Liquidity Coverage Ratio ("LCR")
For the quarter ended 31 Mar 2017

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

DBS BANK GROUP

The following disclosures for the DBS Bank Group[1] are made pursuant to the Monetary Authority of Singapore ("MAS") Notice to Banks No. 651 "Liquidity Coverage Ratio ("LCR") Disclosure" ("Notice 651").

DBS Bank Group ("Group") has been subjected to the Basel III Liquidity Coverage Ratio ("LCR") standards from 1 January 2015, pursuant to MAS Notice 649. At the all-currency level, the Group is required to maintain daily LCR above an initial 60%, with a 10 percentage point step-up each year to 100% on 1 January 2019. The all-currency LCR minimum for 2017 is 80%. The Group is also required to maintain daily Singapore dollar ("SGD") LCR above 100%.

LCR aims to ensure that a bank has an adequate stock of unencumbered High Quality Liquid Assets ("HQLA") to meet its liquidity needs for a 30-calendar day liquidity stress scenario. Notice 649 stipulates the range of liquid assets that qualify as HQLA, as well as the applicable haircuts for each category. Net cash outflows are computed using the standardized 30-day cash flow rates defined in the same notice. The amounts after the application of haircuts or 30-day cash flow rates are reflected in the "weighted amount" column of the tables below.

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

1. Establishing internal early warning triggers and thresholds based on observed movements in LCR over time;
2. Monitoring and managing the LCR closely to ensure it stays within established boundaries; and
3. Strategically managing the liquidity risk arising from the balance sheet structure.

[1] Pursuant to Sections 36 and 38 of the Banking Act, and as outlined in MAS Notice 649, DBS Bank complies with the LCR requirements on a consolidated ("DBS Bank Group") level, which includes the assets and liabilities of its banking subsidiaries.

1. Average All-Currency LCR for the quarter ended 31 March 2017

(Number of data points: 90)

(in S$ millions)		UNWEIGHTED[2]	WEIGHTED VALUE
HIGH-QUALITY LIQUID ASSETS			
1	**Total high-quality liquid assets (HQLA)**		**72,410**
CASH OUTFLOWS			
2	**Retail deposits and deposits from small business customers, of which**	**178,870**	**14,913**
3	Stable deposits	59,476	2,974
4	Less stable deposits	119,394	11,939
5	**Unsecured wholesale funding, of which**	**132,681**	**70,485**
6	Operational deposits (all counterparties) and deposits in institutional networks of cooperative banks	25,268	6,093
7	Non-operational deposits (all counterparties)	100,975	57,954
8	Unsecured debt	6,438	6,438
9	**Secured wholesale funding**		**86**
10	**Additional requirements, of which**	**49,112**	**9,978**
11	Outflows related to derivatives exposures and other collateral requirements	7,734	5,751
12	Outflows related to loss of funding on debt products	-	-
13	Credit and liquidity facilities	41,378	4,227
14	**Other contractual funding obligations**	**1,604**	**1,144**
15	**Other contingent funding obligations**	**18,492**	**555**
16	**TOTAL CASH OUTFLOWS**		**97,161**
CASH INFLOWS			
17	**Secured lending (e.g. reverse repos)**	**3,360**	**164**
18	**Inflows from fully performing exposures**	**60,564**	**41,499**
19	**Other cash inflows**	**6,513**	**2,805**
20	**TOTAL CASH INFLOWS**	**70,437**	**44,468**
		TOTAL ADJUSTED VALUE	
21	**TOTAL HQLA**		**72,410**
22	**TOTAL NET CASH OUTFLOWS**		**52,693**
23	**LIQUIDITY COVERAGE RATIO (%)[3]**		**138%**

[2] The unweighted amounts refer to cash flows due or callable within 30 days, with the exception of items in rows 13 and 15 which reflect the full notional balances.
[3] The LCR is computed as an average of observations of LCR during the quarter. This may not be equal to an LCR computed with the average values of HQLA and net cash outflows disclosed in the table.

2. Average SGD LCR for the quarter ended 31 March 2017

(Number of data points: 90)

(in S$ millions)		UNWEIGHTED	WEIGHTED VALUE
HIGH-QUALITY LIQUID ASSETS			
1	**Total high-quality liquid assets (HQLA)**		**35,679**
CASH OUTFLOWS			
2	**Retail deposits and deposits from small business customers, of which**	**123,251**	**9,925**
3	Stable deposits	48,009	2,401
4	Less stable deposits	75,242	7,524
5	**Unsecured wholesale funding, of which**	**24,609**	**10,520**
6	Operational deposits (all counterparties) and deposits in institutional networks of cooperative banks	11,309	2,730
7	Non-operational deposits (all counterparties)	12,914	7,404
8	Unsecured debt	386	386
9	**Secured wholesale funding**		**-**
10	**Additional requirements, of which**	**20,501**	**6,764**
11	Outflows related to derivatives exposures and other collateral requirements	5,721	5,596
12	Outflows related to loss of funding on debt products	-	-
13	Credit and liquidity facilities	14,780	1,168
14	**Other contractual funding obligations**	**154**	**76**
15	**Other contingent funding obligations**	**2,808**	**84**
16	**TOTAL CASH OUTFLOWS**		**27,369**
CASH INFLOWS			
17	**Secured lending (e.g. reverse repos)**	**1,474**	**1**
18	**Inflows from fully performing exposures**	**16,149**	**11,243**
19	**Other cash inflows**	**21,575**	**21,397**
20	**TOTAL CASH INFLOWS**	**39,198**	**32,641**
		TOTAL ADJUSTED VALUE	
21	**TOTAL HQLA**		**35,679**
22	**TOTAL NET CASH OUTFLOWS[4]**		**6,842**
23	**LIQUIDITY COVERAGE RATIO (%)[5]**		**522%**

[4] Total net cash outflows does not equal to the total cash outflows minus total cash inflows as the cap on inflows is binding. Cash inflows may be netted against cash outflows up to an aggregate cap of 75% of total cash outflows.
[5] The LCR is computed as an average of observations of LCR in the quarter. This may not be equal to an LCR computed with the average values of HQLA and net cash outflows disclosed in the table.

3. Liquidity Coverage Ratio (continued)

In the first quarter of 2017, the average all-currency and SGD LCRs were 138% and 522% respectively. This is an increase from the corresponding 2016 fourth quarter average of 133% and 500%. The LCR remains well above the regulatory minimum requirements of 80% and 100%. DBS maintains a healthy liquidity position by keeping a stable balance sheet structure that is supported by a diversified funding base.

Compared to the last quarter:

- All-currency LCR increased as the increase in HQLA more than offsets the increase in net cash outflows.

- SGD LCR increased mainly due to increased holdings of Singapore government securities and balances with MAS.

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

a) Composition of High Quality Liquid Assets ("HQLA")

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

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

b) Concentration of Funding Sources

DBS strives to develop a diversified funding base with access to funding sources across retail and wholesale channels. DBS' funding strategy is anchored on strengthening the core deposit franchise as the foundation of the Group's long-term funding source. Within wholesale funding, senior medium term notes were gradually replaced with covered bonds which are more cost effective. For more information on the Group's funding strategy, please refer to Section 7 of the Risk Management disclosures in the Group's annual report for the year ended 31 December 2016.

c) Derivative Exposures and Potential Collateral Calls

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

d) Currency Mismatch

As part of the Group's funding strategy, DBS makes use of the swap markets to support funding needs across currencies. The Group's stable funding base of customer deposits is predominantly denominated in the local currency of its key operating locations. The Group's core SGD deposit funding provides surplus funds that are swapped into other currencies to support loan demand. Matching the deposit funding currency, the main portion of the Group's liquid assets is denominated in SGD and the local currencies of key operating locations.

e) Centralization of Liquidity Management

In managing funding needs across locations, overseas branches and subsidiaries are encouraged but not required to centralise majority of their borrowing and deployment of funds with Head Office, taking into account the relevant regulatory restrictions while maintaining a commensurate level of presence and participation in the local funding markets.

In managing the Group's pool of liquid assets, the Group is able to monetize liquid assets to meet liquidity shortfalls under times of stress.

For more information on the Group's liquidity risk management, please refer to the annual report for the year ended 31 December 2016.