# Pillar 3 and Liquidity Disclosures

31 March 2025

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

# DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

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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 Designated Financial Holding Companies FHC-N637 "Notice on Risk Based Capital Adequacy Requirements" (“MAS Notice FHC-N637”). MAS Notice FHC-N637 incorporates relevant provisions in MAS Notice 637 on Risk Based Capital 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.

## 3 OVERVIEW OF KEY PRUDENTIAL REGULATORY METRICS

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

| | | a | b | c | d | e |
|---|---|---|---|---|---|---|
| **$'m** | | **31 Mar 25** | **31 Dec 24** | **30 Sep 24** | **30 Jun 24** | **31 Mar 24** |
| **Available capital (amounts)** | | | | | | |
| 1 | CET1 capital | 61,022 | 59,993 | 58,032 | 56,955 | 55,668 |
| 2 | Tier 1 capital | 62,022 | 62,386 | 60,425 | 59,348 | 58,060 |
| 3 | Total capital | 65,238 | 65,601 | 63,535 | 62,531 | 61,221 |
| **Risk-weighted assets (amounts)** | | | | | | |
| 4 | Total RWA | 351,537 | 352,002 | 337,954 | 386,030 | 378,255 |
| 4a | Total RWA (pre-floor) (3) | 351,537 | 352,002 | 337,954 | | |
| **Risk-based capital ratios as a percentage of RWA** | | | | | | |
| 5 | CET1 ratio (%) | 17.4 | 17.0 | 17.2 | 14.8 | 14.7 |
| 5a | CET1 ratio (%) (pre-floor ratio) (3) | 17.4 | 17.0 | 17.2 | | |
| 6 | Tier 1 ratio (%) | 17.6 | 17.7 | 17.9 | 15.4 | 15.3 |
| 6a | Tier 1 ratio (%) (pre-floor ratio) (3) | 17.6 | 17.7 | 17.9 | | |
| 7 | Total capital ratio (%) | 18.6 | 18.6 | 18.8 | 16.2 | 16.2 |
| 7a | Total capital ratio (%) (pre-floor ratio) (3) | 18.6 | 18.6 | 18.8 | | |
| **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 (%) | 0.2 | 0.2 | 0.3 | 0.3 | 0.2 |
| 10 | G-SIB and/or D-SIB additional requirements (%) (1) | - | - | - | - | - |
| 11 | Total of bank CET1 specific buffer requirements (%) (row 8 + row 9 + row 10) | 2.7 | 2.7 | 2.8 | 2.8 | 2.7 |
| 12 | CET1 available after meeting the Reporting Bank's minimum capital requirements (%) | 8.6 | 8.6 | 8.8 | 6.2 | 6.2 |
| **Leverage Ratio** | | | | | | |
| 13 | Total Leverage Ratio exposure measure | 952,540 | 930,595 | 888,680 | 907,470 | 895,503 |
| 14 | Leverage Ratio (%) (row 2 / row 13) | 6.5 | 6.7 | 6.8 | 6.5 | 6.5 |
| 14a | Leverage Ratio (%) incorporating mean values for SFT assets (3) | 6.6 | 6.7 | 6.8 | | |
| **Liquidity Coverage Ratio** (2) | | | | | | |
| 15 | Total High Quality Liquid Assets | 172,735 | 166,176 | 163,796 | 160,680 | 151,086 |
| 16 | Total net cash outflow | 119,284 | 113,161 | 113,824 | 108,584 | 105,281 |
| 17 | Liquidity Coverage Ratio (%) | 145 | 147 | 144 | 148 | 144 |
| **Net Stable Funding Ratio** | | | | | | |
| 18 | Total available stable funding | 493,317 | 480,381 | 463,466 | 465,790 | 461,836 |
| 19 | Total required stable funding | 427,952 | 417,076 | 404,948 | 401,960 | 396,552 |
| 20 | Net Stable Funding Ratio (%) | 115 | 115 | 115 | 116 | 116 |

(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.

(3) Pursuant to MAS Notice 637 effective 1 July 2024.

The Group's Common Equity Tier 1 (CET1) ratio rose 0.4 percentage point from the previous quarter to 17.4%. The increase was due to strong net profit accretion and the implementation of new Market risk rules partially offset by higher Credit RWA.

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

## 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) | |
|---|---|---|---|
| | | **31 Mar 2025** | **31 Dec 2024** |
| | **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) | 725,710 | 719,525 |
| 2 | Gross-up for derivatives collateral provided where deducted from balance sheet assets in accordance with the Accounting Standards | - | - |
| 3 | Deductions of receivable assets for cash variation margin provided in derivatives transactions | - | - |
| 4 | Adjustment for collateral received under securities financing transactions that are recognised as assets | - | - |
| 5 | Specific and general allowances associated with on-balance sheet exposures that are deducted from Tier 1 Capital | - | - |
| 6 | Asset amounts deducted in determining Tier 1 capital Capital and regulatory adjustments | (6,826) | (6,475) |
| 7 | **Total exposure measures of on-balance sheet items** (excluding derivative transactions and SFTs) | **718,884** | **713,050** |
| | **Derivative exposure measures** | | |
| 8 | Replacement cost associated with all derivative transactions (net of the eligible cash portion of variation margins and net of bilateral netting) | 17,801 | 18,507 |
| 9 | Potential future exposure associated with all derivative transactions | 43,333 | 39,804 |
| 10 | CCP leg of trade exposures excluded in respect of in respect of derivative transactions cleared on behalf of clients | - | - |
| 11 | Adjusted effective notional amount of written credit derivatives | 390 | 393 |
| 12 | Further adjustments in effective notional amounts and deductions from potential future exposures of written credit derivatives | - | - |
| 13 | **Total derivative exposure measures** | **61,524** | **58,704** |
| | **SFT exposure measures** | | |
| 14 | Gross SFT assets (with no recognition of accounting netting), after adjusting for sales accounting | 91,577 | 79,811 |
| 15 | Eligible netting of cash payables and cash receivables | - | - |
| 16 | SFT counterparty exposures | 1,692 | 1,967 |
| 17 | SFT exposure measures where a Reporting Bank acts as an agent in the SFTs | - | - |
| 18 | **Total SFT exposure measures** | **93,269** | **81,778** |
| | **Exposure measures of off-balance sheet items** | | |
| 19 | Off-balance sheet items at notional amount | 386,154 | 380,272 |
| 20 | Adjustments for calculation of exposure measures of off-balance sheet items | (307,291) | (303,209) |
| 21 | Specific and general allowances associated with off-balance sheet exposures deducted in determining Tier 1 Capital | - | - |
| 22 | **Total exposure measures of off-balance sheet items** | **78,863** | **77,063** |
| | **Capital and Total exposures** | | |
| 23 | Tier 1 capital | 62,022 | 62,386 |
| 24 | Total exposures | 952,540 | 930,595 |
| | **Leverage Ratio** | | |
| 25 | **Leverage Ratio** | **6.5%** | **6.7%** |
| 26 | **National minimum leverage ratio requirement** | **3.0%** | **3.0%** |
| 27 | **Applicable leverage buffers** | **0.0%** | **0.0%** |
| | **Disclosure of mean values** | | |
| 28 | Mean value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables | 83,933 | 79,428 |
| 29 | Quarter-end value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables | 91,577 | 79,811 |
| 30 | Total exposures incorporating values from row 28 | 944,895 | 930,212 |
| 31 | Leverage ratio incorporating values from row 28 | **6.6%** | **6.7%** |

The leverage ratio of 6.5% was more than twice the regulatory minimum of 3%.

**Leverage Ratio Summary Comparison Table**

| | Item | 31 Mar 2025<br>Amount<br>($m) |
|---|---|---|
| 1 | Total consolidated assets as per published financial statements | 840,956 |
| 2 | Adjustment for investments in entities that are consolidated for accounting purposes but are outside the regulatory scope of consolidation | - |
| 3 | Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference | - |
| 4 | Adjustment for fiduciary assets recognised on the balance sheet in accordance with the Accounting Standards but excluded from the calculation of the leverage ratio exposure measure | - |
| 5 | Adjustments for regular-way purchases and sales of financial assets subject to trade date accounting | - |
| 6 | Adjustments for eligible cash pooling arrangements | - |
| 7 | Adjustment for derivative transactions | 37,837 |
| 8 | Adjustment for SFTs | 1,692 |
| 9 | Adjustment for off-balance sheet items | 78,863 |
| 10 | Adjustments for prudent valuation adjustments and specific and general allowances which have reduced Tier 1 Capital | (5) |
| 11 | Other adjustments | (6,803) |
| **12** | **Leverage Ratio Exposure measure** | **952,540** |

## 5 OVERVIEW OF RISK-WEIGHTED ASSETS

### 5.1 Overview of RWA

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

| | | a | b | c |
|---|---|---|---|---|
| | | RWA | | Minimum capital requirements[1] |
| $m | | 31 Mar 2025 | 31 Dec 2024 | 31 Mar 2025 |
| 1 | **Credit risk (excluding CCR)** | 257,033 | 248,953 | 25,703 |
| 2 | *of which: Standardised Approach* | *37,485* | *36,927* | *3,749* |
| 3 | *of which: F-IRBA* | *158,081* | *151,834* | *15,808* |
| 4 | *of which: supervisory slotting approach* | *41,523* | *40,308* | *4,152* |
| 5 | *of which: A-IRBA* | *19,944* | *19,884* | *1,994* |
| 6 | **CCR** | 13,898 | 17,311 | 1,390 |
| 7 | *of which: SA-CCR* | *9,228* | *10,254* | *923* |
| 8 | *of which: CCR Internal Models Method* | - | - | - |
| 9 | *of which: other CCR* | *3,867* | *6,180* | *387* |
| 10 | *of which: CCP* | *803* | *877* | *80* |
| 11 | CVA | 9,655 | 8,848 | 966 |
| 12 | Equity investments in funds – look-through approach | 38 | 50 | 4 |
| 13 | Equity investments in funds – mandate-based approach | 63 | 66 | 6 |
| 14 | Equity investments in funds – fall-back approach | 61 | 61 | 6 |
| 15 | Equity investment in funds – partial use of an approach | 405 | 414 | 41 |
| 16 | Unsettled transactions | 40 | 22 | 4 |
| 17 | **Securitisation exposures in banking book** | 1,273 | 1,407 | 127 |
| 18 | *of which: SEC-IRBA* | - | - | - |
| 19 | *of which: SEC-ERBA* | *1,053* | *1,149* | *105* |
| 20 | *of which: SEC-IAA* | - | - | - |
| 21 | *of which: SEC-SA* | *220* | *258* | *22* |
| 22 | **Market risk** | 24,834 | 30,664 | 2,483 |
| 23 | *of which: SA(MR)* | *24,834* | *30,482* | *2,483* |
| 24 | *of which: SSA(MR)* | - | - | - |
| 25 | *of which: IMA* | - | - | - |
| 26 | Capital charge for switch between trading book and banking book | | | |
| 27 | **Operational risk** | 37,817 | 37,820 | 3,782 |
| 28 | Amounts below the thresholds for deduction (subject to 250% risk weight) | 6,420 | 6,386 | 642 |
| 29 | Output floor calibration | 55% | 50% | |
| 30 | Floor adjustment | - | - | - |
| 31 | **Total** | **351,537** | **352,002** | **35,154** |

\# 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.

RWA was stable during the quarter. The implementation of new Market risk rules and a decrease in CCR RWA were offset by an increase in Credit RWA.

### 5.2 Comparison of Modelled and Standardised RWA at Risk Level

The following table provides the comparison of the RWA calculated using the Group's nominated approaches against the RWA calculated using only standardised approaches.

| | | 31 Mar 2025 | | | |
|---|---|---|---|---|---|
| | | a | b | c | d |
| | | RWA | | | |
| $m | | RWA for portfolios where the Reporting Bank uses modelled approaches | RWA for portfolios where the Reporting Bank uses standardised approaches | Total RWA (a + b) | Total RWA calculated using only standardised approaches |
| 1 | Credit risk (excluding counterparty credit risk) | 219,548 | 37,485 | 257,033 | 446,597 |
| 2 | Counterparty credit risk | 11,854 | 2,044 | 13,898 | 28,242 |
| 3 | Credit valuation adjustment | - | 9,655 | 9,655 | 9,581 |
| 4 | Securitisation exposures in the banking book | - | 1,273 | 1,273 | 1,273 |
| 5 | Market risk | - | 24,834 | 24,834 | 24,831 |
| 6 | Operational risk | | 37,817 | 37,817 | 37,817 |
| 7 | Residual RWA | | 7,027 | 7,027 | 7,027 |
| 8 | **Total** | **231,402** | **120,135** | **351,537** | **555,368** |

The difference in RWA calculated using nominated approaches and the RWA calculated using only standardised approaches is largely due to Corporate exposures.

## 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 | | 31 Mar 2025<br>a<br>RWA amounts |
|---|---|---|
| **1** | **RWA as at end of previous quarter** | **212,026** |
| 2 | Asset size | 5,285 |
| 3 | Asset quality [(1)] | 3,550 |
| 4 | Model updates | - |
| 5 | Methodology and Policy | - |
| 6 | Acquisitions and disposals | - |
| 7 | Foreign exchange movements | (1,313) |
| 8 | Other | - |
| **9** | **RWA as at end of quarter** | **219,548** |

[(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.

## 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 does not adopt IMA to measure its regulatory capital requirements for market risk.

## 9 CREDIT VALUATION ADJUSTMENT RISK

### 9.1 RWA Flow Statements of CVA Risk Exposures under SA-CVA

This disclosure is not applicable as the Group does not adopt SA-CVA to calculate its CVA risk capital requirement.

## 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 Designated Financial Holdings Companies FHC-N651 "Liquidity Coverage Ratio ("LCR") Disclosure".

The Group is subject to the Basel III Liquidity Coverage Ratio ("LCR") standards pursuant to MAS Notice FHC-N649. 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 FHC-N649 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.

**1.1 Average All-Currency LCR for the Quarter ended 31 Mar 2025**
(Number of data points: 90)

| $m | | 31 Mar 2025 UNWEIGHTED[1] | 31 Mar 2025 WEIGHTED VALUE |
|---|---|---|---|
| HIGH-QUALITY LIQUID ASSETS | | | |
| 1 | **Total high-quality liquid assets (HQLA)[2]** | | **172,735** |
| CASH OUTFLOWS | | | |
| 2 | **Retail deposits and deposits from small business customers, of which** | **299,462** | **24,549** |
| 3 | Stable deposits | 107,357 | 5,338 |
| 4 | Less stable deposits | 192,105 | 19,211 |
| 5 | **Unsecured wholesale funding, of which** | **227,034** | **124,175** |
| 6 | Operational deposits (all counterparties) and deposits in institutional networks of cooperative banks | 39,115 | 9,402 |
| 7 | Non-operational deposits (all counterparties) | 177,121 | 103,975 |
| 8 | Unsecured debt | 10,798 | 10,798 |
| 9 | **Secured wholesale funding** | | **6,788** |
| 10 | **Additional requirements, of which** | **96,628** | **20,433** |
| 11 | Outflows related to derivatives exposures and other collateral requirements | 20,893 | 10,244 |
| 12 | Outflows related to loss of funding on debt products | - | - |
| 13 | Credit and liquidity facilities | 75,735 | 10,189 |
| 14 | **Other contractual funding obligations** | **2,529** | **2,512** |
| 15 | **Other contingent funding obligations** | **35,331** | **1,566** |
| 16 | **TOTAL CASH OUTFLOWS** | | **180,023** |
| CASH INFLOWS | | | |
| 17 | **Secured lending (e.g. reverse repos)** | **29,319** | **4,204** |
| 18 | **Inflows from fully performing exposures** | **79,382** | **49,391** |
| 19 | **Other cash inflows** | **12,534** | **7,144** |
| 20 | **TOTAL CASH INFLOWS** | **121,235** | **60,739** |
| | | TOTAL ADJUSTED VALUE | |
| 21 | **TOTAL HQLA[2]** | | **172,735** |
| 22 | **TOTAL NET CASH OUTFLOWS** | | **119,284** |
| 23 | **LIQUIDITY COVERAGE RATIO (%)[3]** | | **145%** |

[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.

**1.2 Average SGD LCR for the Quarter ended 31 Mar 2025**
(Number of data points: 90)

| $m | | 31 Mar 2025 UNWEIGHTED[1] | 31 Mar 2025 WEIGHTED VALUE |
|---|---|---|---|
| HIGH-QUALITY LIQUID ASSETS | | | |
| 1 | **Total high-quality liquid assets (HQLA)[2]** | | **66,246** |
| CASH OUTFLOWS | | | |
| 2 | **Retail deposits and deposits from small business customers, of which** | **166,072** | **12,327** |
| 3 | Stable deposits | 85,597 | 4,280 |
| 4 | Less stable deposits | 80,475 | 8,047 |
| 5 | **Unsecured wholesale funding, of which** | **38,949** | **16,982** |
| 6 | Operational deposits (all counterparties) and deposits in institutional networks of cooperative banks | 16,001 | 3,753 |
| 7 | Non-operational deposits (all counterparties) | 21,221 | 11,501 |
| 8 | Unsecured debt | 1,727 | 1,727 |
| 9 | **Secured wholesale funding** | | **37** |
| 10 | **Additional requirements, of which** | **30,675** | **15,297** |
| 11 | Outflows related to derivatives exposures and other collateral requirements | 13,956 | 13,899 |
| 12 | Outflows related to loss of funding on debt products | - | - |
| 13 | Credit and liquidity facilities | 16,719 | 1,398 |
| 14 | **Other contractual funding obligations** | **403** | **403** |
| 15 | **Other contingent funding obligations** | **4,303** | **137** |
| 16 | **TOTAL CASH OUTFLOWS** | | **45,183** |
| CASH INFLOWS | | | |
| 17 | **Secured lending (e.g. reverse repos)** | **1,287** | **4** |
| 18 | **Inflows from fully performing exposures** | **11,329** | **5,966** |
| 19 | **Other cash inflows** | **21,483** | **21,187** |
| 20 | **TOTAL CASH INFLOWS** | **34,099** | **27,157** |
| | | TOTAL ADJUSTED VALUE | |
| 21 | **TOTAL HQLA[2]** | | **66,246** |
| 22 | **TOTAL NET CASH OUTFLOWS[3]** | | **18,026** |
| 23 | **LIQUIDITY COVERAGE RATIO (%)[4]** | | **370%** |

(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 first quarter of 2025, the average all-currency and SGD LCRs were 145% and 370%. Compared to previous quarter, all-currency LCR reduced slightly from previous quarter's 147% due to an increase in outflow from wholesale borrowing partially offset by an increase in HQLA. The increase of SGD LCR from previous quarter's 335% is mainly due to increase in HQLA.

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 by balances with central banks, liquid asset holdings 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 |
| G-SIB | Global Systemically Important Banks |
| HQLA | High Quality Liquid Assets |
| 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 |
| RWA | Risk-Weighted Assets |
| SA-CCR | Standardised Approach for Counterparty Credit Risk |
| SA-CVA | Standardised Approach for Credit Valuation Adjustment |
| SA(MR) | Standardised Approach for Market Risk |
| SSA(MR) | Simplified Standardised Approach for Market Risk |
| SEC-ERBA | Securitisation External Ratings-Based Approach |
| SEC-IRBA | Securitisation Internal Ratings-Based Approach |
| SEC-IAA | Securitisation Internal Assessment Approach |
| SEC-SA | Securitisation Standardised Approach |
| SFT | Securities or Commodities Financing Transaction |
| SGD | Singapore Dollar |