



**Pillar 3 and Liquidity Coverage
Ratio ("LCR") Disclosures**

Second Quarter 2017

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

CONTENTS	Page
PART A : PILLAR 3 DISCLOSURES (FOR DBS GROUP HOLDINGS AND ITS SUBSIDIARIES)	
1 INTRODUCTION	A-1
2 SCOPE OF CONSOLIDATION	A-1
3 CAPITAL ADEQUACY	A-2
3.1 Capital Resources and Capital Adequacy Ratios	
3.2 Geographical Distribution of RWA used in the computation of Countercyclical Capital Buffer Requirement	
3.3 Capital Adequacy of Significant Banking Subsidiaries	
4 COMPOSITION OF CAPITAL	A-4
4.1 Financial Statements and Regulatory Scope of Consolidation	
4.2 Capital Adequacy and Reconciliation of Regulatory Capital to the Balance Sheet	
4.3 Main Features of Capital Instruments	
5 LEVERAGE RATIO	A-16
5.1 Leverage Ratio	
5.2 Components of Leverage Ratio	
6 OVERVIEW OF RISK-WEIGHTED ASSETS	A-18
7 CREDIT RISK	A-19
7.1 Credit Quality of Assets	
7.2 Changes in Stock of Defaulted Loans and Debt Securities	
7.3 SA(CR) and SA(EQ) - Credit Risk Exposure and CRM Effects	
7.4 SA(CR) and SA(EQ) – Exposures by Asset Classes and Risk Weights	
7.5 IRBA - Credit Risk Exposures by Portfolio and PD Range	
7.6 IRBA - Effect on RWA of Credit Derivatives used as CRM	
7.7 IRBA - Specialised Lending and Equities under the Simple Risk Weight Method	
8 COUNTERPARTY CREDIT RISK ("CCR")	A-24
8.1 Analysis of CCR Exposure by Approach	
8.2 RWA Flow Statements under the CCR Internal Models Method	
8.3 CVA Risk Capital Requirements	
8.4 Credit Derivative Exposures	
8.5 Standardised Approach - CCR Exposures by Portfolio and Risk Weights	
8.6 IRBA - CCR Exposures by Portfolio and PD Range	
9 SECURITISATION	A-27
9.1 Securitisation Exposures in the Banking Book	
9.2 Securitisation Exposures in the Trading Book	
9.3 Securitisation Exposures in the Banking Book and associated Regulatory Capital Requirements – A Reporting Bank acting as Originator or as Sponsor	
9.4 Securitisation Exposures in the Banking Book and associated Regulatory Capital Requirements – A Reporting Bank acting as Investor	
10 MARKET RISK	A-29
10.1 Market Risk under Standardised Approach	
10.2 RWA Flow Statements of Market Risk Exposures under IMA, IMA Values for Trading Portfolios and Comparison of VaR Estimates with Gains or Losses	
11 INTEREST RATE RISK IN THE BANKING BOOK	A-29

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

CONTENTS		Page
12	ABBREVIATIONS	A-30
PART B: LIQUIDITY COVERAGE RATIO ("LCR") DISCLOSURES (FOR DBS BANK GROUP)		
1	LIQUIDITY COVERAGE RATIO	B-1
1.1	Average All-Currency LCR for the Quarter ended 30 June 2017	
1.2	Average SGD LCR for the Quarter ended 30 June 2017	
1.3	Liquidity Coverage Ratio	

PART A : PILLAR 3 DISCLOSURES (FOR DBS GROUP HOLDINGS AND ITS SUBSIDIARIES)

1 INTRODUCTION

This section contains Pillar 3 disclosures of the DBS Group Holdings 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 portfolios 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. Refer to the financial statements in the Annual Report for the principles of consolidation adopted and the list of subsidiaries and other consolidated entities.

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

3 CAPITAL ADEQUACY

3.1 Capital Resources and Capital Adequacy Ratios

\$m	30 Jun 2017	31 Mar 2017
Share capital	11,165	10,898
Disclosed reserves and others	33,556	33,289
Total regulatory adjustments to Common Equity Tier 1 capital	(4,391)	(4,488)
Regulatory adjustments due to insufficient Additional Tier 1 capital	-	-
Common Equity Tier 1 capital	40,330	39,699
Additional Tier 1 capital instruments ¹	3,371	3,356
Total regulatory adjustments to Additional Tier 1 capital	(1,097)	(1,121)
Tier 1 capital	42,604	41,934
Provisions eligible as Tier 2 capital	1,419	1,390
Tier 2 capital instruments ¹	2,017	2,012
Total regulatory adjustments to Tier 2 capital	-	-
Total capital	46,040	45,336
RWA		
Credit RWA	222,254	218,378
Market RWA	38,377	35,302
Operational RWA	19,050	18,755
Total RWA	279,681	272,435
CAR (%)		
Basel III fully phased-in Common Equity Tier 1 ²	14.0	14.2
Common Equity Tier 1	14.4	14.6
Tier 1	15.2	15.4
Total	16.5	16.6
Minimum CAR including Buffer Requirements (%)³		
Common Equity Tier 1	8.0	8.0
Effective Tier 1	9.5	9.5
Effective Total	11.5	11.5
Of which: Buffer Requirements (%)		
Capital Conservation Buffer	1.25	1.25
Countercyclical Buffer	0.2	0.2

Notes:

- As part of the Basel III transition arrangements, regulatory capital recognition of outstanding Additional Tier 1 and Tier 2 capital instruments that no longer meet the minimum criteria is gradually being phased out. Fixing the base at the nominal amount of such instruments outstanding on 1 January 2013, their recognition was capped at 90% in 2013, with this cap decreasing by 10 percentage points in each subsequent year. To the extent a capital instrument is redeemed or amortised after 1 January 2013, the nominal amount serving as the base is not reduced.
- Calculated by dividing Common Equity Tier 1 capital after all regulatory adjustments (e.g., for goodwill and capital investments exceeding certain thresholds) applicable from 1 January 2018 by RWA as at each reporting date.
- Includes minimum Common Equity Tier 1, Tier 1 and Total CAR of 6.5%, 8.0% and 10.0% respectively.

Capital adequacy ratios as at 30 June 2017 were lower as compared to 31 March 2017. Common Equity Tier 1 capital increased due to profit accretion which was partly offset by dividends paid (net of scrip dividend election). Total risk-weighted assets increased due to broad-based increase in exposures. The Group's leverage ratio stood at 7.9%, well above the minimum 3% envisaged by the Basel Committee.

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

3.2 Geographical Distribution of RWA used in the computation of Countercyclical Capital Buffer Requirement

The table below sets out the geographical breakdown of the RWA of private sector credit exposures relevant for the computation of the countercyclical capital buffer.

Country	30 Jun 17		
	Country-specific requirement (%)	Proportion of relevant Group RWA (%)	Applicable countercyclical buffer requirement (%)
	(A)	(B)	(A) x (B)
Hong Kong	1.25	15.5	0.2
Sweden	1.25	0.1	#

Less than 0.1%

3.3 Capital Adequacy of Significant Banking Subsidiaries

The capital adequacy ratios of each banking subsidiary are calculated in accordance with the regulatory requirements applicable in the country of incorporation, using the approaches available under those requirements. DBS Bank (Hong Kong) Limited and DBS Bank (China) Limited are deemed to be significant banking subsidiaries for the purposes of Pillar 3 disclosures under MAS Notice 637 paragraph 11.3.19.

	30 Jun 17			
	Total risk-weighted assets (\$m)	CAR (%)		
		Common Equity Tier 1	Tier 1	Total
DBS Bank (Hong Kong) Limited	34,963	16.8	17.5	19.7
DBS Bank (China) Limited	16,805	12.7	12.7	15.7

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

4 COMPOSITION OF CAPITAL

4.1 Financial Statements and Regulatory Scope of Consolidation

\$m	30 Jun 2017	
	Amount	Cross Reference to Section 4.2
ASSETS		
Cash and balances with central banks	26,942	
Government securities and treasury bills	40,244	
Due from banks	30,180	
Derivatives	17,872	
Bank and corporate securities	49,303	
of which: PE/VC investments held beyond the relevant holding periods	1	a
Loan and advances to customers	302,973	
of which: Impairment allowances admitted as eligible T2 Capital	(1,419)	b
Other assets	12,024	
of which: Deferred tax assets	315	c
Re-grossing of deferred tax assets and deferred tax liabilities as required under MAS Notice 637	109	d
Associates	874	
of which: Goodwill on acquisition ⁽¹⁾	16	e
Properties and other fixed assets	1,173	
Goodwill and intangibles	5,114	
of which: Goodwill	5,113	f
of which: Intangibles	1	g
TOTAL ASSETS	486,699	
LIABILITIES		
Due to banks	22,709	
Deposits and balances from customers	342,886	
Derivatives	16,996	
Other liabilities	18,784	
Re-grossing of deferred tax assets and deferred tax liabilities as required under MAS Notice 637	109	
Other debt securities	34,269	
Subordinated term debts	2,186	
of which: Instruments issued and eligible for recognition as T2 Capital under transitional arrangements	1,371	h
of which: Instruments issued and eligible for recognition as T2 Capital	646	i
TOTAL LIABILITIES	437,830	
NET ASSETS	48,869	

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

4.1 Financial Statements and Regulatory Scope of Consolidation (continued)

\$m	30 Jun 2017	
	Amount	Cross Reference to Section 4.2
EQUITY		
Share capital	11,042	
of which: Amount eligible as CET1 Capital	11,165	j
of which: Treasury shares	(123)	k
Other equity instruments	1,812	l
Other reserves	4,469	m
of which: Cash flow hedge reserve	30	n
Revenue reserves	29,191	o
of which: Unrealised fair value gains/losses on financial liabilities and derivative liabilities arising from changes in own credit risk	(102)	p
SHAREHOLDERS' FUNDS	46,514	
Non-controlling interests	2,355	
of which: Instruments issued and eligible for recognition as AT1 Capital under transitional arrangements	1,559	q
of which: Minority interest eligible as CET1 Capital under transitional arrangements	19	r
TOTAL EQUITY	48,869	

⁽¹⁾ Not adjusted for subsequent share of losses or impairment losses.

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

4.2 Capital Adequacy and Reconciliation of Regulatory Capital to the Balance Sheet

The following disclosure is made according to the template prescribed in MAS Notice 637 Annex 11E. The column "Amount" shows the amounts used in the computation of the capital adequacy ratios. The column "Amount subject to Pre-Basel III Treatment" shows the amount of each regulatory adjustment that is subject to the treatment specified in the previous capital rules (i.e., according to the cancelled MAS Notice 637 dated 14 December 2007) for the duration of the Basel III transition period. Each of these amounts is taken into the computation of the capital adequacy ratios during the transition period under rows 41A and 56B, as the case may be. For example, during the year 2017, 20% of the regulatory adjustment (i.e., capital deduction) for goodwill is to be taken against Additional Tier 1 (c.f., row 41A) and 80% is to be taken against Common Equity Tier 1 (c.f., row 8). Each 1 January, up to 1 January 2018, the regulatory adjustment to be taken against Common Equity Tier 1 in the first instance (c.f. row 8) increases by 20 percentage points.

The alphabetic cross-references in the column "Cross Reference to Section 4.1" relate to those in reconciliation of the balance sheet in Section 4.1.

Row 64 "Bank-specific buffer requirement" and row 68 "Common Equity Tier 1 available to meet buffers" are not directly comparable. Row 64 is the sum of row 69 and rows 65 to 67. As required, row 68 is the CET1 CAR, less the minimum CET1 CAR requirement (Row 69) and any CET1 CAR used to meet the Tier 1 and Total capital requirements, expressed as a percentage of risk-weighted assets.

MAS Notice 637 specifies the computation of the amount of provisions that may be recognised in Tier 2 capital. General allowances in respect of assets under the standardised approach for credit risk are eligible (row 76), subject to a cap of 1.25% of risk-weighted assets under the standardised approach for credit risk (row 77). General and specific allowances in respect of assets under the internal ratings-based approach exceeding expected loss of these assets are eligible (row 78), subject to a cap of 0.6% of risk-weighted assets under the internal ratings-based approach for credit risk (row 79).

		30 Jun 2017		
		Amount	Amount subject to Pre-Basel III Treatment	Cross Reference to Section 4.1
\$m		Amount	Treatment	Section 4.1
Common Equity Tier 1 capital: instruments and reserves				
1	Paid-up ordinary shares and share premium (if applicable)	11,165		j
2	Retained earnings	29,191		o
3 [#]	Accumulated other comprehensive income and other disclosed reserves	4,346		k+m
4	Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies)	-		
5	Minority interest that meets criteria for inclusion	19	(7)	r
6	Common Equity Tier 1 capital before regulatory adjustments	44,721		
Common Equity Tier 1 capital: regulatory adjustments				
7	Valuation adjustment pursuant to Part VIII of MAS Notice 637	5		
8	Goodwill, net of associated deferred tax liability	4,103	1,026	e+f
9 [#]	Intangible assets, net of associated deferred tax liability	1	-	g
10 [#]	Deferred tax assets that rely on future profitability	339	85	c+d
11	Cash flow hedge reserve	24	6	n
12	Shortfall of TEP relative to EL under IRBA	-	-	
13	Increase in equity capital resulting from securitisation transactions	-	-	
14	Unrealised fair value gains/losses on financial liabilities and derivative liabilities arising from changes in own credit risk	(82)	(20)	p

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

30 Jun 2017

\$m	Amount	Amount subject to Pre-BaseI III Treatment	Cross Reference to Section 4.1
15	Defined benefit pension fund assets, net of associated deferred tax liability	-	
16	Investments in own shares	-	
17	Reciprocal cross-holdings in ordinary shares of financial institutions	-	
18	Investments in ordinary shares of unconsolidated financial institutions in which the Reporting Bank does not hold a major stake	-	
19	Investments in ordinary shares of unconsolidated financial institutions in which the Reporting Bank holds a major stake (including insurance subsidiaries) (amount above 10% threshold)	-	
20 [#]	Mortgage servicing rights (amount above 10% threshold)		
21 [#]	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)		
22	Amount exceeding the 15% threshold	-	
23	of which: investments in ordinary shares of unconsolidated financial institutions in which the Reporting Bank holds a major stake (including insurance subsidiaries)	-	
24 [#]	of which: mortgage servicing rights		
25 [#]	of which: deferred tax assets arising from temporary differences		
26	National specific regulatory adjustments	1	
26A	PE/VC investments held beyond the relevant holding periods set out in MAS Notice 630	1	a
26B	Capital deficits in subsidiaries and associates that are regulated financial institutions	-	
26C	Any other items which the Authority may specify	-	
27	Regulatory adjustments applied in calculation of CET1 Capital due to insufficient AT1 Capital to satisfy required deductions	-	
28	Total regulatory adjustments to CET1 Capital	4,391	
29	Common Equity Tier 1 capital (CET1)	40,330	
Additional Tier 1 capital: instruments			
30	AT1 capital instruments and share premium (if applicable)	1,812	
31	of which: classified as equity under the Accounting Standards	1,812	
32	of which: classified as liabilities under the Accounting Standards	-	
33	Transitional: Ineligible capital instruments (pursuant to paragraphs 6.5.3 and 6.5.4)	-	
34	AT1 capital instruments issued by fully-consolidated subsidiaries that meet criteria for inclusion	1,559	q
35	of which: instruments issued by subsidiaries subject to phase out	1,559	
36	Additional Tier 1 capital before regulatory adjustments	3,371	
Additional Tier 1 capital: regulatory adjustments			
37	Investments in own AT1 capital instruments	-	
38	Reciprocal cross-holdings in AT1 capital instruments of financial institutions	-	
39	Investments in AT1 capital instruments of unconsolidated financial institutions in which the Reporting Bank does not hold a major stake	-	
40	Investments in AT1 capital instruments of unconsolidated financial institutions in which the Reporting Bank holds a major stake (including insurance subsidiaries)	-	

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

30 Jun 2017

\$m	Amount	Amount subject to Pre-BaseI III Treatment	Cross Reference to Section 4.1
41	National specific regulatory adjustments	1,097	
41A	Regulatory adjustments applied to AT1 Capital in respect of amounts subject to pre-BaseI III treatment	1,097	
	of which: Goodwill, net of associated deferred tax liability	1,026	
	of which: Intangible assets, net of associated deferred tax liability	-	
	of which: Deferred tax assets that rely on future profitability	85	
	of which: Cash flow hedge reserve	6	
	of which: Increase in equity capital resulting from securitisation transactions	-	
	of which: Unrealised fair value gains/losses on financial liabilities and derivative liabilities arising from changes in own credit risk	(20)	
	of which: Shortfall of TEP relative to EL under IRBA	-	
	of which: PE/VC investments held beyond the relevant holding periods set out in MAS Notice 630	-	
	of which: Capital deficits in subsidiaries and associates that are regulated financial institutions	-	
	of which: Investments in ordinary shares of unconsolidated financial institutions in which the Reporting Bank holds a major stake (incl insurance subsidiaries)	-	
	of which: Investments in Tier 2 capital instruments of unconsolidated financial institutions in which the Reporting Bank holds a major stake (incl insurance subsidiaries)	-	
41B	Any other items which the Authority may specify		
42	Regulatory adjustments applied in calculation of AT1 Capital due to insufficient Tier 2 Capital to satisfy required deductions	-	
43	Total regulatory adjustments to Additional Tier 1 capital	1,097	
44	Additional Tier 1 capital (AT1)	2,274	
45	Tier 1 capital (T1 = CET1 + AT1)	42,604	
Tier 2 capital: instruments and provisions			
46	Tier 2 capital instruments and share premium (if applicable)	646	i
47	Transitional: Ineligible capital instruments (pursuant to paragraphs 6.5.3 and 6.5.4)	-	
48	Tier 2 capital instruments issued by fully-consolidated subsidiaries that meet criteria for inclusion	1,371	h
49	of which: instruments issued by subsidiaries subject to phase out	1,371	
50	Provisions	1,419	b
51	Tier 2 capital before regulatory adjustments	3,436	
Tier 2 capital: regulatory adjustments			
52	Investments in own Tier 2 instruments	-	
53	Reciprocal cross-holdings in Tier 2 capital instruments of financial institutions	-	
54	Investments in Tier 2 capital instruments of unconsolidated financial institutions in which the Reporting Bank does not hold a major stake	-	
55	Investments in Tier 2 capital instruments of unconsolidated financial institutions in which the Reporting Bank holds a major stake (including insurance subsidiaries)	-	-

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

30 Jun 2017

\$m	Amount	Amount subject to Pre-Basel III Treatment	Cross Reference to Section 4.1
56	National specific regulatory adjustments	-	
56A	Any other items which the Authority may specify	-	
56B	Regulatory adjustments applied to Tier 2 Capital in respect of amounts subject to pre-Basel III treatment	-	
	of which: Shortfall of TEP relative to EL under IRBA	-	
	of which: PE/VC investments held beyond the relevant holding periods set out in MAS Notice 630	-	
	of which: Capital deficits in subsidiaries and associates that are regulated financial institutions	-	
	of which: Investments in ordinary shares of unconsolidated financial institutions in which the Reporting Bank holds a major stake (incl insurance subsidiaries)	-	
	of which: Investments in AT1 capital instruments of unconsolidated financial institutions in which the Reporting Bank holds a major stake (incl insurance subsidiaries)	-	
57	Total regulatory adjustments to Tier 2 capital	-	
58	Tier 2 capital (T2)	3,436	
59	Total capital (TC = T1 + T2)	46,040	
60	Floor-adjusted total risk-weighted assets (after incorporating the floor adjustment set out in Table 11-3A(m))	279,681	
Capital ratios (as a percentage of floor-adjusted risk-weighted assets)			
61	Common Equity Tier 1 CAR	14.4%	
62	Tier 1 CAR	15.2%	
63	Total CAR	16.5%	
64	Bank-specific buffer requirement	8.0%	
65	of which: capital conservation buffer requirement	1.25%	
66	of which: bank specific countercyclical buffer requirement	0.2%	
67	of which: G-SIB buffer requirement (if applicable)	-	
68	Common Equity Tier 1 available to meet buffers	6.5%	
National minima			
69	Minimum CET1 CAR	6.5%	
70	Minimum Tier 1 CAR	8.0%	
71	Minimum Total CAR	10.0%	
Amounts below the thresholds for deduction (before risk-weighting)			
72	Investments in ordinary shares, AT1 capital and Tier 2 capital of unconsolidated financial institutions in which the Reporting Bank does not hold a major stake	2,875	
73	Investments in ordinary shares of unconsolidated financial institutions in which the Reporting Bank holds a major stake (including insurance subsidiaries)	280	
74	Mortgage servicing rights (net of related tax liability)	-	
75	Deferred tax assets arising from temporary differences (net of related tax liability)	-	

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

		30 Jun 2017		
		Amount	Amount subject to Pre-BaseI III Treatment	Cross Reference to Section 4.1
\$m		Amount		
Applicable caps on the inclusion of provisions in Tier 2				
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	523		
77	Cap on inclusion of provisions in Tier 2 under standardised approach	382		
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	1,065		
79	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	1,037		
Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2013 and 1 Jan 2022)				
80	Current cap on CET1 instruments subject to phase out arrangements			
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)			
82	Current cap on AT1 instruments subject to phase out arrangements	2,081		
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	219		
84	Current cap on T2 instruments subject to phase out arrangements	2,753		
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	-		

For regulatory adjustments, deductions from capital are reported as positive numbers and additions to capital are reported as negative numbers.

Items marked with a hash [#] are elements where a more conservative definition has been applied to MAS Notice 637 relative to those set out under the Basel III capital standards.

Deferred tax assets relating to temporary differences in excess of specified thresholds c.f. row 21 and 25 are to be deducted under the Basel Committee capital rules (paragraph 69). Under MAS Notice 637, they are deducted in total. If Basel Committee capital rules were to be applied, eligible capital would have been \$0.4 billion higher and risk-weighted assets \$1.0 billion higher.

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

4.3 Main Features of Capital Instruments

The following disclosures are made solely pursuant to the requirements of MAS Notice 637 Annex 11D. They are not a summary of the terms, do not purport to be complete, and should be read in conjunction with, and are qualified in their entirety by, the relevant transaction documents available at <http://www.dbs.com/investor/capital-disclosures.html>.

30 Jun 2017		DBS Group Holdings Ltd Ordinary Shares	SS\$805,000,000 4.70% Non-Cumulative Non-Convertible Perpetual Capital Securities First Callable in 2019
1	Issuer	DBS Group Holdings Ltd	DBS Group Holdings Ltd
2	Unique identifier	SGX Name: DBS GROUP HOLDINGS LTD ISIN Code: SG1L01001701	SGX Name: DBSGrp4.7%PerCapSec S ISIN Code: SG59H0999851
3	Governing law(s) of the instrument	Singapore	Singapore
Regulatory treatment			
4	Transitional Basel III rules	Common Equity Tier 1	Additional Tier 1
5	Post-transitional Basel III rules	Common Equity Tier 1	Additional Tier 1
6	Eligible at Solo/Group/Group & Solo	Group	Group
7	Instrument type (types to be specified by each jurisdiction)	Ordinary Shares	Non-Cumulative Non-Convertible Perpetual Capital Securities
8	Amount recognized in regulatory capital (Currency in mil, as of most recent reporting date)	US\$11,165 million	US\$803 million
9	Par value of instrument (as of most recent reporting date, unless otherwise stated)	NA	US\$805 million
10	Accounting classification	Shareholders' equity	Shareholders' equity
11	Original date of issuance	9 Mar 1999	3 Dec 2013
12	Perpetual or dated	Perpetual	Perpetual
13	Original maturity date	No maturity	No maturity
14	Issuer call subject to prior supervisory approval	No	Yes
15	Optional call date	NA	03 Jun 2019
	Contingent call dates	NA	Change of Qualification Event, or Tax Event
	Redemption amount	NA	Principal amount together with, subject to certain conditions, accrued but unpaid Distributions
16	Subsequent call dates, if applicable	NA	Optional – Any date after 3 Jun 2019
Coupons/dividends			
17	Fixed or floating dividend/coupon	Discretionary dividend amount	Fixed to floating
18	Coupon rate and any related index	NA	4.70% p.a. up to 3 Jun 2019. 5Y SGD SOR plus 3.061% p.a. thereafter, reset every 5 years
19	Existence of a dividend stopper	NA	Yes
20	Fully discretionary, partially discretionally or mandatory	Fully discretionary	Fully discretionary
21	Existence of step up or incentive to redeem	No	No
22	Noncumulative or cumulative	Noncumulative	Noncumulative
23	Convertible or non-convertible	Nonconvertible	Nonconvertible
24	If convertible, conversion trigger(s)	NA	NA
25	If convertible, fully or partially	NA	NA
26	If convertible, conversion rate	NA	NA
27	If convertible, mandatory or optional conversion	NA	NA
28	If convertible, specify instrument type convertible into	NA	NA
29	If convertible, specify issuer of instrument it converts into	NA	NA
30	Write-down feature	No	Yes
31	If write-down, write-down trigger(s)	NA	Contractual write-down. The earlier of: (i) the MAS notifying the Issuer in writing that it is of the opinion that a Write-off is necessary, without which the Issuer or the DBS Group would become non-viable; and (ii) a decision by the MAS to make a public sector injection of capital, or equivalent support, without which the Issuer or the DBS Group would have become non-viable, as determined by the MAS
32	If write-down, full or partial	NA	Fully or partially
33	If write-down, permanent or temporary	NA	Permanent
34	If temporary write-down, description of write-up mechanism	NA	NA
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Immediately subordinated to Additional Tier 1 capital instruments	Immediately subordinated to Tier 2 capital instruments
36	Non-compliant transitioned features	No	No
37	If yes, specify non-complaint features	NA	NA

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

4.3 Main Features of Capital Instruments (continued)

30 Jun 2017		US\$750,000,000 3.60% Non-Cumulative Non-Convertible Perpetual Capital Securities First Callable in 2021	S\$1,500,000,000 5.75% Non-Cumulative, Non-Convertible, Non-Voting Guaranteed Preference Shares Callable with Step-Up in 2018
1	Issuer	DBS Group Holdings Ltd	DBS Capital Funding II Corporation
2	Unique identifier	SGX Name: DBSGrp 3.6%PerCapSec S ISIN Code: XS1484844656	SGX Name: DBSCAFUNDIICORP\$1.5B5.75%NCPS ISIN Code: SG7R06940349
3	Governing law(s) of the instrument	England: Trust Deed Singapore: Subordination	Cayman Islands: Preference Shares Singapore: Subordinated Guarantee
Regulatory treatment			
4	Transitional Basel III rules	Additional Tier 1	Additional Tier 1
5	Post-transitional Basel III rules	Additional Tier 1	Ineligible
6	Eligible at Solo/Group/Group & Solo	Group	Solo and Group
7	Instrument type (types to be specified by each jurisdiction)	Non-Cumulative Non-Convertible Perpetual Capital Securities	Preference Shares
8	Amount recognized in regulatory capital (Currency in mil, as of most recent reporting date)	S\$1,009 million	S\$1,017 million
9	Par value of instrument (as of most recent reporting date, unless otherwise stated)	US\$750 million	S\$1,500 million
10	Accounting classification	Shareholders' equity	Non-controlling interest in consolidated subsidiary
11	Original date of issuance	7 Sep 2016	27 May 2008
12	Perpetual or dated	Perpetual	Perpetual
13	Original maturity date	No maturity	No maturity
14	Issuer call subject to prior supervisory approval	Yes	Yes
15	Optional call date	07 Sep 2021	15 Jun 2018
	Contingent call dates	Change of Qualification Event, or Tax Event	Change of Qualification Event, or Tax Event
	Redemption amount	Principal amount together with, subject to certain conditions, accrued but unpaid Distributions	Liquidation Preference together with, subject to certain limitations and qualifications, accrued but unpaid Dividends
16	Subsequent call dates, if applicable	Optional - Any Distribution Payment Date after 7 Sep 2021	Optional - Any Dividend Date after 15 Jun 2018
Coupons/dividends			
17	Fixed or floating dividend/coupon	Fixed to floating	Fixed to floating
18	Coupon rate and any related index	3.60% p.a. up to 7 Sep 2021. 5Y USD Swap Rate plus 2.39% p.a. thereafter, reset every 5 years	5.75% p.a. up to 15 Jun 2018. 3M SGD SOR plus 3.415% p.a. determined quarterly thereafter
19	Existence of a dividend stopper	Yes	Yes
20	Fully discretionary, partially discretionally or mandatory	Fully discretionary	Fully discretionary
21	Existence of step up or incentive to redeem	No	Yes
22	Noncumulative or cumulative	Noncumulative	Noncumulative
23	Convertible or non-convertible	Nonconvertible	Nonconvertible
24	If convertible, conversion trigger(s)	NA	NA
25	If convertible, fully or partially	NA	NA
26	If convertible, conversion rate	NA	NA
27	If convertible, mandatory or optional conversion	NA	NA
28	If convertible, specify instrument type convertible into	NA	NA
29	If convertible, specify issuer of instrument it converts into	NA	NA
30	Write-down feature	Yes	No
31	If write-down, write-down trigger(s)	Contractual write-down. The earlier of: (i) the MAS notifying the Issuer in writing that it is of the opinion that a Write-off is necessary, without which the Issuer or the DBS Group would become non-viable; and (ii) a decision by the MAS to make a public sector injection of capital, or equivalent support, without which the Issuer or the DBS Group would have become non-viable, as determined by the MAS	NA
32	If write-down, full or partial	Fully or partially	NA
33	If write-down, permanent or temporary	Permanent	NA
34	If temporary write-down, description of write-up mechanism	NA	NA
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Immediately subordinated to Tier 2 capital instruments	Immediately subordinated to Tier 2 capital instruments
36	Non-compliant transitioned features	No	Yes
37	If yes, specify non-complaint features	NA	(i) has a step-up (ii) has no loss-absorbency at point of non-viability

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

4.3 Main Features of Capital Instruments (continued)

30 Jun 2017		S\$800,000,000 4.70% Non-Cumulative, Non-Convertible, Non-Voting Preference Shares Callable in 2020	S\$250,000,000 3.80% Subordinated Notes due 2028 Callable in 2023 issued pursuant to the US\$30,000,000,000 Global Medium Term Note Programme
1	Issuer	DBS Bank Ltd.	DBS Group Holdings Ltd
2	Unique identifier	SGX Name: DBS S\$800M 4.7% NCPS ISIN Code: SG2C54964409	SGX Name: DBS GRP S\$250M3.8% N280120 ISIN Code: SG71A5000002
3	Governing law(s) of the instrument	Singapore	Singapore
Regulatory treatment			
4	Transitional Basel III rules	Additional Tier 1	Tier 2
5	Post-transitional Basel III rules	Ineligible	Tier 2
6	Eligible at Solo/Group/Group & Solo	Solo and Group	Group
7	Instrument type (types to be specified by each jurisdiction)	Preference Shares	Subordinated Notes
8	Amount recognized in regulatory capital (Currency in mil, as of most recent reporting date)	S\$542 million	S\$261 million
9	Par value of instrument (as of most recent reporting date, unless otherwise stated)	S\$800 million	S\$250 million
10	Accounting classification	Non-controlling interest in consolidated subsidiary	Liability - amortised cost
11	Original date of issuance	22 Nov 2010	20 Jan 2016
12	Perpetual or dated	Perpetual	Dated
13	Original maturity date	No maturity	20 Jan 2028
14	Issuer call subject to prior supervisory approval	Yes	Yes
15	Optional call date	22 Nov 2020	20 Jan 2023
	Contingent call dates	Change of Qualification Event ⁽¹⁾ , or Tax Event	Change of Qualification Event, or Tax Event
	Redemption amount	Liquidation Preference together with, subject to certain limitations and qualifications, accrued but unpaid Dividends	Principal amount together with accrued but unpaid interest
16	Subsequent call dates, if applicable	Optional – Any date after 22 Nov 2020	Optional – Any Interest Payment Date after 20 Jan 2023
Coupons/dividends			
17	Fixed or floating dividend/coupon	Fixed	Fixed
18	Coupon rate and any related index	4.70% p.a.	3.80% p.a. up to 20 Jan 2023. 5Y SGD SOR plus 1.10% p.a. thereafter, 1-time reset
19	Existence of a dividend stopper	Yes	No
20	Fully discretionary, partially discretionally or mandatory	Fully discretionary	Mandatory
21	Existence of step up or incentive to redeem	No	No
22	Noncumulative or cumulative	Noncumulative	Cumulative
23	Convertible or non-convertible	Nonconvertible	Nonconvertible
24	If convertible, conversion trigger(s)	NA	NA
25	If convertible, fully or partially	NA	NA
26	If convertible, conversion rate	NA	NA
27	If convertible, mandatory or optional conversion	NA	NA
28	If convertible, specify instrument type convertible into	NA	NA
29	If convertible, specify issuer of instrument it converts into	NA	NA
30	Write-down feature	No	Yes
31	If write-down, write-down trigger(s)	NA	Contractual write-down. The earlier of: (i) the MAS notifying the Issuer in writing that it is of the opinion that a Write-off is necessary, without which the Issuer or the DBS Group would become non-viable; and (ii) a decision by the MAS to make a public sector injection of capital, or equivalent support, without which the Issuer or the DBS Group would have become non-viable, as determined by the MAS
32	If write-down, full or partial	NA	Fully or partially
33	If write-down, permanent or temporary	NA	Permanent
34	If temporary write-down, description of write-up mechanism	NA	NA
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Immediately subordinated to Tier 2 capital instruments	Immediately subordinated to senior creditors
36	Non-compliant transitioned features	Yes	No
37	If yes, specify non-complaint features	Has no loss-absorbency at point of non-viability	NA

⁽¹⁾ Change of Qualification Event has occurred and is continuing pursuant to the terms and conditions of the instrument, as the instrument does not qualify in full as capital under MAS Notice 637 with effect from 1 January 2017.

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

4.3 Main Features of Capital Instruments (continued)

30 Jun 2017		JPY10,000,000,000 0.918% Subordinated Notes due 2026 issued pursuant to the US\$30,000,000,000 Global Medium Term Note Programme	HK\$1,500,000,000 3.24% Subordinated Notes due 2026 Callable in 2021 issued pursuant to the US\$30,000,000,000 Global Medium Term Note Programme
1	Issuer	DBS Group Holdings Ltd	DBS Group Holdings Ltd
2	Unique identifier	ISIN Code: XS1376555865	SGX Name: DBS GRP HKD1.5B3.24% N260419 ISIN Code: XS1397782860
3	Governing law(s) of the instrument	Singapore	Singapore
Regulatory treatment			
4	Transitional Basel III rules	Tier 2	Tier 2
5	Post-transitional Basel III rules	Tier 2	Tier 2
6	Eligible at Solo/Group/Group & Solo	Group	Group
7	Instrument type (types to be specified by each jurisdiction)	Subordinated Notes	Subordinated Notes
8	Amount recognized in regulatory capital (Currency in mil, as of most recent reporting date)	S\$122 million	S\$263 million
9	Par value of instrument (as of most recent reporting date, unless otherwise stated)	JPY10,000 million	HK\$1,500 million
10	Accounting classification	Liability - amortised cost	Liability - amortised cost
11	Original date of issuance	8 Mar 2016	19 Apr 2016
12	Perpetual or dated	Dated	Dated
13	Original maturity date	8 Mar 2026	19 Apr 2026
14	Issuer call subject to prior supervisory approval	Yes	Yes
15	Optional call date	NA	19 Apr 2021
	Contingent call dates	Change of Qualification Event, or Tax Event	Change of Qualification Event, or Tax Event
	Redemption amount	Principal amount together with accrued but unpaid interest	Principal amount together with accrued but unpaid interest
16	Subsequent call dates, if applicable	NA	Optional – Any Interest Payment Date after 19 Apr 2021
Coupons/dividends			
17	Fixed or floating dividend/coupon	Fixed	Fixed
18	Coupon rate and any related index	0.918% p.a.	3.24% p.a. up to 19 Apr 2021. 5Y HKD Swap Rate plus 1.90% p.a. thereafter, 1-time reset
19	Existence of a dividend stopper	No	No
20	Fully discretionary, partially discretionally or mandatory	Mandatory	Mandatory
21	Existence of step up or incentive to redeem	No	No
22	Noncumulative or cumulative	Cumulative	Cumulative
23	Convertible or non-convertible	Nonconvertible	Nonconvertible
24	If convertible, conversion trigger(s)	NA	NA
25	If convertible, fully or partially	NA	NA
26	If convertible, conversion rate	NA	NA
27	If convertible, mandatory or optional conversion	NA	NA
28	If convertible, specify instrument type convertible into	NA	NA
29	If convertible, specify issuer of instrument it converts into	NA	NA
30	Write-down feature	Yes	Yes
31	If write-down, write-down trigger(s)	Contractual write-down. The earlier of: (i) the MAS notifying the Issuer in writing that it is of the opinion that a Write-off is necessary, without which the Issuer or the DBS Group would become non-viable; and (ii) a decision by the MAS to make a public sector injection of capital, or equivalent support, without which the Issuer or the DBS Group would have become non-viable, as determined by the MAS	Contractual write-down. The earlier of: (i) the MAS notifying the Issuer in writing that it is of the opinion that a Write-off is necessary, without which the Issuer or the DBS Group would become non-viable; and (ii) a decision by the MAS to make a public sector injection of capital, or equivalent support, without which the Issuer or the DBS Group would have become non-viable, as determined by the MAS
32	If write-down, full or partial	Fully or partially	Fully or partially
33	If write-down, permanent or temporary	Permanent	Permanent
34	If temporary write-down, description of write-up mechanism	NA	NA
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Immediately subordinated to senior creditors	Immediately subordinated to senior creditors
36	Non-compliant transitioned features	No	No
37	If yes, specify non-complaint features	NA	NA

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

4.3 Main Features of Capital Instruments (continued)

30 Jun 2017		US\$750,000,000 3.625% Subordinated Notes due 2022 Callable in 2017 issued pursuant to the US\$30,000,000,000 Global Medium Term Note Programme	S\$1,000,000,000 3.10% Subordinated Notes due 2023 Callable in 2018 issued pursuant to the US\$30,000,000,000 Global Medium Term Note Programme
1	Issuer	DBS Bank Ltd.	DBS Bank Ltd.
2	Unique identifier	Regulation S SGX Name: DBS BK US\$750M3.625% N220921R ISIN: US24023DAC83 Rule 144A SGX Name: DBS BK US\$750M3.625% N220921A ISIN: US24023CAC01	SGX Name: DBS BK S\$1B N3.1%230214 ISIN Code: SG6W11984344
3	Governing law(s) of the instrument	England: Trust Deed Singapore: Subordination	Singapore
Regulatory treatment			
4	Transitional Basel III rules	Tier 2	Tier 2
5	Post-transitional Basel III rules	Ineligible	Ineligible
6	Eligible at Solo/Group/Group & Solo	Solo and Group	Solo and Group
7	Instrument type (types to be specified by each jurisdiction)	Subordinated Notes	Subordinated Notes
8	Amount recognized in regulatory capital (Currency in mil, as of most recent reporting date)	S\$889 million	S\$482 million
9	Par value of instrument (as of most recent reporting date, unless otherwise stated)	US\$750 million	S\$508.25 million Please click here for SGX announcement
10	Accounting classification	Liability - amortised cost	Liability - amortised cost
11	Original date of issuance	21 Mar 2012	14 Aug 2012
12	Perpetual or dated	Dated	Dated
13	Original maturity date	21 Sep 2022	14 Feb 2023
14	Issuer call subject to prior supervisory approval	Yes	Yes
15	Optional call date	21 Sep 2017	14 Feb 2018
	Contingent call dates	Change of Qualification Event, or Tax Event	Change of Qualification Event, or Tax Event
	Redemption amount	Principal amount together with accrued but unpaid interest	Principal amount together with accrued but unpaid interest
16	Subsequent call dates, if applicable	Optional – Any Interest Payment Date after 21 Sep 2017	Optional – Any Interest Payment Date after 14 Feb 2018
Coupons/dividends			
17	Fixed or floating dividend/coupon	Fixed	Fixed
18	Coupon rate and any related index	3.625% p.a. up to 21 Sep 2017. 5Y USD Swap Rate plus 2.229% p.a. thereafter, 1-time reset	3.10% p.a. up to 14 Feb 2018. 5Y SGD SOR plus 2.085% p.a. thereafter, 1-time reset
19	Existence of a dividend stopper	No	No
20	Fully discretionary, partially discretionally or mandatory	Mandatory	Mandatory
21	Existence of step up or incentive to redeem	No	No
22	Noncumulative or cumulative	Cumulative	Cumulative
23	Convertible or non-convertible	Nonconvertible	Nonconvertible
24	If convertible, conversion trigger(s)	NA	NA
25	If convertible, fully or partially	NA	NA
26	If convertible, conversion rate	NA	NA
27	If convertible, mandatory or optional conversion	NA	NA
28	If convertible, specify instrument type convertible into	NA	NA
29	If convertible, specify issuer of instrument it converts into	NA	NA
30	Write-down feature	No	No
31	If write-down, write-down trigger(s)	NA	NA
32	If write-down, full or partial	NA	NA
33	If write-down, permanent or temporary	NA	NA
34	If temporary write-down, description of write-up mechanism	NA	NA
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Immediately subordinated to senior creditors	Immediately subordinated to senior creditors
36	Non-compliant transitioned features	Yes	Yes
37	If yes, specify non-complaint features	Has no loss-absorbency at point of non-viability	Has no loss-absorbency at point of non-viability

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

5 LEVERAGE RATIO

5.1 Leverage Ratio

	30 Jun 2017	31 Mar 2017	31 Dec 2016	30 Sep 2016
Capital and Total exposures (\$m)				
Tier 1 capital	42,604	41,934	40,909	40,468
Total exposures	540,583	532,725	532,674	519,221
Leverage Ratio (%)	7.9	7.9	7.7	7.8

Leverage ratio as at 30 June 2017 at Group level remained at 7.9% as compared to the previous quarter. Increase in Tier 1 capital was offset by increase in total exposures.

5.2 Components of Leverage Ratio

The following tables are disclosed in accordance with the templates prescribed in MAS Notice 637 Annex 11F and 11G.

Leverage Ratio Summary Comparison Table

		30 Jun 2017
		Amount
Item		(\$m)
1	Total consolidated assets as per published financial statements	486,699
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	9,478
5	Adjustment for SFTs	206
6	Adjustment for off-balance sheet items	49,772
7	Other adjustments	(5,572)
8	Exposure measure	540,583

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

Leverage Ratio Common Disclosure Template

		30 Jun 2017
		Amount (\$m)
Item		
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)	458,916
2	Asset amounts deducted in determining Tier 1 capital	(5,590)
3	Total exposure measures of on-balance sheet items (excluding derivative transactions and SFTs)	453,326
Derivative exposure measures		
4	Replacement cost associated with all derivative transactions (net of the eligible cash portion of variation margins)	8,440
5	Potential future exposure associated with all derivative transactions	15,870
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	3,040
10	Further adjustments in effective notional amounts and deductions from potential future exposures of written credit derivatives	-
11	Total derivative exposure measures	27,350
SFT exposure measures		
12	Gross SFT assets (with no recognition of accounting netting), after adjusting for sales accounting	9,929
13	Eligible netting of cash payables and cash receivables	-
14	SFT counterparty exposures	206
15	SFT exposure measures where a Reporting Bank acts as an agent in the SFTs	-
16	Total SFT exposure measures	10,135
Exposure measures of off-balance sheet items		
17	Off-balance sheet items at notional amount	253,128
18	Adjustments for calculation of exposure measures of off-balance sheet items	(203,356)
19	Total exposure measures of off-balance sheet items	49,772
Capital and Total exposures		
20	Tier 1 capital	42,604
21	Total exposures	540,583
Leverage Ratio		
22	Leverage Ratio	7.9%

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

6 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 Jun 2017	31 Mar 2017			30 Jun 2017	
1	Credit risk (excluding CCR)	196,191	192,183			19,619
2	<i>of which: SA(CR) and SA(EQ)</i>	29,158	28,213			2,916
3	<i>of which: IRBA and IRBA(EQ) for equity exposures under the PD/LGD method</i>	167,033	163,970			16,703
4	CCR	15,922	16,030			1,592
5	<i>of which: Current Exposure Method</i>	7,765	7,846			777
6	<i>of which: CCR Internal Models Method</i>	-	-			-
7	IRBA(EQ) for equity exposures under the simple risk weight method or the IMM	8,146	8,360			815
8	Equity investments in funds – look-through approach	565	573			56
9	Equity investments in funds – mandate-based approach	52	52			5
10	Equity investments in funds – fall-back approach	-	-			-
10a	Equity investment in funds – partial use of an approach	-	-			-
11	Unsettled transactions	60	55			6
12	Securitisation exposures in banking book	618	438			62
13	<i>of which: IRBA(SE) - RBM and IAM</i>	#	#			#
14	<i>of which: IRBA(SE) - SF</i>	-	-			-
15	<i>of which: SA(SE)</i>	618	438			62
16	Market risk	38,377	35,302			3,838
17	<i>of which: SA(MR)</i>	38,377	35,302			3,838
18	<i>of which: IMA</i>	-	-			-
19	Operational risk	19,050	18,755			1,905
20	<i>of which: BIA</i>	-	-			-
21	<i>of which: SA(OR)</i>	19,050	18,755			1,905
22	<i>of which: AMA</i>	-	-			-
23	Amounts below the thresholds for deduction (subject to 250% risk weight)	700	687			70
24	Floor adjustment	-	-			-
25	Total	279,681	272,435			27,968

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.

Total risk-weighted assets increased mainly due to increase in credit risk-weighted assets (excluding counterparty credit risk) and market risk-weighted assets. This was mainly driven by broad-based increase in exposures.

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

7 CREDIT RISK

7.1 Credit Quality of Assets

The following table provides an overview of the credit quality of the Group's on- and off-balance sheet assets. Figures are based on carrying amounts as reported in the financial statements.

		30 Jun 2017			
		a	b	c	d
		Gross carrying amount of		Impairment allowances	Net values (a+b-c)
\$m		Defaulted exposures	Non-defaulted exposures		
1	Loans ⁽¹⁾	4,230	357,045	4,552	356,723
2	Debt Securities	94	63,719	93	63,720
3	Off-balance sheet exposures	156	62,250	177	62,229
4	Total	4,480	483,014	4,822	482,672

A default⁽²⁾ is considered to have occurred with regard to a particular borrower when either or both of the following events have taken place:

- Subjective default: Borrower is considered to be unlikely to pay its credit obligations in full, without the Group taking action such as realising security (if held).
- Technical default: Borrower is more than 90 days past due on any credit obligation to the Group.

7.2 Changes in Stock of Defaulted Loans and Debt Securities

The following table provides the changes in the Group's defaulted loans and debt securities (excluding off-balance sheet exposures), including any (i) return to non-defaulted status, and (ii) reduction in defaulted exposures due to write-off. Figures are based on carrying amounts as reported in the financial statements.

		30 Jun 2017
		a
1	Defaulted loans and debt securities at end of the previous semi-annual reporting period	4,597
2	Loans and debt securities that have defaulted since the previous semi-annual reporting period	845
3	Returned to non-defaulted status	5
4	Amounts written off	695
5	Other changes	(418)
6	Defaulted loans and debt securities at end of the semi-annual reporting period (1+2-3-4±5)	4,324

Defaulted loans and debt securities declined marginally in the first half of 2017 to \$4.3 billion. Higher recoveries and write offs were partially offset by increase in defaulting corporate loans and debt securities. Other changes (as shown above) mainly include recoveries and foreign exchange translation differences.

⁽¹⁾ Loans include loans and advances to customers and other assets which give rise to credit exposures.

⁽²⁾ Defaulted assets are a subset of non performing assets as disclosed in the financial statements. Unless otherwise required by MAS Notice 637 and stated as such in the relevant sections, the exposure amounts for defaulted assets in this document are measured in accordance with the requirements of MAS Notice 637 and may differ from the carrying amounts as disclosed in the financial statements (which are measured in accordance with the Singapore Financial Reporting Standard as modified by the requirements of MAS Notice to Banks No. 612 "Credit Files, Grading and Provisioning").

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

7.5 IRBA – Credit Risk Exposures by Portfolio and PD Range

The following tables provide the main parameters used to calculate the Group's capital requirements for its IRBA models⁽¹⁾.

7.5.1 Advanced IRBA

30 Jun 2017												
	a	b	c	d	e	f	g	h	i	j	k	l
PD Range (%)	Original on-balance sheet gross exposures (\$m)	Off-balance sheet exposures pre CCF (\$m)	Average CCF (%)	EAD post CRM and post-CCF (\$m)	Average PD (%)	Number of obligors ⁽²⁾	Average LGD (%)	Average maturity (years)	RWA (\$m)	RWA density ⁽³⁾ (%)	EL (\$m)	TEP (\$m)
Retail - QRRE												
0.00 to <0.15	571	11,899	53	6,891	0.12	687,697	94		491	7	8	
0.15 to <0.25	761	4,483	54	3,183	0.20	344,040	91		326	10	6	
0.25 to <0.50	415	2,129	42	1,311	0.42	211,003	85		229	17	5	
0.50 to <0.75	-	-	-	-	-	-	-		-	-	-	
0.75 to <2.50	1,103	3,976	63	3,603	1.54	312,660	93		1,894	53	52	
2.50 to <10.00	859	430	88	1,240	4.45	112,789	87		1,258	101	48	
10.00 to <100.00	449	71	95	517	20.62	37,216	92		1,231	238	97	
100.00 (Default) ⁽⁴⁾	151	49	-	151	100.00	21,581	93		-	-	140	
Sub-total	4,309	23,037	55	16,896	2.30	1,726,986	92		5,429	32	356	475
Retail - Residential mortgage												
0.00 to <0.15	12,265	4,112	100	16,377	0.14	21,004	11		583	4	2	
0.15 to <0.25	7,446	31	100	7,477	0.19	23,308	12		362	5	2	
0.25 to <0.50	31,319	447	100	31,766	0.28	68,416	12		1,975	6	10	
0.50 to <0.75	613	-	-	613	0.63	1,292	13		79	13	1	
0.75 to <2.50	4,682	2,030	100	6,712	1.25	14,377	12		1,243	19	10	
2.50 to <10.00	516	3	100	519	4.08	1,300	12		186	36	3	
10.00 to <100.00	278	1	100	279	24.73	841	11		189	68	8	
100.00 (Default) ⁽⁴⁾	122	2	100	124	100.00	390	26		-	-	33	
Sub-total	57,241	6,626	100	63,867	0.67	130,928	12		4,617	7	69	91
Other retail exposures												
0.00 to <0.15	-	-	-	-	-	-	-		-	-	-	
0.15 to <0.25	1,315	-	-	1,315	0.16	36,876	26		122	9	1	
0.25 to <0.50	731	-	-	731	0.28	11,889	19		73	10	#	
0.50 to <0.75	2	-	-	2	0.64	18	41		1	35	#	
0.75 to <2.50	179	-	-	179	1.16	5,155	30		62	34	1	
2.50 to <10.00	-	-	-	-	-	-	-		-	-	-	
10.00 to <100.00	38	-	-	38	15.32	1,019	35		28	74	2	
100.00 (Default) ⁽⁴⁾	2	-	-	2	100.00	77	46		-	-	1	
Sub-total	2,267	-	-	2,267	0.63	55,034	24		286	13	5	6
Total (all portfolios)	63,817	29,663	65	83,030	1.00	1,912,948	28		10,332	12	430	572

Numbers below 0.5.

⁽¹⁾ As at the reporting date, the Group does not have any credit derivative used as CRM in its Banking book.

⁽²⁾ Number of obligors or accounts used in the respective asset classes as per the Group's A-IRBA models.

⁽³⁾ For definition of RWA density, refer to footnote of 7.3.

⁽⁴⁾ For definition of default, refer to 7.1.

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

7.5.2 Foundation IRBA

30 Jun 2017												
	a	b	c	d	e	f	g	h	i	j	k	l
PD Range (%)	Original sheet gross exposures (\$m)	Off-balance sheet exposures pre CCF (\$m)	Average CCF (%)	EAD post CRM and post-CCF (\$m)	Average PD (%)	Number of obligors	Average LGD (%)	Average maturity (years)	RWA (\$m)	RWA density ⁽¹⁾ (%)	EL (\$m)	TEP (\$m)
Sovereign												
0.00 to <0.15	48,454	12	98	50,337	0.02	27	45	2	3,347	7	4	
0.15 to <0.25	-	-	-	-	-	-	-	-	-	-	-	
0.25 to <0.50	4,107	-	-	4,107	0.39	7	45	2	2,381	58	7	
0.50 to <0.75	-	-	-	-	-	-	-	-	-	-	-	
0.75 to <2.50	23	-	-	23	1.76	2	45	2	24	105	#	
2.50 to <10.00	-	-	-	-	-	-	-	-	-	-	-	
10.00 to <100.00	-	-	-	-	-	-	-	-	-	-	-	
100.00 (Default) ⁽²⁾	-	-	-	-	-	-	-	-	-	-	-	
Sub-total	52,584	12	98	54,467	0.04	36	45	2	5,752	11	11	15
Banks												
0.00 to <0.15	46,364	2,878	22	46,642	0.04	144	45	1	7,316	16	9	
0.15 to <0.25	19	-	-	19	0.24	5	45	#	7	36	#	
0.25 to <0.50	8,024	846	54	9,044	0.31	126	44	1	4,169	46	12	
0.50 to <0.75	#	-	-	#	0.61	2	45	#	#	56	#	
0.75 to <2.50	2,828	284	28	2,721	1.16	105	42	1	2,032	75	14	
2.50 to <10.00	141	13	20	144	5.69	16	45	#	201	139	4	
10.00 to <100.00	-	-	-	-	-	-	-	-	-	-	-	
100.00 (Default) ⁽²⁾	-	-	-	-	-	-	-	-	-	-	-	
Sub-total	57,376	4,021	29	58,570	0.15	398	45	1	13,725	23	39	52
Corporate												
0.00 to <0.15	46,913	32,798	30	61,516	0.04	447	45	2	11,562	19	12	
0.15 to <0.25	24,341	21,427	25	29,872	0.22	332	45	2	12,678	42	29	
0.25 to <0.50	31,814	30,876	24	38,020	0.33	844	44	2	20,326	53	56	
0.50 to <0.75	12,393	11,552	12	12,970	0.56	659	43	2	8,794	68	31	
0.75 to <2.50	31,448	29,515	12	32,392	1.57	7,026	40	2	29,042	90	201	
2.50 to <10.00	9,111	6,080	9	7,775	4.73	2,727	40	2	9,844	127	145	
10.00 to <100.00	2,398	428	27	2,236	14.86	364	41	2	4,625	207	139	
100.00 (Default) ⁽²⁾	2,997	155	82	2,913	100.00	557	43	2	-	-	1,260	
Sub-total	161,415	132,831	21	187,694	2.35	12,956	43	2	96,871	52	1,873	2,508
Corporate small business												
0.00 to <0.15	143	126	25	175	0.05	2	45	1	12	7	#	
0.15 to <0.25	28	130	31	76	0.22	24	43	2	27	35	#	
0.25 to <0.50	599	745	10	696	0.37	309	41	3	377	54	1	
0.50 to <0.75	902	679	14	1,010	0.56	320	41	3	661	65	2	
0.75 to <2.50	3,581	1,870	12	3,761	1.70	1,310	40	3	3,215	85	25	
2.50 to <10.00	2,109	821	12	2,123	4.19	772	40	2	2,303	108	35	
10.00 to <100.00	281	79	13	295	13.19	91	40	2	492	167	16	
100.00 (Default) ⁽²⁾	326	1	50	317	100.00	91	42	1	-	-	134	
Sub-total	7,969	4,451	13	8,453	6.12	2,919	40	3	7,087	84	213	286
Total (all portfolios)	279,344	141,315	21	309,184	1.63	16,309	44	2	123,435	40	2,136	2,861

Numbers below 0.5.

⁽¹⁾ For definition of RWA density, refer to footnote of 7.3.

⁽²⁾ For definition of default, refer to 7.1.

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

7.6 IRBA – Effect on RWA of Credit Derivatives used as CRM

As at the reporting date, the Group does not have any credit derivative used as CRM in its Banking book.

7.7 IRBA – Specialised Lending and Equities under the Simple Risk Weight Method

7.7.1 IRBA - Specialised Lending (Other than HVCRE)⁽¹⁾

The following table provides the exposure amounts and RWA of the Group's specialised lending exposures by each asset sub-class in accordance with the supervisory slotting criteria.

30 Jun 2017												
Specialised lending												
Other than HVCRE												
\$m												
Regulatory categories	Remaining maturity	On-balance sheet amount	Off-balance sheet amount	Risk Weight	Exposure amount					Total	RWA	Expected losses
					PF	OF	CF	IPRE				
Strong	Less than 2.5 years	7,906	1,366	50%	590	-	-	8,234	8,824	4,676	-	
	Equal to or more than 2.5 years	7,922	1,444	70%	2,369	126	-	6,205	8,700	6,456	35	
Good	Less than 2.5 years	5,779	922	70%	392	47	-	5,906	6,345	4,708	25	
	Equal to or more than 2.5 years	5,448	1,982	90%	931	120	-	5,628	6,679	6,372	53	
Satisfactory		6,741	1,624	115%	855	84	-	6,580	7,519	9,165	211	
Weak		556	228	250%	-	114	-	599	713	1,889	57	
Default		253	-	0%	-	410	-	9	419	-	209	
Total		34,605	7,566		5,137	901	-	33,161	39,199	33,266	590	

7.7.2 IRBA - Equities under the Simple Risk Weight Method

The following table provides the exposure amounts and RWA of the Group's equity exposures under the Simple Risk Weight method.

30 Jun 2017						
Equity exposures under the simple risk weight method						
\$m						
Categories		On-balance sheet amount	Off-balance sheet amount	RW	Exposure amount	RWA
Other equity exposures		760	236	400%	937	3,974
Total		2,072	236		2,249	8,146

⁽¹⁾ As at reporting date, the Group does not have any HVCRE exposures.

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

8 COUNTERPARTY CREDIT RISK ("CCR")

8.1 Analysis of CCR Exposure by Approach

The following table provides the methods used to calculate the Group's CCR capital requirements and the main parameters used for each method.

		30 Jun 2017					
		a	b	c	d	e	f
\$m		Replacement cost	Potential future exposure	Effective EPE	α used for computing regulatory EAD	EAD (post-CRM)	RWA
1	Current exposure method (for derivatives)	8,071	10,639			18,351	7,765
2	CCR internal models method (for derivatives and SFTs)			-	-	-	-
3	FC(SA) (for SFTs)					-	-
4	FC(CA) (for SFTs)					11,394	459
5	VaR for SFTs					-	-
6	Total						8,224

8.2 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.

8.3 CVA Risk Capital Requirements

The Group adopts the standardised method to compute CVA risk capital requirements. The following table provides the exposure amount (post-CRM) and RWA.

		30 Jun 2017	
		a	b
\$m		EAD (post-CRM)	RWA
	Total portfolios subject to the Advanced CVA capital requirement	-	-
1	(i) VaR component (including the three-times multiplier)		-
2	(ii) Stressed VaR component (including the three-times multiplier)		-
3	All portfolios subject to the Standardised CVA capital requirement	16,781	6,728
4	Total portfolios subject to the CVA capital requirement	16,781	6,728

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

8.4 Credit Derivative Exposures

The following table provides the notional amounts (before any netting) and fair values of the Group's credit derivative exposures, broken down between credit derivatives bought or sold.

\$m		30 Jun 2017	
		a	b
		Protection bought	Protection sold
Notionals			
1	Single-name credit default swaps	6,535	8,330
2	Index credit default swaps	3,762	3,627
3	Total return swaps	4,563	-
4	Other credit derivatives	207	-
5	Total notionals	15,067	11,957
Fair values			
6	Positive fair value (asset)	16	183
7	Negative fair value (liability)	216	7

8.5 Standardised Approach – CCR Exposures by Portfolio and Risk Weights

The following table provides the breakdown of the Group's CCR exposure amounts (post-CRM) under SA(CR) by asset class and risk weight.

\$m		30 Jun 2017									
		a	b	c	d	e	f	g	h	i	
		Risk Weight									Total Credit Exposure
		0%	10%	20%	50%	75%	100%	150%	Others		
Asset Classes											
1	Central government and central bank	-	-	-	-	-	-	-	-	-	
2	PSE	-	-	-	-	-	-	-	-	-	
3	MDB	1,384	-	-	6	-	-	-	-	1,390	
4	Bank	-	-	3	1	-	-	-	-	4	
6	Corporate	-	-	-	-	-	146	-	-	146	
7	Regulatory retail	-	-	-	-	#	-	-	-	#	
8	Other exposures	-	-	-	-	-	487	-	-	487	
9	Total	1,384	-	3	7	#	633	-	-	2,027	

Numbers below 0.5.

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

8.6 IRBA – CCR Exposures by Portfolio and PD Range

The following table sets out the parameters used to calculate the Group's CCR capital requirements for IRBA models. The Group adopts F-IRBA for all of its IRBA exposures which are subject to CCR capital requirements.

PD Range (%)	30 Jun 2017						
	a	b	c	d	e	f	g
	EAD post CRM (\$m)	Average PD (%)	Number of obligors	Average LGD (%)	Average maturity (years)	RWA (\$m)	RWA density ⁽¹⁾ (%)
Sovereign							
0.00 to <0.15	2,345	0.01	10	10	#	7	#
0.15 to <0.25	-	-	-	-	-	-	-
0.25 to <0.50	249	0.39	3	4	#	7	3
0.50 to <0.75	-	-	-	-	-	-	-
0.75 to <2.50	-	-	-	-	-	-	-
2.50 to <10.00	-	-	-	-	-	-	-
10.00 to <100.00	-	-	-	-	-	-	-
100.00 (Default) ⁽²⁾	-	-	-	-	-	-	-
Sub-total	2,594	0.05	13	9	#	14	1
Banks							
0.00 to <0.15	8,629	0.05	85	25	1	971	11
0.15 to <0.25	10	0.24	2	45	#	4	33
0.25 to <0.50	5,551	0.26	96	20	1	1,349	24
0.50 to <0.75	50	0.61	2	#	#	#	#
0.75 to <2.50	314	1.35	49	42	1	316	101
2.50 to <10.00	#	5.71	1	45	#	#	136
10.00 to <100.00	-	-	-	-	-	-	-
100.00 (Default) ⁽²⁾	-	-	-	-	-	-	-
Sub-total	14,554	0.16	235	23	1	2,640	18
Corporate							
0.00 to <0.15	3,241	0.04	115	35	2	575	18
0.15 to <0.25	1,843	0.22	83	34	2	691	37
0.25 to <0.50	2,362	0.34	215	35	2	1,225	52
0.50 to <0.75	686	0.56	119	35	2	412	60
0.75 to <2.50	1,748	1.90	382	29	2	1,319	75
2.50 to <10.00	231	6.53	135	37	1	298	129
10.00 to <100.00	34	12.64	25	45	1	70	204
100.00 (Default) ⁽²⁾	2	100.00	8	45	2	-	-
Sub-total	10,147	0.70	1,082	34	2	4,590	45
Corporate small business							
0.00 to <0.15	#	0.05	1	45	#	#	5
0.15 to <0.25	#	0.22	1	40	#	#	18
0.25 to <0.50	1	0.33	22	33	1	#	24
0.50 to <0.75	6	0.56	17	43	1	3	52
0.75 to <2.50	10	2.00	82	38	1	7	74
2.50 to <10.00	2	3.92	40	24	1	1	61
10.00 to <100.00	#	12.15	5	42	2	#	158
100.00 (Default) ⁽²⁾	1	100.00	1	40	1	-	-
Sub-total	20	8.12	169	38	1	11	60
Total (all portfolios)	27,315	0.36	1,499	26	1	7,255	27

Numbers below 0.5.

⁽¹⁾ For definition of RWA density, refer to footnote of 7.3.

⁽²⁾ For definition of default, refer to 7.1.

9 SECURITISATION
9.1 Securitisation Exposures in the Banking Book⁽¹⁾

The following table provides an overview of the Group's securitisation exposures in the Banking book. Figures are based on carrying amounts as reported in the financial statements.

		30 Jun 2017
		a
		A Reporting Bank acts as investor
		Traditional
\$m		
1	Total retail	2,327
2	of which: residential mortgage	2
3	of which: credit card	1,848
4	of which: other retail exposures	477

9.2 Securitisation Exposures in the Trading Book

The following table provides an overview of the Group's securitisation exposures in the Trading book. Figures are based on carrying amounts as reported in the financial statements.

		30 Jun 2017
		a
		A Reporting Bank acts as investor
		Traditional
\$m		
1	Total retail	28
2	of which: residential mortgage	22
3	of which: credit card	-
4	of which: other retail exposures	6

⁽¹⁾ The Group does not act as an Originator or a Sponsor for its securitisation exposures. Also, the Group does not invest in synthetic securitisation structures.

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

9.3 Securitisation Exposures in the Banking Book and associated Regulatory Capital Requirements – A Reporting Bank acting as Originator or as Sponsor

The Group does not act as an Originator or a Sponsor for its securitisation exposures in the Banking book.

9.4 Securitisation Exposures in the Banking Book and associated Regulatory Capital Requirements – A Reporting Bank acting as an Investor

The following table provides the exposure amounts, RWA and capital requirements of the Group's securitisation exposures in the Banking book.

		30 Jun 2017																
		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q
		Exposure values (by risk weight bands)					Exposure values (by regulatory approach)				RWA (by regulatory approach)				Capital charge after cap ⁽¹⁾			
		≤20% RW	>20% to 50% RW	>50% to 100% RW	>100% to <1250% RW	1250% RW	IRBA(SE) - RBM and IAM	IRBA(SE) - SF	SA(SE)	1250%	IRBA(SE) - RBM and IAM	IRBA(SE) - SF	SA(SE)	1250%	IRBA(SE) - RBM and IAM	IRBA(SE) - SF	SA(SE)	1250%
\$m																		
1	Total exposures	2,089	81	113	-	4	2	-	2,281	4	#	-	571	47	#	-	57	5
2	Traditional securitisation	2,089	81	113	-	4	2	-	2,281	4	#	-	571	47	#	-	57	5
3	Of which: securitisation	2,089	81	113	-	4	2	-	2,281	4	#	-	571	47	#	-	57	5
4	Of which: retail underlying	2,089	81	113	-	4	2	-	2,281	4	#	-	571	47	#	-	57	5
5	Of which: wholesale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Of which: re-securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	Of which: senior	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	Of which: non-senior	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Synthetic securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Of which: securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Of which: retail underlying	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	Of which: wholesale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Of which: re-securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Of which: senior	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Of which: non-senior	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Numbers below 0.5.

⁽¹⁾ Capital charge after cap in these columns correspond to 10% of the relevant RWA figures in column "(j)", "(k)", "(l)" and "(m)" which are 2.0 percentage points higher than the Basel Committee's requirement.

10 MARKET RISK
10.1 Market Risk under Standardised Approach

The following table provides the components of the Group's market risk RWA as measured under the Standardised Approach.

\$m	30 Jun 2017	
	a	
	RWA ⁽¹⁾	
Products excluding options		
1	Interest rate risk (general and specific)	23,705
2	Equity risk (general and specific)	312
3	Foreign exchange risk	7,763
4	Commodity risk	9
Options		
5	Simplified approach	-
6	Delta-plus method	-
7	Scenario approach	6,507
8	Securitisation	81
9	Total	38,377

⁽¹⁾ The RWA is derived by multiplying the capital requirements by 12.5.

10.2 RWA Flow Statements of Market Risk Exposures under IMA, IMA Values for Trading Portfolios and Comparison of VaR Estimates with Gains or Losses

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

11 Interest Rate Risk in the Banking Book

The economic value impact of changes in interest rates was simulated under various assumptions for the non-trading risk portfolio. The economic value changes based on the worse of an upward or downward parallel shift in the yield curve were negative \$766 million and negative \$1,454 million for interest rate movement of 100 basis points and 200 basis points respectively.

12 ABBREVIATIONS

Abbreviations	Brief Description
AMA	Advanced Measurement Approach
AT1	Additional Tier 1
BIA	Basic Indicator Approach
CAR	Capital Adequacy Ratio
CCF	Credit Conversion Factor
CCR	Counterparty Credit Risk
CET1	Common Equity Tier 1
CF	Commodities Finance
CRE	Commercial Real Estate
CRM	Credit Risk Mitigation
CVA	Credit Valuation Adjustment
EAD	Exposure at the time of default
EL	Expected Loss
EPE	Expected Positive Exposure
FC(CA)	Financial Collateral Comprehensive Approach
FC(SA)	Financial Collateral Simple Approach
HVCRE	High-volatility Commercial Real Estate
IAM	Internal Assessment Method
IMA	Internal Models Approach
IPRE	Income-producing Real Estate
IRBA	Internal Ratings-Based Approach
IRBA(EQ)	Internal Ratings-Based Approach for Equity Exposures
IRBA(SE)	Internal Ratings-Based Approach for Securitisation Exposures
LGD	Loss Given Default
MAS	Monetary Authority of Singapore
MDB	Multilateral Development Bank
OF	Object Finance
PD	Probability of Default

12 ABBREVIATIONS (continued)

Abbreviations	Brief Description
PE/VC	Private Equity and Venture Capital
PF	Project Finance
PSE	Public Sector Entity
QRRE	Qualifying Revolving Retail Exposures
RBM	Ratings-Based Method
RW	Risk Weight
RWA	Risk-Weighted Assets
SA	Standardised Approach
SA(CR)	Standardised Approach to Credit Risk
SA(EQ)	Standardised Approach for Equity Exposures
SA(MR)	Standardised Approach to Market Risk
SA(OR)	Standardised Approach to Operational Risk
SA(SE)	Standardised Approach for Securitisation Exposures
SF	Supervisory Formula
SFT	Securities or Commodities Financing Transaction
TEP	Total Eligible Provisions
T2	Tier 2
VaR	Value-at-risk
α	Alpha Factor

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

1.1 Average All-Currency LCR for the Quarter ended 30 June 2017
(Number of data points: 91)

\$m	UNWEIGHTED ⁽¹⁾	WEIGHTED VALUE
HIGH-QUALITY LIQUID ASSETS		
1	Total high-quality liquid assets (HQLA)	71,872
CASH OUTFLOWS		
2	Retail deposits and deposits from small business customers, of which	180,662
3	Stable deposits	60,424
4	Less stable deposits	120,238
5	Unsecured wholesale funding, of which	131,574
6	Operational deposits (all counterparties) and deposits in institutional networks of cooperative banks	26,018
7	Non-operational deposits (all counterparties)	99,812
8	Unsecured debt	5,744
9	Secured wholesale funding	153
10	Additional requirements, of which	46,203
11	Outflows related to derivatives exposures and other collateral requirements	6,974
12	Outflows related to loss of funding on debt products	-
13	Credit and liquidity facilities	39,229
14	Other contractual funding obligations	2,102
15	Other contingent funding obligations	18,806
16	TOTAL CASH OUTFLOWS	96,153
CASH INFLOWS		
17	Secured lending (e.g. reverse repos)	3,567
18	Inflows from fully performing exposures	65,016
19	Other cash inflows	6,316
20	TOTAL CASH INFLOWS	74,899
	TOTAL ADJUSTED VALUE	
21	TOTAL HQLA	71,872
22	TOTAL NET CASH OUTFLOWS	48,073
23	LIQUIDITY COVERAGE RATIO (%)⁽²⁾	150%

⁽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⁾ 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 30 June 2017
 (Number of data points: 91)

\$m		UNWEIGHTED ⁽¹⁾	WEIGHTED VALUE
HIGH-QUALITY LIQUID ASSETS			
1	Total high-quality liquid assets (HQLA)		35,233
CASH OUTFLOWS			
2	Retail deposits and deposits from small business customers, of which	125,668	10,142
3	Stable deposits	48,495	2,425
4	Less stable deposits	77,173	7,717
5	Unsecured wholesale funding, of which	24,283	10,063
6	Operational deposits (all counterparties) and deposits in institutional networks of cooperative banks	11,495	2,776
7	Non-operational deposits (all counterparties)	12,753	7,252
8	Unsecured debt	35	35
9	Secured wholesale funding		-
10	Additional requirements, of which	20,334	7,094
11	Outflows related to derivatives exposures and other collateral requirements	6,262	6,030
12	Outflows related to loss of funding on debt products	-	-
13	Credit and liquidity facilities	14,072	1,064
14	Other contractual funding obligations	509	316
15	Other contingent funding obligations	3,038	91
16	TOTAL CASH OUTFLOWS		27,706
CASH INFLOWS			
17	Secured lending (e.g. reverse repos)	675	1
18	Inflows from fully performing exposures	19,426	14,405
19	Other cash inflows	20,446	20,133
20	TOTAL CASH INFLOWS	40,547	34,539
		TOTAL ADJUSTED VALUE	
21	TOTAL HQLA		35,233
22	TOTAL NET CASH OUTFLOWS⁽¹⁾		6,927
23	LIQUIDITY COVERAGE RATIO (%)⁽²⁾		509%

⁽¹⁾ 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.

⁽²⁾ 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 second quarter of 2017, the average all-currency and SGD LCRs were 150% and 509% respectively. This is an increase from the first quarter average of 138% for all-currency LCR but a reduction from 522% for SGD LCR. 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:

- 1 All-currency LCR increased largely due to an increase in cash inflows from short-term lending.
- 2 SGD LCR decreased due to a reduction in HQLA arising from lower cash balances, while net cash outflows remained relatively stable.

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.

1.3 Liquidity Coverage Ratio (continued)**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.