plan)	
• The Share Plan is granted to Group executives as determined by the Committee appointed to administer the Share Plan from time to time.	39.1
• 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%/ 15% of main award) for employees on bonus/ sales incentive plans respectively. Dividends on unvested shares do not accrue to employees.	
• For employees on bonus plan, the main award vests from 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.	
• For employees on sales incentive plans, the main award vests from 1 to 3 years after grant; i.e. 33% will vest 1 year after grant, another 33% will vest on the second year and the remaining 34% plus the retention award will vest 3 years after grant.	
• There are no additional retention awards for shares granted to top performers and key employees as part of talent retention.	
• The awards will lapse immediately upon termination of employment, except in the event of ill health, injury, disability, redundancy, retirement or death.	
• The market price of shares on the grant date is used to estimate the fair value of the shares awarded. The fair value of the shares granted includes an adjustment to exclude the present value of future expected dividends to be paid during the vesting period.	
• Vested and unvested shares are subject to clawback/ malus. Conditions that trigger such clawback/ malus are in the Remuneration Report section of the Annual Report.	
• Shares are awarded to non-executive directors as part of director's remuneration. Details of these awards are disclosed in the Corporate Governance section of the Annual Report.	
DBSH Employee Share Plan (ESP)	
• The Committee has ceased granting shares under the ESP effective from financial year 2018 remuneration. Shares granted from prior years continue to be outstanding until the shares are fully vested.	39.1
DBSH Employee Share Purchase Plan (ESPP)	
• The ESPP was implemented in 2019 in selective markets across the Group. All permanent employees who hold the rank of Vice President and below are eligible to participate in the scheme.	39.2
• The ESPP is a share ownership plan for eligible employees to own DBSH shares through monthly contributions via deductions from payroll or designated bank accounts.	
• Participants contribute up to 10% of month salary (minimum S$50, capped at S$1,000) and the Group will match 25% of the participant's contributions to buy DBSH ordinary shares for a period of 12 months during each plan year.	
• The matching shares bought from the Group's contribution will vest 24 months after the last contribution month for each plan year.	
• The matching shares will lapse immediately upon termination of employment, except in the event of ill health, injury, disability, redundancy, retirement or death.	

39.1 DBSH Share Plan and DBSH Employee Share Plan

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

	The Group			
	2021		2020	
Number of shares	Share Plan	ESP	Share Plan	ESP
Balance at 1 January	**17,248,786**	**526,003**	17,146,260	1,189,400
Granted	**5,378,132**	**–**	6,423,721	–
Vested	**(5,209,973)**	**(362,363)**	(5,992,525)	(627,270)
Forfeited/ others	**(311,653)**	**(17,836)**	(328,670)	(36,127)
Balance at 31 December	**17,105,292**	**145,804**	17,248,786	526,003
Weighted average fair value of the shares granted during the year	**$22.07**	**–**	$21.32	–

39.2 DBSH Employee Share Purchase Plan

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

	The Group	
Number of shares	2021	2020
Balance at 1 January	**1,015,478**	388,686
Granted	**534,378**	678,428
Vested[(a)]	**(15,238)**	(4,569)
Forfeited	**(131,178)**	(47,067)
Balance at 31 December	**1,403,440**	1,015,478
Weighted average fair value of the shares granted during the year	**$26.05**	$18.60

(a) Excludes shares vested but temporarily withheld under the regulatory requirement as of the reporting date. Such shares will be reported as vested in the period the shares being released to the employees

40. Related Party Transactions

40.1 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.

40.2 During the financial year, the Group had banking transactions with related parties, consisting of associates and joint ventures 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.

40.3 Total compensation and fees to key management personnel[(a)] are as follows:

	The Group	
In $ millions	2021	2020
Short-term benefits[(b)]	**51**	45
Share-based payments[(c)]	**28**	29
Total	**79**	74
Of which: Company Directors' remuneration and fees	**17**	16

(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 SFRS(I) 2

41. Fair Value of Financial Instruments

41.1 Valuation Process

The valuation processes within the Group are governed by the Valuation Policy, which is approved by the Board Audit Committee.

The Valuation Policy applies to 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 quoted market prices where available or by using reliable and independent market parameters (as model inputs) in conjunction with a valuation model.

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.

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 quotes or market consensus providers.

Where market parameters are sourced independently for the marking of financial assets and liabilities, or used as inputs into a valuation model, these are checked for reliability and accuracy, for example by reviewing large daily movements or by referencing other similar sources, or transactions.

Valuation adjustments and reserves are taken to account for close-out costs, model and market parameter uncertainty, and any other factor that may affect valuations. Valuation adjustment and reserve methodologies are approved by the Group Market and Liquidity Risk Committee and governed by the Valuation Policy.

The valuation adjustments and reserves include but are not limited to:

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.

IBOR Transition Related Reserves
Fixings for most of the major currency IBORs would fall back to the respective Alternative Reference Rates (ARRs) plus a spread. Spread derivation details have been made known for most currencies. Valuation reserves have been set aside where derivation details are not known, and this leads to uncertainty in the forward rate estimation curves used for valuations.

41.2 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 market parameters whether used directly to value a financial asset or liability, or used as inputs to a 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. Level 3 instruments also include unquoted equity securities which are measured based on the net asset value of the investments. In addition, Level 3 inputs include all stale quoted security prices and other approximations (e.g. bonds valued using credit default swap spreads).

The following tables present assets and liabilities measured at fair value, classified by level within the fair value hierarchy.

In $ millions	Level 1	The Group Level 2	Level 3	Total
2021				
Assets				
Financial assets at FVPL				
– Government securities and treasury bills	**8,425**	**4,259**	**–**	**12,684**
– Bank and corporate securities	**18,816**	**3,636**	**361[(a)]**	**22,813**
– Other financial assets	**–**	**16,964**	**–**	**16,964**
FVOCI financial assets				
– Government securities and treasury bills	**15,811**	**2,114**	**–**	**17,925**
– Bank and corporate securities	**17,251**	**2,235**	**430[(b)]**	**19,916**
– Other financial assets	**2**	**5,197**	**–**	**5,199**
Derivatives	**39**	**19,509**	**133[(c)]**	**19,681**
Liabilities				
Financial liabilities at FVPL				
– Other debt securities	**–**	**10,726**	**–**	**10,726**
– Other financial liabilities	**2,626**	**5,726**	**1**	**8,353**
Derivatives	**21**	**20,296**	**1[(d)]**	**20,318**

(a) Decrease in Level 3 balance was mainly due to maturity of a note which was priced using proxy valuation
(b) Increase in Level 3 balance was due to a new note which was priced using proxy valuation
(c) Increase in Level 3 balance was due to a total return swap whose underlying became illiquid
(d) Decrease in Level 3 balance was due to maturity of a total return swap whose underlying was priced using proxy valuation

In $ millions	Level 1	The Group Level 2	Level 3	Total
2020				
Assets				
Financial assets at FVPL				
– Government securities and treasury bills	8,901	3,740	–	12,641
– Bank and corporate securities	12,451	4,182	715	17,348
– Other financial assets	–	13,501	–	13,501
FVOCI financial assets				
– Government securities and treasury bills	15,223	2,147	–	17,370
– Bank and corporate securities	18,518	2,648	268	21,434
– Other financial assets	–	4,684	–	4,684
Derivatives	40	31,067	1	31,108
Liabilities				
Financial liabilities at FVPL				
– Other debt securities	–	8,333	–	8,333
– Other financial liabilities	1,483	2,488	–	3,971
Derivatives	103	32,712	89	32,904

The bank and corporate securities classified as Level 3 at 31 December 2021 comprised mainly securities which were marked using approximations and unquoted equity securities valued based on net asset value of the investments.

41.3 Own credit adjustments on financial liabilities designated at fair value through profit or loss

Changes in the fair value of financial liabilities designated at fair value through profit or loss related to the Group's own credit risk are recognised in other comprehensive income. As the Group does not hedge changes in own credit risk arising from financial liabilities, presenting the own credit movements within other comprehensive income does not create or increase an accounting mismatch in the income statement.

The change in fair value attributable to changes in own credit risk has been determined as the amount of change in fair value that is attributable to changes in funding spreads above benchmark interest rates. Fair value changes arising from factors other than the Group's own credit risk are insignificant.

The cumulative amounts attributable to changes in own credit risk for these financial liabilities as at 31 December 2021 was a loss of $49 million (2020: loss of $25 million).

Realised losses attributable to changes in own credit risk as at 31 December 2021 was a loss of $22 million (2020: loss of $15 million).

41.4 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, subordinated term debts and other 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.

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.

42. Credit Risk

42.1 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.

	The Group	
In $ millions	**2021**	**2020**
On-balance sheet		
Cash and balances with central banks (excluding cash on hand)	**54,237**	48,207
Government securities and treasury bills	**53,262**	51,700
Due from banks	**51,377**	50,867
Derivatives	**19,681**	31,108
Bank and corporate debt securities	**53,788**	54,109
Loans and advances to customers	**408,993**	371,171
Other assets (excluding deferred tax assets)	**15,268**	18,871
	656,606	626,033
Off-balance sheet		
Contingent liabilities and commitments (excluding capital commitments)	**366,031**	336,151
Total	**1,022,637**	962,184

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 Pillar 3 Disclosures (unaudited). 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 eligible collateral, besides real estate, after the application of the requisite regulatory haircuts, is shown in the Group's Pillar 3 Disclosures (unaudited). The amounts are a sub-set of the actual collateral arrangements entered by the Group as Basel 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.

42.2 Loans and advances to customers

	The Group	
In $ millions	**2021**	**2020**
Loans and advances to customers		
Performing Loans		
– Neither past due nor impaired (i)	**408,018**	369,783
Pass	**404,050**	365,354
Special Mention	**3,968**	4,429
– Past due but not impaired (ii)	**1,764**	1,928
Non-Performing Loans		
– Impaired (iii)	**5,290**	6,059
Total gross loans	**415,072**	377,770

(i) Neither past due nor impaired loans by 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/ MAS Notice 612A.

		The Group	
In $ millions	**Pass**	**Special Mention**	**Total**
2021			
Manufacturing	**40,600**	**369**	**40,969**
Building and construction	**106,343**	**768**	**107,111**
Housing loans	**77,869**	**–**	**77,869**
General commerce	**42,977**	**619**	**43,596**
Transportation, storage and communications	**28,744**	**354**	**29,098**
Financial institutions, investment and holding companies	**36,910**	**36**	**36,946**
Professionals and private individuals (excluding housing loans)	**39,049**	**58**	**39,107**
Others	**31,558**	**1,764**	**33,322**
Total	**404,050**	**3,968**	**408,018**
2020			
Manufacturing	38,414	576	38,990
Building and construction	96,099	424	96,523
Housing loans	73,535	–	73,535
General commerce	38,876	690	39,566
Transportation, storage and communications	27,829	934	28,763
Financial institutions, investment and holding companies	28,094	161	28,255
Professionals and private individuals (excluding housing loans)	32,665	79	32,744
Others	29,842	1,565	31,407
Total	365,354	4,429	369,783

(ii) Past due but not impaired loans by past due period and industry

In $ millions	Less than 30 days past due	30 to 59 days past due	60 to 90 days past due	Total
	The Group			
2021				
Manufacturing	**42**	**10**	**5**	**57**
Building and construction	**40**	**34**	**3**	**77**
Housing loans	**373**	**47**	**19**	**439**
General commerce	**103**	**27**	**5**	**135**
Transportation, storage and communications	**40**	**32**	**1**	**73**
Financial institutions, investment and holding companies	**190**	**59**	**1**	**250**
Professionals and private individuals (excluding housing loans)	**494**	**53**	**41**	**588**
Others	**134**	**5**	**6**	**145**
Total	**1,416**	**267**	**81**	**1,764**
2020				
Manufacturing	118	16	5	139
Building and construction	67	14	8	89
Housing loans	370	53	27	450
General commerce	115	12	5	132
Transportation, storage and communications	80	3	123	206
Financial institutions, investment and holding companies	99	–	48	147
Professionals and private individuals (excluding housing loans)	261	61	47	369
Others	73	36	287	396
Total	1,183	195	550	1,928

(iii) Non-performing assets (NPAs)

In $ millions	The Group 2021	2020
Balance at 1 January	**6,686**	5,773
Institutional Banking & Others		
– New NPAs	**1,006**	1,945
– Upgrades	**(7)**	(24)
– Net repayments	**(1,338)**	(556)
– Write-offs	**(533)**	(573)
Consumer Banking/ Wealth Management (net movement)	**(47)**	(24)
Amalgamation of LVB	**–**	212
Exchange differences	**82**	(67)
Balance at 31 December	**5,849**	6,686

Non-performing assets by grading and industry

In $ millions	NPAs Sub-standard	Doubtful	Loss	Total	Specific allowances Sub-standard	Doubtful	Loss	Total
	The Group							
2021								
Manufacturing	**326**	**364**	**115**	**805**	**61**	**196**	**115**	**372**
Building and construction	**309**	**50**	**86**	**445**	**40**	**23**	**86**	**149**
Housing loans	**192**	**3**	**13**	**208**	**1**	**1**	**13**	**15**
General commerce	**268**	**269**	**374**	**911**	**45**	**243**	**374**	**662**
Transportation, storage and communications	**1,006**	**217**	**569**	**1,792**	**225**	**177**	**569**	**971**
Financial institutions, investment and holding companies	**32**	**37**	**24**	**93**	**6**	**20**	**24**	**50**
Professional and private individuals (excluding housing loans)	**376**	**29**	**14**	**419**	**80**	**27**	**14**	**121**
Others	**339**	**223**	**55**	**617**	**27**	**123**	**55**	**205**
Total non-performing loans	**2,848**	**1,192**	**1,250**	**5,290**	**485**	**810**	**1,250**	**2,545**
Debt securities, contingent liabilities and others	**198**	**119**	**242**	**559**	**37**	**102**	**242**	**381**
Total	**3,046**	**1,311**	**1,492**	**5,849**	**522**	**912**	**1,492**	**2,926**
Of which: restructured assets	**953**	**473**	**146**	**1,572**	**245**	**265**	**146**	**656**
2020								
Manufacturing	308	326	39	673	58	172	39	269
Building and construction	242	12	98	352	28	12	98	138
Housing loans	194	17	11	222	-	-	11	11
General commerce	363	514	94	971	31	439	94	564
Transportation, storage and communications	1,346	400	902	2,648	145	322	902	1,369
Financial institutions, investment and holding companies	21	19	7	47	7	9	7	23
Professional and private individuals (excluding housing loans)	403	45	17	465	93	41	17	151
Others	388	256	37	681	15	115	37	167
Total non-performing loans	3,265	1,589	1,205	6,059	377	1,110	1,205	2,692
Debt securities, contingent liabilities and others	238	291	98	627	20	204	98	322
Total	3,503	1,880	1,303	6,686	397	1,314	1,303	3,014
Of which: restructured assets	918	438	207	1,563	220	253	207	680

Non-performing assets by geography[a]

In $ millions	The Group NPAs	Specific allowances
2021		
Singapore	**2,873**	**1,434**
Hong Kong	**686**	**421**
Rest of Greater China	**343**	**78**
South and Southeast Asia	**1,151**	**555**
Rest of the World	**237**	**57**
Total non-performing loans	**5,290**	**2,545**
Debt securities, contingent liabilities and others	**559**	**381**
Total	**5,849**	**2,926**
2020		
Singapore	3,624	1,681
Hong Kong	678	358
Rest of Greater China	381	82
South and Southeast Asia	1,092	511
Rest of the World	284	60
Total non-performing loans	6,059	2,692
Debt securities, contingent liabilities and others	627	322
Total	6,686	3,014

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

Non-performing assets by past due period

In $ millions	The Group 2021	2020
Not overdue	**1,415**	1,148
Within 90 days	**390**	515
Over 90 to 180 days	**209**	384
Over 180 days	**3,835**	4,639
Total past due assets	**4,434**	5,538
Total	**5,849**	6,686

Secured non-performing assets by collateral type

In $ millions	The Group 2021	2020
Properties	**1,112**	1,373
Shares and debentures	**42**	143
Cash deposits	**9**	8
Others	**1,507**	1,598
Total	**2,670**	3,122

Past due non-performing assets by industry

In $ millions	The Group 2021	2020
Manufacturing	**646**	545
Building and construction	**378**	289
Housing loans	**169**	182
General commerce	**873**	940
Transportation, storage and communications	**1,323**	2,497
Financial institutions, investment and holding companies	**90**	46
Professional and private individuals (excluding housing loans)	**162**	188
Others	**472**	524
Total non-performing loans	**4,113**	5,211
Debt securities, contingent liabilities and others	**321**	327
Total	**4,434**	5,538

Past due non-performing assets by geography[a]

In $ millions	The Group 2021	2020
Singapore	**2,182**	3,234
Hong Kong	**589**	612
Rest of Greater China	**229**	289
South and Southeast Asia	**1,041**	1,027
Rest of the World	**72**	49
Total non-performing loans	**4,113**	5,211
Debt securities, contingent liabilities and others	**321**	327
Total	**4,434**	5,538

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

42.3 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 external rating bands.

Analysed by external ratings In $ millions	The Group Singapore Government securities and treasury bills (Gross)	Other government securities and treasury bills (Gross)	Bank and corporate debt securities (Gross)
2021			
AAA	**11,364**	**8,580**	**16,893**
AA- to AA+	**–**	**11,631**	**4,859**
A- to A+	**–**	**15,466**	**11,356**
Lower than A-	**–**	**6,225**	**8,363**
Unrated	**–**	**–**	**12,412**
Total	**11,364**	**41,902**	**53,883**
2020			
AAA	13,608	5,986	19,953
AA- to AA+	–	11,097	4,541
A- to A+	–	14,257	9,061
Lower than A-	–	6,755	7,174
Unrated	–	–	13,427
Total	13,608	38,095	54,156

42.4 Credit risk by geography and industry

Analysed by geography[a] In $ millions	Government securities and treasury bills (Gross)	Due from banks (Gross)	Derivatives	Bank and corporate debt securities (Gross)	Loans and advances to customers (Gross)	Total
2021						
Singapore	**11,364**	**5,221**	**1,370**	**15,470**	**191,831**	**225,256**
Hong Kong	**4,586**	**7,889**	**1,168**	**1,222**	**70,216**	**85,081**
Rest of Greater China	**4,734**	**9,633**	**1,740**	**7,210**	**59,150**	**82,467**
South and Southeast Asia	**6,225**	**3,648**	**950**	**4,023**	**30,784**	**45,630**
Rest of the World	**26,357**	**24,993**	**14,453**	**25,958**	**63,091**	**154,852**
Total	**53,266**	**51,384**	**19,681**	**53,883**	**415,072**	**593,286**
2020						
Singapore	13,608	1,183	3,048	15,292	176,402	209,533
Hong Kong	3,872	2,333	1,763	1,212	59,093	68,273
Rest of Greater China	4,467	19,051	3,672	5,764	53,278	86,232
South and Southeast Asia	6,757	3,819	1,456	4,760	30,362	47,154
Rest of the World	22,999	24,485	21,169	27,128	58,635	154,416
Total	51,703	50,871	31,108	54,156	377,770	565,608

(a) Based on the location 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 (Gross)	Due from banks (Gross)	Derivatives	Bank and corporate debt securities (Gross)	Loans and advances to customers (Gross)	Total
	The Group					
2021						
Manufacturing	**–**	**–**	**341**	**3,604**	**41,831**	**45,776**
Building and construction	**–**	**–**	**645**	**5,366**	**107,633**	**113,644**
Housing loans	**–**	**–**	**–**	**–**	**78,516**	**78,516**
General commerce	**–**	**–**	**112**	**2,066**	**44,642**	**46,820**
Transportation, storage and communications	**–**	**–**	**310**	**4,379**	**30,963**	**35,652**
Financial institutions, investment and holding companies	**–**	**51,384**	**16,608**	**23,860**	**37,289**	**129,141**
Government	**53,266**	**–**	**–**	**–**	**–**	**53,266**
Professionals and private individuals (excluding housing loans)	**–**	**–**	**350**	**–**	**40,114**	**40,464**
Others	**–**	**–**	**1,315**	**14,608**	**34,084**	**50,007**
Total	**53,266**	**51,384**	**19,681**	**53,883**	**415,072**	**593,286**
2020						
Manufacturing	–	–	494	3,136	39,802	43,432
Building and construction	–	–	1,363	5,400	96,964	103,727
Housing loans	–	–	–	–	74,207	74,207
General commerce	–	–	266	2,438	40,669	43,373
Transportation, storage and communications	–	–	754	3,688	31,617	36,059
Financial institutions, investment and holding companies	–	50,871	26,372	25,657	28,449	131,349
Government	51,703	–	–	–	–	51,703
Professionals and private individuals (excluding housing loans)	–	–	528	–	33,578	34,106
Others	–	–	1,331	13,837	32,484	47,652
Total	51,703	50,871	31,108	54,156	377,770	565,608

43. Liquidity Risk

43.1 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
					The Group				
2021									
Cash and balances with central banks	**18,190**	**17,173**	**17,904**	**1,973**	**1,137**	**–**	**–**	**–**	**56,377**
Government securities and treasury bills	**823**	**2,416**	**5,252**	**6,575**	**12,445**	**8,259**	**17,492**	**–**	**53,262**
Due from banks	**23,025**	**9,950**	**8,200**	**9,613**	**589**	**–**	**–**	**–**	**51,377**
Derivatives(a)	**19,681**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**19,681**
Bank and corporate securities	**–**	**885**	**2,161**	**7,989**	**17,097**	**11,247**	**14,409**	**15,904**	**69,692**
Loans and advances to customers	**39,873**	**66,763**	**38,870**	**62,213**	**80,655**	**49,279**	**71,340**	**–**	**408,993**
Other assets	**10,206**	**718**	**1,371**	**2,082**	**135**	**22**	**23**	**1,338**	**15,895**
Associates and joint ventures	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**2,172**	**2,172**
Properties and other fixed assets	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**3,262**	**3,262**
Goodwill and intangibles	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**5,362**	**5,362**
Total assets	**111,798**	**97,905**	**73,758**	**90,445**	**112,058**	**68,807**	**103,264**	**28,038**	**686,073**
Due to banks	**12,093**	**7,523**	**3,670**	**2,155**	**4,767**	**1**	**–**	**–**	**30,209**
Deposits and balances from customers	**407,760**	**33,002**	**35,031**	**22,995**	**1,616**	**769**	**786**	**–**	**501,959**
Derivatives(a)	**20,318**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**20,318**
Other liabilities	**8,137**	**1,136**	**2,443**	**2,831**	**379**	**143**	**312**	**3,286**	**18,667**
Other debt securities	**1,277**	**6,648**	**15,840**	**14,291**	**5,090**	**3,795**	**3,406**	**2,223**	**52,570**
Subordinated term debts	**–**	**–**	**–**	**–**	**–**	**118**	**4,518**	**–**	**4,636**
Total liabilities	**449,585**	**48,309**	**56,984**	**42,272**	**11,852**	**4,826**	**9,022**	**5,509**	**628,359**
Non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**188**	**188**
Shareholders' funds	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**57,526**	**57,526**
Total equity	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**57,714**	**57,714**
2020									
Cash and balances with central banks	19,214	11,620	17,494	1,719	571	–	–	–	50,618
Government securities and treasury bills	292	2,771	4,324	6,505	13,111	6,888	17,809	–	51,700
Due from banks	20,497	5,859	10,238	13,322	901	50	–	–	50,867
Derivatives(a)	31,108	–	–	–	–	–	–	–	31,108
Bank and corporate securities	–	570	2,648	8,453	19,985	10,071	12,382	11,347	65,456
Loans and advances to customers	30,105	57,867	37,890	51,681	77,472	46,539	69,617	–	371,171
Other assets	13,232	1,216	1,413	2,338	94	17	16	1,169	19,495
Associates and joint ventures	–	–	–	–	–	–	–	862	862
Properties and other fixed assets	–	–	–	–	–	–	–	3,338	3,338
Goodwill and intangibles	–	–	–	–	–	–	–	5,323	5,323
Total assets	114,448	79,903	74,007	84,018	112,134	63,565	99,824	22,039	649,938
Due to banks	16,780	6,423	2,350	237	2,430	–	–	–	28,220
Deposits and balances from customers	363,707	30,737	42,340	24,192	2,174	311	1,389	–	464,850
Derivatives(a)	32,904	–	–	–	–	–	–	–	32,904
Other liabilities	12,435	1,087	2,111	2,077	532	331	788	2,713	22,074
Other debt securities	1,801	4,920	11,341	13,858	4,869	2,333	2,637	1,518	43,277
Subordinated term debts	–	–	–	–	–	–	3,970	–	3,970
Total liabilities	427,627	43,167	58,142	40,364	10,005	2,975	8,784	4,231	595,295
Non-controlling interests	–	–	–	–	–	–	–	17	17
Shareholders' funds	–	–	–	–	–	–	–	54,626	54,626
Total equity	–	–	–	–	–	–	–	54,643	54,643

(a) Derivative financial assets and liabilities are included in the "Less than 7 days" bucket as they are mainly held for trading. Please refer to the tables in Note 38 for the maturity profile of hedging 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. The cash flows of assets and liabilities may behave differently from their contractual terms.

43.2 Contingent liabilities and commitments

The table below shows the Group's contingent liabilities and commitments based on the remaining period as at the balance sheet date to contractual expiry date.

	The Group				
In $ millions	**Less than 1 year**	**1 to 3 years**	**3 to 5 years**	**Over 5 years**	**Total**
2021					
Guarantees, letters of credit and other contingent liabilities	**34,079**	**–**	**–**	**–**	**34,079**
Undrawn credit commitments[(a)] and other facilities	**288,383**	**21,699**	**18,224**	**3,646**	**331,952**
Capital commitments	**16**	**37**	**19**	**–**	**72**
Total	**322,478**	**21,736**	**18,243**	**3,646**	**366,103**
2020					
Guarantees, letters of credit and other contingent liabilities	29,316	–	–	–	29,316
Undrawn credit commitments[(a)] and other facilities	269,568	18,547	15,296	3,424	306,835
Capital commitments	14	1	–	–	15
Total	298,898	18,548	15,296	3,424	336,166

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

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

44. Capital Management

The Board is responsible for setting the Group's capital management objective, which is to maintain a strong capital position consistent with regulatory requirements under the MAS Notice 637 and the expectations of various stakeholders, including customers, investors and rating agencies. The Board articulates this objective in the form of capital targets. 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 the Group's strategic plans and risk appetite.

The Group's capital management objective is implemented via a capital management and planning process that is overseen by the Capital Committee. The Chief Financial Officer chairs the Capital Committee. The Capital Committee receives regular updates on the Group's current and projected capital positions. A key tool for capital planning is the annual Internal Capital Adequacy Assessment Process (ICAAP) through which the Group assesses its forecast capital supply and demand relative to regulatory requirements and internal capital targets. The ICAAP generally has a three-year horizon and covers various scenarios, including stress scenarios of differing scope and severity.

The Group is subject to and has complied with 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, throughout the year. The Group's capital adequacy ratios as at 31 December 2021 and 2020 have been subject to an external limited assurance review, pursuant to the MAS Notice 609 "Auditor's Report and Additional Information to be submitted with Annual Accounts".

For more information, please refer to the Group's Pillar 3 disclosures published on DBS website (https://www.dbs.com/investors/default.page).

45. Segment Reporting

45.1 Business segment reporting

The business segment results are prepared based on the Group's internal management reporting which reflects the organisation's management structure. As the activities of the Group are highly integrated, internal allocation has been made 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.

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 Markets
Treasury Markets' activities primarily include structuring, market-making and trading across a broad range of treasury products.

Income from sale of treasury products offered to customers of Consumer Banking/ Wealth Management and Institutional Banking is not reflected in the Treasury Markets segment, but in the respective customer segments.

Others
The Others segment encompasses the results of corporate decisions that are not attributed to business segments as well as the contribution of LVB as its activities have not been aligned with the Group's segment definitions. It includes earnings on capital deployed into high quality assets, earnings from non-core asset sales and certain other head office items such as centrally raised allowances. DBS Vickers Securities is 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 Markets[a]	Others	Total
		The Group			
2021					
Net interest income	**2,548**	**3,999**	**783**	**1,110**	**8,440**
Net fee and commission income	**2,186**	**1,282**	**–**	**56**	**3,524**
Other non-interest income	**588**	**703**	**726**	**420**	**2,437**
Total income	**5,322**	**5,984**	**1,509**	**1,586**	**14,401**
Total expenses	**3,353**	**2,086**	**647**	**483**	**6,569**
Allowances for credit and other losses	**46**	**141**	**(5)**	**(130)**	**52**
Profit before tax	**1,923**	**3,757**	**867**	**1,233**	**7,780**
Income tax expense and non-controlling interest					**975**
Net profit attributable to shareholders					**6,805**
Total assets before goodwill and intangibles	**127,268**	**313,180**	**163,554**	**76,709**	**680,711**
Goodwill and intangibles					**5,362**
Total assets					**686,073**
Total liabilities	**267,870**	**211,613**	**88,840**	**60,036**	**628,359**
Capital expenditure	**125**	**23**	**19**	**400**	**567**
Depreciation	**42**	**7**	**3**	**617**	**669**
2020					
Net interest income	3,339	3,995	840	902	9,076
Net fee and commission income	1,869	1,160	–	29	3,058
Other non-interest income	559	590	596	713	2,458
Total income	5,767	5,745	1,436	1,644	14,592
Total expenses	3,288	1,987	634	249	6,158
Allowances for credit and other losses	456	1,485	14	1,111	3,066
Profit before tax	2,023	2,273	788	284	5,368
Income tax expense and non-controlling interest					647
Net profit attributable to shareholders					4,721
Total assets before goodwill and intangibles	116,845	292,850	160,638	74,282	644,615
Goodwill and intangibles					5,323
Total assets					649,938
Total liabilities	253,893	223,598	66,593	51,211	595,295
Capital expenditure	108	26	19	394	547
Depreciation	47	10	3	588	648

(a) With effect from 1 January 2021, the functional currency of the Treasury Markets trading business in Singapore has been changed prospectively from Singapore dollars to US dollars. The wholesale assets and liabilities have been aligned to the new operating model. The change has no impact to the overall profit or loss and financial position of the Group

45.2 Geographical segment reporting

The performance by geography is classified based on the location in which income and assets are recorded; with head office items such as centrally raised credit allowances reflected in Singapore. Hong Kong comprises mainly DBS Bank (HK) Limited and DBS HK branch. Rest of Greater China comprises mainly DBS Bank (China) Ltd, DBS Bank (Taiwan) Ltd and DBS Taipei branch. South and Southeast Asia comprises mainly PT Bank DBS Indonesia, DBS Bank India Limited (including LVB balances post-amalgamation) and DBS Labuan branch. All results are prepared in accordance with SFRS(I).

In $ millions	Singapore	Hong Kong	Rest of Greater China	South and Southeast Asia	Rest of the World	Total
			The Group			
2021						
Net interest income	**5,159**	**1,392**	**755**	**704**	**430**	**8,440**
Net fee and commission income	**2,228**	**776**	**202**	**241**	**77**	**3,524**
Other non-interest income	**1,558**	**312**	**381**	**178**	**8**	**2,437**
Total income	**8,945**	**2,480**	**1,338**	**1,123**	**515**	**14,401**
Total expenses	**3,823**	**1,057**	**822**	**747**	**120**	**6,569**
Allowances for credit and other losses	**(14)**	**7**	**59**	**80**	**(80)**	**52**
Profit before tax	**5,136**	**1,416**	**457**	**296**	**475**	**7,780**
Income tax expense and non-controlling interest	**507**	**226**	**47**	**60**	**135**	**975**
Net profit attributable to shareholders	**4,629**	**1,190**	**410**	**236**	**340**	**6,805**
Total assets before goodwill and intangibles	**449,547**	**106,187**	**58,926**	**26,645**	**39,406**	**680,711**
Goodwill and intangibles	**5,133**	**29**	**–**	**200**	**–**	**5,362**
Total assets	**454,680**	**106,216**	**58,926**	**26,845**	**39,406**	**686,073**
Non-current assets[a]	**3,818**	**688**	**498**	**403**	**27**	**5,434**
2020						
Net interest income	5,751	1,607	721	677	320	9,076
Net fee and commission income	1,935	661	188	205	69	3,058
Other non-interest income	1,673	266	200	219	100	2,458
Total income	9,359	2,534	1,109	1,101	489	14,592
Total expenses	3,604	1,059	738	646	111	6,158
Allowances for credit and other losses	2,074	332	179	308	173	3,066
Profit before tax	3,681	1,143	192	147	205	5,368
Income tax expense and non-controlling interest	364	180	21	43	39	647
Net profit attributable to shareholders	3,317	963	171	104	166	4,721
Total assets before goodwill and intangibles	424,727	99,406	55,734	25,371	39,377	644,615
Goodwill and intangibles	5,133	29	–	161	–	5,323
Total assets	429,860	99,435	55,734	25,532	39,377	649,938
Non-current assets[a]	2,682	723	323	446	26	4,200

(a) Includes investments in associates and joint ventures, properties and other fixed assets

46. Subsequent Events

46.1 Acquisition of consumer banking business of Citigroup Inc in Taiwan

The Group announced on 28 January 2022 that it has agreed to acquire the consumer banking business of Citigroup Inc (Citi) in Taiwan (Citi Consumer Taiwan) via a transfer of assets and liabilities, and will pay Citi cash for the net assets of Citi Consumer Taiwan plus a premium of $956 million (TWD 19.8 billion). The acquisition is in line with the Group's strategy to scale up its investment and accelerates its expansion in Taiwan.

46.2 Operational risk penalty for digital disruption

On 7 February 2022, an operational risk penalty associated with the digital disruption in November 2021 was imposed on the main subsidiary of the Company, DBS Bank Ltd ('the Bank'). MAS has required the Bank to apply a multiplier of 1.5 times to its risk-weighted assets for operational risk which translates to an additional $930 million in regulatory capital.

The additional capital requirement will be reviewed when MAS is satisfied that the Bank has addressed the identified shortcomings.

DBS Bank Ltd

INCOME STATEMENT

for the year ended 31 December 2021

In $ millions	Note	Bank 2021	Bank 2020
Income			
Interest income		**7,117**	9,201
Interest expense		**1,109**	2,761
Net interest income		**6,008**	6,440
Net fee and commission income		**2,441**	2,140
Net trading income		**1,286**	938
Net income from investment securities		**320**	858
Other income	2	**530**	387
Non-interest income		**4,577**	4,323
Total income		**10,585**	10,763
Employee benefits		**2,366**	2,177
Other expenses		**1,749**	1,704
Total expenses		**4,115**	3,881
Profit before allowances		**6,470**	6,882
Allowances for credit and other losses		**(118)**	2,323
Profit before tax		**6,588**	4,559
Income tax expense		**713**	408
Net profit attributable to shareholders		**5,875**	4,151

(see notes on pages 187 to 189 which form part of these financial statements)

DBS Bank Ltd

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2021

In $ millions	Bank 2021	Bank 2020
Net profit	**5,875**	4,151
Other comprehensive income:		
Items that may be reclassified subsequently to income statement:		
Translation differences for foreign operations	**27**	(13)
Gains/ (losses) on debt instruments classified at fair value through other comprehensive income and cash flow hedge movements		
Net valuation taken to equity	**(578)**	879
Transferred to income statement	**(249)**	(478)
Taxation relating to components of other comprehensive income	**35**	(10)
Items that will not be reclassified to income statement:		
Gains/ (losses) on equity instruments classified at fair value through other comprehensive income (net of tax)	**111**	(240)
Fair value change from own credit risk on financial liabilities designated at fair value (net of tax)	**(32)**	25
Other comprehensive income, net of tax	**(686)**	163
Total comprehensive income attributable to shareholders	**5,189**	4,314

(see notes on pages 187 to 189 which form part of these financial statements)

BALANCE SHEET

as at 31 December 2021

In $ millions	Note	Bank 2021	Bank 2020
Assets			
Cash and balances with central banks		**48,688**	39,388
Government securities and treasury bills		**37,816**	36,682
Due from banks		**43,857**	44,643
Derivatives		**18,364**	27,959
Bank and corporate securities		**63,380**	59,944
Loans and advances to customers		**325,734**	302,587
Other assets		**11,532**	14,936
Associates and joint ventures		**1,272**	186
Subsidiaries	3	**28,545**	31,860
Due from holding company		**718**	911
Properties and other fixed assets		**1,806**	1,849
Goodwill and intangibles		**334**	334
Total assets		**582,046**	561,279
Liabilities			
Due to banks		**24,087**	23,586
Deposits and balances from customers		**387,824**	350,079
Derivatives		**18,880**	29,537
Other liabilities		**12,858**	16,800
Other debt securities		**45,066**	38,081
Due to holding company		**8,776**	6,031
Due to subsidiaries		**34,439**	48,288
Total liabilities		**531,930**	512,402
Net assets		**50,116**	48,877
Equity			
Share capital	4	**24,452**	24,452
Other equity instruments	5	**2,396**	4,209
Other reserves	6	**(425)**	264
Revenue reserves	6	**23,693**	19,952
Shareholders' funds		**50,116**	48,877

(see notes on pages 187 to 189 which form part of these financial statements)

NOTES TO THE SUPPLEMENTARY FINANCIAL STATEMENTS

for the year ended 31 December 2021

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 2021. 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	2021	2020
Dividends from subsidiaries	**475**	341
Dividends from associates	**16**	6
Total	**491**	347

3. Subsidiaries

In $ millions	2021	2020
Investment in subsidiaries[(a)]		
Ordinary shares	**12,958**	12,782
Due from subsidiaries		
Other receivables	**15,587**	19,078
Total	**28,545**	31,860

(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

4. Share Capital

	Shares ('000) 2021	Shares ('000) 2020	In $ millions 2021	In $ millions 2020
Ordinary shares				
Balance at 1 January	**2,626,196**	2,626,196	**24,452**	23,653
Redemption of preference shares	**–**	–	**–**	799
Balance at 31 December	**2,626,196**	2,626,196	**24,452**	24,452
Non-cumulative preference shares				
Balance at 1 January				
SGD 800m 4.70% Non-Cumulative, Non-Convertible, Non-Voting, Preference Shares Callable in 2020	**–**	8,000	**–**	799
Redemption of preference shares	**–**	(8,000)	**–**	(799)
Balance at 31 December	**–**	–	**–**	–
Issued share capital at 31 December			**24,452**	24,452

5. Other Equity Instruments

The following perpetual capital securities issued by the Bank are classified as other equity instruments. These instruments are subordinated to all liabilities of the Bank and senior only to ordinary shareholders of the Bank. Their terms require them to be written-off if and when the Monetary Authority of Singapore notifies the Bank that a write-off of the instruments, or a public sector injection of capital (or equivalent support), is necessary, without which the Bank Group or the DBSH Group (DBSH and its subsidiaries) would become non-viable. These instruments qualify as Additional Tier 1 capital under MAS Notice 637.

In $ millions	Issue Date	Distribution Payment	2021	2020
Issued by the Bank				
SGD 550m 3.85% Non-Cumulative, Non-Convertible Perpetual Capital Securities First Callable in 2021	1 Sep 2016	Sep	**–**	550
USD 185m 4.0% Non-Cumulative, Non-Convertible Perpetual Capital Securities First Callable in 2021	1 Sep 2016	Sep	**–**	252
USD 750m 3.60% Non-Cumulative, Non-Convertible Perpetual Capital Securities First Callable in 2021	7 Sep 2016	Mar/ Sep	**–**	1,011
SGD 1,000m 3.98% Non-Cumulative, Non-Convertible Perpetual Capital Securities First Callable in 2025	12 Sep 2018	Mar/ Sep	**1,000**	1,000
USD 1,000m 3.30% Non-Cumulative, Non-Convertible Perpetual Capital Securities First Callable in 2025	27 Feb 2020	Feb/ Aug	**1,396**	1,396
Total			**2,396**	4,209

6. Other Reserves and Revenue Reserves

6.1 Other reserves

In $ millions	2021	2020
FVOCI revaluation reserves (bonds)	**(79)**	281
FVOCI revaluation reserves (equities)	**(114)**	(190)
Cash flow hedge reserves	**(187)**	245
Capital reserves	**(45)**	(72)
Total	**(425)**	264

Movements in other reserves of the Bank during the year are as follows:

In $ millions	FVOCI revaluation reserves (bonds)	FVOCI revaluation reserves (equities)	Cash flow hedge reserves	Capital reserves[a]	Total
2021					
Balance at 1 January	**281**	**(190)**	**245**	**(72)**	**264**
Net exchange translation adjustments	**–**	**–**	**–**	**27**	**27**
FVOCI financial assets and cash flow hedge movements:					
– net valuation taken to equity	**(280)**	**117**	**(298)**	**–**	**(461)**
– transferred to income statement	**(97)**	**–**	**(152)**	**–**	**(249)**
– taxation relating to components of other comprehensive income	**17**	**(6)**	**18**	**–**	**29**
Transfer to revenue reserves upon disposal of FVOCI equities	**–**	**(35)**	**–**	**–**	**(35)**
Balance at 31 December	**(79)**	**(114)**	**(187)**	**(45)**	**(425)**
2020					
Balance at 1 January	59	(38)	76	(59)	38
Net exchange translation adjustments	–	–	–	(13)	(13)
FVOCI financial assets and cash flow hedge movements:					
– net valuation taken to equity	611	(250)	268	–	629
– transferred to income statement	(378)	–	(100)	–	(478)
– taxation relating to components of other comprehensive income	(11)	10	1	–	–
Transfer to revenue reserves upon disposal of FVOCI equities	–	88	–	–	88
Balance at 31 December	281	(190)	245	(72)	264

(a) Capital reserves include net exchange translation adjustments arising from translation differences on net investments in foreign branches or units with non-SGD functional currency and the related foreign currency instruments designated as a hedge

6.2 Revenue reserves

In $ millions	2021	2020
Balance at 1 January	**19,952**	19,425
Redemption of perpetual capital securities	**6**	–
Redemption of preference shares	**–**	(800)
Net profit attributable to shareholders	**5,875**	4,151
Other comprehensive income attributable to shareholders		
– Transfer from FVOCI revaluation reserves upon disposal of FVOCI equities	**35**	(88)
– Fair value change from own credit risk on financial liabilities designated at fair value (net of tax)	**(32)**	25
Sub-total	**25,836**	22,713
Less: Dividends paid to holding company	**2,143**	2,723
Dividends paid on preference shares	**–**	38
Balance at 31 December[a]	**23,693**	19,952

(a) Singapore banks are required to maintain a Minimum Regulatory Loss Allowance (MRLA) of at least 1% of the gross carrying amount of selected credit exposures net of collaterals per MAS Notice 612. For periods where Stage 1 and 2 ECL fall below MRLA, the shortfall is appropriated from retained earnings in the shareholders' funds into a non-distributable Regulatory Loss Allowance Reserve (RLAR) account. The RLAR was nil as at 31 December 2021 (2020: Nil)