



Pillar 3 and Liquidity Disclosures

30 September 2022

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

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PART A : PILLAR 3 DISCLOSURES

1 INTRODUCTION

This part contains Pillar 3 disclosures of DBS Group Holdings Ltd and its Subsidiaries (Group) and is made pursuant to the Monetary Authority of Singapore Notice to Banks No. 637 "Notice on Risk Based Capital Adequacy Requirements for Banks incorporated in Singapore" (MAS Notice 637).

The Group views the Basel framework as part of continuing efforts to strengthen its risk management culture and ensure that the Group pursues business growth across segments and markets with the appropriate risk management discipline, practices and processes in place.

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

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

2 SCOPE OF CONSOLIDATION

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

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

3 OVERVIEW OF KEY PRUDENTIAL REGULATORY METRICS

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

\$'m		a	b	c	d	e
		30 Sep 22	30 Jun 22	31 Mar 22	31 Dec 21	30 Sep 21
Available capital (amounts)						
1	CET1 capital	49,838	49,449	49,171	49,248	48,880
2	Tier 1 capital	52,231	51,842	51,564	51,640	51,273
3	Total capital	58,637	58,213	57,985	58,207	57,865
Risk-weighted assets (amounts)						
4	Total RWA	361,452	349,078	350,897	342,691	337,593
Risk-based capital ratios as a percentage of RWA						
5	CET1 ratio (%)	13.8	14.2	14.0	14.4	14.5
6	Tier 1 ratio (%)	14.5	14.9	14.7	15.1	15.2
7	Total capital ratio (%)	16.2	16.7	16.5	17.0	17.1
Additional CET1 buffer requirements as a percentage of RWA						
8	Capital conservation buffer requirement (2.5% from 2019) (%)	2.5	2.5	2.5	2.5	2.5
9	Countercyclical buffer requirement (%)	0.1	0.1	0.1	0.1	0.1
10	Bank G-SIB and/or D-SIB additional requirements (%) ⁽¹⁾	-	-	-	-	-
11	Total of bank CET1 specific buffer requirements (%) (row 8 + row 9 + row 10)	2.6	2.6	2.6	2.6	2.6
12	CET1 available after meeting the Reporting Bank's minimum capital requirements (%)	6.2	6.7	6.5	7.0	7.1
Leverage Ratio						
13	Total Leverage Ratio exposure measure	850,266	838,420	820,281	767,824	756,481
14	Leverage Ratio (%) (row 2 / row 13)	6.1	6.2	6.3	6.7	6.8
Liquidity Coverage Ratio ⁽²⁾						
15	Total High Quality Liquid Assets	138,282	139,757	133,758	126,108	122,567
16	Total net cash outflow	104,144	98,864	96,809	93,599	93,451
17	Liquidity Coverage Ratio (%)	133	142	138	135	131
Net Stable Funding Ratio						
18	Total available stable funding	435,264	434,879	433,067	418,291	408,317
19	Total required stable funding	382,001	370,105	353,913	338,835	322,805
20	Net Stable Funding Ratio (%)	114	118	122	123	127

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

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

The Group's Common Equity Tier 1 (CET1) ratio declined from 14.2% in the previous quarter to 13.8% due to loan growth and marked-to-market impact on FVOCI securities.

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

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4 LEVERAGE RATIO

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

Leverage Ratio Common Disclosure Template

Item	Amount ⁽¹⁾ (\$m)		
	30 Sep 2022	30 Jun 2022	
Exposure measures of on-balance sheet items			
1	On-balance sheet items (excluding derivative transactions and SFTs, but including on-balance sheet collateral for derivative transactions or SFTs)	662,326	668,697
2	Asset amounts deducted in determining Tier 1 capital	(3,349)	(4,052)
3	Total exposure measures of on-balance sheet items (excluding derivative transactions and SFTs)	658,977	664,645
Derivative exposure measures			
4	Replacement cost associated with all derivative transactions (net of the eligible cash portion of variation margins)	24,476	20,331
5	Potential future exposure associated with all derivative transactions	33,627	33,233
6	Gross-up for derivative collaterals provided where deducted from the balance sheet assets in accordance with the Accounting Standards	-	-
7	Deductions of receivables for the cash portion of variation margins provided in derivative transactions	-	-
8	CCP leg of trade exposures excluded	-	-
9	Adjusted effective notional amount of written credit derivatives	3,091	2,942
10	Further adjustments in effective notional amounts and deductions from potential future exposures of written credit derivatives	-	-
11	Total derivative exposure measures	61,194	56,506
SFT exposure measures			
12	Gross SFT assets (with no recognition of accounting netting), after adjusting for sales accounting	45,857	37,476
13	Eligible netting of cash payables and cash receivables	-	-
14	SFT counterparty exposures	1,887	485
15	SFT exposure measures where a Reporting Bank acts as an agent in the SFTs	-	-
16	Total SFT exposure measures	47,744	37,961
Exposure measures of off-balance sheet items			
17	Off-balance sheet items at notional amount	403,928	383,342
18	Adjustments for calculation of exposure measures of off-balance sheet items	(321,577)	(304,034)
19	Total exposure measures of off-balance sheet items	82,351	79,308
Capital and Total exposures			
20	Tier 1 capital	52,231	51,842
21	Total exposures	850,266	838,420
Leverage Ratio			
22	Leverage Ratio	6.1%	6.2%

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

The leverage ratio of 6.1% was twice the regulatory minimum of 3%.

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Leverage Ratio Summary Comparison Table

		30 Sep 2022
		Amount⁽¹⁾
Item		(\$m)
1	Total consolidated assets as per published financial statements	766,636
2	Adjustment for investments in entities that are consolidated for accounting purposes but are outside the regulatory scope of consolidation	-
3	Adjustment for fiduciary assets recognised on the balance sheet in accordance with the Accounting Standards but excluded from the calculation of the exposure measure	-
4	Adjustment for derivative transactions	2,727
5	Adjustment for SFTs	1,887
6	Adjustment for off-balance sheet items	82,351
7	Other adjustments	(3,335)
8	Exposure measure	850,266

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

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5 OVERVIEW OF RISK-WEIGHTED ASSETS

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

\$m		a	b	c
		RWA		Minimum capital requirements ⁽¹⁾
		30 Sep 2022	30 Jun 2022	30 Sep 2022
1	Credit risk (excluding CCR)	271,270	263,475	27,128
2	<i>of which: Standardised Approach</i>	30,367	30,825	3,037
3	<i>of which: F-IRBA</i>	175,837	169,066	17,584
4	<i>of which: supervisory slotting approach</i>	45,916	45,427	4,592
5	<i>of which: A-IRBA</i>	19,150	18,157	1,915
6	CCR	16,426	13,410	1,642
7	<i>of which: SA-CCR</i>	12,778	10,493	1,278
8	<i>of which: CCR Internal Models Method</i>	-	-	-
9	<i>of which: other CCR</i>	2,614	1,761	261
9a	<i>of which: CCP</i>	1,034	1,156	103
10	CVA	8,267	7,258	827
11	Equity exposures under the simple risk weight method	-	-	-
11a	Equity exposures under the IMM	-	-	-
12	Equity investments in funds – look-through approach	70	68	7
13	Equity investments in funds – mandate-based approach	12	14	1
14	Equity investments in funds – fall-back approach	#	#	#
14a	Equity investment in funds – partial use of an approach	310	297	31
15	Unsettled transactions	99	18	1
16	Securitisation exposures in banking book	1,312	1,380	131
17	<i>of which: SEC-IRBA</i>	-	-	-
18	<i>of which: SEC-ERBA, including IAA</i>	1,164	1,324	116
19	<i>of which: SEC-SA</i>	148	56	15
20	Market risk	24,754	24,707	2,475
21	<i>of which: SA(MR)</i>	24,754	24,707	2,475
22	<i>of which: IMA</i>	-	-	-
23	Operational risk	34,683	34,227	3,468
24	Amounts below the thresholds for deduction (subject to 250% risk weight)	4,249	4,224	425
25	Floor adjustment	-	-	-
26	Total	361,452	349,078	36,145

Numbers below 0.5.

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

Risk-weighted assets increased during the quarter was mainly driven by loan growth and higher counterparty exposures on derivatives.

6 CREDIT RISK
6.1 IRBA - RWA Flow Statement for Credit Risk Exposures

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

\$'m	30 Sep 2022	
	a	
	RWA amounts	
1 RWA as at end of previous quarter	232,650	
2 Asset size	3,496	
3 Asset quality ⁽¹⁾	3,050	
4 Model updates	-	
5 Methodology and Policy	-	
6 Acquisitions and disposals	-	
7 Foreign exchange movements	1,707	
8 Other	-	
9 RWA as at end of quarter	240,903	

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

The increase in Credit RWA during the quarter was mainly driven by loan growth and changes in portfolio mix.

7 COUNTERPARTY CREDIT RISK ("CCR")
7.1 RWA Flow Statements under the CCR Internal Models Method

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

8 MARKET RISK
8.1 RWA Flow Statements of Market Risk Exposures under IMA

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

PART B: LIQUIDITY COVERAGE RATIO (“LCR”) DISCLOSURES

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

The Group is subject to the Basel III Liquidity Coverage Ratio (“LCR”) standards pursuant to MAS Notice 649. As at 1 January 2019, the Group is required to maintain daily all-currency and Singapore dollar (“SGD”) LCR above 100%.

The LCR aims to ensure that a bank has an adequate stock of unencumbered High Quality Liquid Assets (“HQLA”) to meet its liquidity needs for a 30-calendar day liquidity stress scenario. MAS Notice 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 in this part.

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

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

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

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1.1 Average All-Currency LCR for the Quarter ended 30 Sep 2022 (Number of data points: 92)

\$m		30 Sep 2022	
		UNWEIGHTED ⁽¹⁾	WEIGHTED VALUE
HIGH-QUALITY LIQUID ASSETS			
1	Total high-quality liquid assets (HQLA)⁽²⁾		138,282
CASH OUTFLOWS			
2	Retail deposits and deposits from small business customers, of which	268,719	22,259
3	Stable deposits	91,472	4,534
4	Less stable deposits	177,247	17,725
5	Unsecured wholesale funding, of which	221,575	120,703
6	Operational deposits (all counterparties) and deposits in institutional networks of cooperative banks	42,154	10,199
7	Non-operational deposits (all counterparties)	169,728	100,811
8	Unsecured debt	9,693	9,693
9	Secured wholesale funding		1,849
10	Additional requirements, of which	84,310	17,989
11	Outflows related to derivatives exposures and other collateral requirements	17,919	9,447
12	Outflows related to loss of funding on debt products	38	38
13	Credit and liquidity facilities	66,353	8,505
14	Other contractual funding obligations	1,908	1,885
15	Other contingent funding obligations	36,455	1,574
16	TOTAL CASH OUTFLOWS		166,259
CASH INFLOWS			
17	Secured lending (e.g. reverse repos)	13,786	1,602
18	Inflows from fully performing exposures	88,134	55,965
19	Other cash inflows	8,262	4,548
20	TOTAL CASH INFLOWS	110,182	62,115
		TOTAL ADJUSTED VALUE	
21	TOTAL HQLA⁽²⁾		138,282
22	TOTAL NET CASH OUTFLOWS		104,144
23	LIQUIDITY COVERAGE RATIO (%)⁽³⁾		133%

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

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

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

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

1.2 Average SGD LCR for the Quarter ended 30 Sep 2022 (Number of data points: 92)

\$m		30 Sep 2022	
		UNWEIGHTED ⁽¹⁾	WEIGHTED VALUE
HIGH-QUALITY LIQUID ASSETS			
1	Total high-quality liquid assets (HQLA)⁽²⁾		63,563
CASH OUTFLOWS			
2	Retail deposits and deposits from small business customers, of which	181,341	14,230
3	Stable deposits	78,077	3,904
4	Less stable deposits	103,264	10,326
5	Unsecured wholesale funding, of which	41,737	18,688
6	Operational deposits (all counterparties) and deposits in institutional networks of cooperative banks	16,686	3,989
7	Non-operational deposits (all counterparties)	24,742	14,389
8	Unsecured debt	309	309
9	Secured wholesale funding		1
10	Additional requirements, of which	34,417	14,280
11	Outflows related to derivatives exposures and other collateral requirements	13,487	12,596
12	Outflows related to loss of funding on debt products	-	-
13	Credit and liquidity facilities	20,930	1,684
14	Other contractual funding obligations	344	327
15	Other contingent funding obligations	3,685	110
16	TOTAL CASH OUTFLOWS		47,636
CASH INFLOWS			
17	Secured lending (e.g. reverse repos)	846	33
18	Inflows from fully performing exposures	11,519	5,942
19	Other cash inflows	25,614	25,490
20	TOTAL CASH INFLOWS	37,979	31,465
		TOTAL ADJUSTED VALUE	
21	TOTAL HQLA⁽²⁾		63,563
22	TOTAL NET CASH OUTFLOWS⁽³⁾		16,171
23	LIQUIDITY COVERAGE RATIO (%)⁽⁴⁾		396%

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

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

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

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

1.3 Liquidity Coverage Ratio

In the third quarter of 2022, the average all-currency and SGD LCRs were 133% and 396%, respectively. Compared to previous quarter, all-currency LCR reduced from 142% due to a shift in funding source from retail to wholesale deposits while SGD LCR remained nearly unchanged from 398%.

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

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

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

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

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

b) Concentration of Funding Sources

The Group strives to develop a diversified funding base with access to funding sources across retail and wholesale channels. The Group's funding strategy is anchored on strengthening the core deposit franchise as the foundation of its long-term funding advantage. Please refer to the risk management disclosures in the latest available annual report for more information on the Group's funding strategy.

c) Derivative Exposures and Potential Collateral Calls

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

1.3 Liquidity Coverage Ratio (continued)

d) Currency Mismatch

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

e) Centralization of Liquidity Management

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

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

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

PART C: ABBREVIATIONS

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