



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

Third Quarter 2017

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

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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.

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3 CAPITAL ADEQUACY

3.1 Capital Resources and Capital Adequacy Ratios

\$m	30 Sep 2017	30 Jun 2017
Share capital	11,204	11,165
Disclosed reserves and others	33,384	33,556
Total regulatory adjustments to Common Equity Tier 1 capital	(4,431)	(4,391)
Regulatory adjustments due to insufficient Additional Tier 1 capital	-	-
Common Equity Tier 1 capital	40,157	40,330
Additional Tier 1 capital instruments ¹	3,393	3,371
Total regulatory adjustments to Additional Tier 1 capital	(1,105)	(1,097)
Tier 1 capital	42,445	42,604
Provisions eligible as Tier 2 capital	915	1,419
Tier 2 capital instruments ¹	1,232	2,017
Total regulatory adjustments to Tier 2 capital	-	-
Total capital	44,592	46,040
RWA		
Credit RWA	229,905	222,254
Market RWA	37,229	38,377
Operational RWA	19,288	19,050
Total RWA	286,422	279,681
CAR (%)		
Basel III fully phased-in Common Equity Tier 1 ²	13.6	14.0
Common Equity Tier 1	14.0	14.4
Tier 1	14.8	15.2
Total	15.6	16.5
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 September 2017 were lower as compared to 30 June 2017. Common Equity Tier 1 capital was stable as dividends paid (net of scrip dividend election) offset profit accretion. Total capital declined mainly due to the redemption of subordinated notes and decrease in provisions eligible as Tier 2 capital. Total risk-weighted assets increased due to the consolidation of ANZ wealth management and retail banking business as well as organic growth. The Group's leverage ratio stood at 7.5%, well above the minimum 3% envisaged by the Basel Committee.

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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 Sep 17		
	Country-specific requirement (%)	Proportion of relevant Group RWA (%)	Applicable countercyclical buffer requirement (%)
	(A)	(B)	(A) x (B)
Hong Kong	1.25	15.3	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 Sep 17			
	Total risk-weighted assets (\$m)	Common Equity Tier 1	CAR (%)	
			Tier 1	Total
DBS Bank (Hong Kong) Limited	37,924	15.9	16.5	18.5
DBS Bank (China) Limited	17,293	12.5	12.5	15.4

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4 COMPOSITION OF CAPITAL

4.1 Financial Statements and Regulatory Scope of Consolidation

\$m	30 Sep 2017	
	Amount	Cross Reference to Section 4.2
ASSETS		
Cash and balances with central banks	26,817	
Government securities and treasury bills	43,675	
Due from banks	33,020	
Derivatives	17,136	
Bank and corporate securities	53,417	
of which: PE/VC investments held beyond the relevant holding periods	1	a
Loan and advances to customers	314,135	
of which: Impairment allowances admitted as eligible T2 Capital	(915)	b
Other assets	12,347	
of which: Deferred tax assets	343	c
Re-grossing of deferred tax assets and deferred tax liabilities as required under MAS Notice 637	103	d
Associates	874	
of which: Goodwill on acquisition ⁽¹⁾	15	e
Properties and other fixed assets	1,179	
Goodwill and intangibles	5,166	
of which: Goodwill	5,166	f
of which: Intangibles	0	g
TOTAL ASSETS	507,766	
LIABILITIES		
Due to banks	22,920	
Deposits and balances from customers	362,102	
Derivatives	17,166	
Other liabilities	20,156	
Re-grossing of deferred tax assets and deferred tax liabilities as required under MAS Notice 637	103	
Other debt securities	35,514	
Subordinated term debts	1,147	
of which: Eligible for recognition as T2 Capital under transitional arrangements	508	h
of which: Eligible for recognition as T2 Capital	639	i
TOTAL LIABILITIES	459,005	
NET ASSETS	48,761	

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4.1 Financial Statements and Regulatory Scope of Consolidation (continued)

\$m	30 Sep 2017	
	Amount	Cross Reference to Section 4.2
EQUITY		
Share capital	11,082	
of which: Amount eligible as CET1 Capital	11,204	j
of which: Treasury shares	(122)	k
Other equity instruments	1,812	l
Other reserves	4,351	m
of which: Cash flow hedge reserve	11	n
Revenue reserves	29,140	o
of which: Unrealised fair value gains/losses on financial liabilities and derivative liabilities arising from changes in own credit risk	(111)	p
SHAREHOLDERS' FUNDS	46,385	
Non-controlling interests	2,376	
of which: Eligible for recognition as CET1 Capital under transitional arrangements	15	q
of which: Eligible for recognition as AT1 Capital under transitional arrangements	1,581	r
of which: Eligible for recognition as T2 Capital under transitional arrangements	85	s
TOTAL EQUITY	48,761	

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

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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 Sep 2017		
\$m		Amount	Amount subject to Pre-Basel III Treatment	Cross Reference to Section 4.1
Common Equity Tier 1 capital: instruments and reserves				
1	Paid-up ordinary shares and share premium (if applicable)	11,204		j
2	Retained earnings	29,140		o
3 [#]	Accumulated other comprehensive income and other disclosed reserves	4,229		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	15	(6)	q
6	Common Equity Tier 1 capital before regulatory adjustments	44,588		
Common Equity Tier 1 capital: regulatory adjustments				
7	Valuation adjustment pursuant to Part VIII of MAS Notice 637	8		
8	Goodwill, net of associated deferred tax liability	4,145	1,036	e+f
9 [#]	Intangible assets, net of associated deferred tax liability	0	0	g
10 [#]	Deferred tax assets that rely on future profitability	357	89	c+d
11	Cash flow hedge reserve	9	2	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	(89)	(22)	p

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\$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	4,431	
29	Common Equity Tier 1 capital (CET1)	40,157	
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	1,581	r
35	of which: instruments issued by subsidiaries subject to phase out	1,581	
36	Additional Tier 1 capital before regulatory adjustments	3,393	
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)	-	

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\$m	Amount	Amount subject to Pre-BaseI III Treatment	Cross Reference to Section 4.1
41	National specific regulatory adjustments	1,105	
41A	Regulatory adjustments applied to AT1 Capital in respect of amounts subject to pre-BaseI III treatment	1,105	
	of which: Goodwill, net of associated deferred tax liability	1,036	
	of which: Intangible assets, net of associated deferred tax liability	0	
	of which: Deferred tax assets that rely on future profitability	89	
	of which: Cash flow hedge reserve	2	
	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	(22)	
	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	1,105	
44	Additional Tier 1 capital (AT1)	2,288	
45	Tier 1 capital (T1 = CET1 + AT1)	42,445	
Tier 2 capital: instruments and provisions			
46	Tier 2 capital instruments and share premium (if applicable)	639	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	593	h+s
49	of which: instruments issued by subsidiaries subject to phase out	593	
50	Provisions	915	b
51	Tier 2 capital before regulatory adjustments	2,147	
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)	-	-

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\$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)	2,147	
59	Total capital (TC = T1 + T2)	44,592	
60	Floor-adjusted total risk-weighted assets (after incorporating the floor adjustment set out in Table 11-3A(m))	286,422	
Capital ratios (as a percentage of floor-adjusted risk-weighted assets)			
61	Common Equity Tier 1 CAR	14.0%	
62	Tier 1 CAR	14.8%	
63	Total CAR	15.6%	
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	5.6%	
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	2,526	
73	Investments in ordinary shares of unconsolidated financial institutions in which the Reporting Bank holds a major stake (including insurance subsidiaries)	290	
74	Mortgage servicing rights (net of related tax liability)	-	
75	Deferred tax assets arising from temporary differences (net of related tax liability)	-	

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		Amount	Amount subject to Pre-Basel III Treatment	Cross Reference to Section 4.1
\$m				
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)	420		
77	Cap on inclusion of provisions in Tier 2 under standardised approach	421		
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	495		
79	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	1,065		
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 \$1.1 billion higher.

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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 Sep 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)	SS\$11,204 million	SS\$803 million
9	Par value of instrument (as of most recent reporting date, unless otherwise stated)	NA	SS\$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

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4.3 Main Features of Capital Instruments (continued)

30 Sep 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\$1,031 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 Sep 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\$550 million	\$S\$260 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 Sep 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\$120 million	S\$259 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 Sep 2017		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.
2	Unique identifier	SGX Name: DBS BK S\$1B N3.1%230214 ISIN Code: SG6W11984344
3	Governing law(s) of the instrument	Singapore
Regulatory treatment		
4	Transitional Basel III rules	Tier 2
5	Post-transitional Basel III rules	Ineligible
6	Eligible at Solo/Group/Group & Solo	Solo and Group
7	Instrument type (types to be specified by each jurisdiction)	Subordinated Notes
8	Amount recognized in regulatory capital (Currency in mil, as of most recent reporting date)	S\$508 million
9	Par value of instrument (as of most recent reporting date, unless otherwise stated)	S\$508.25 million Please click here for SGX announcement
10	Accounting classification	Liability - amortised cost
11	Original date of issuance	14 Aug 2012
12	Perpetual or dated	Dated
13	Original maturity date	14 Feb 2023
14	Issuer call subject to prior supervisory approval	Yes
15	Optional call date	14 Feb 2018
	Contingent call dates	Change of Qualification Event, or Tax Event
	Redemption amount	Principal amount together with accrued but unpaid interest
16	Subsequent call dates, if applicable	Optional – Any Interest Payment Date after 14 Feb 2018
Coupons/dividends		
17	Fixed or floating dividend/coupon	Fixed
18	Coupon rate and any related index	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
20	Fully discretionary, partially discretionally or mandatory	Mandatory
21	Existence of step up or incentive to redeem	No
22	Noncumulative or cumulative	Cumulative
23	Convertible or non-convertible	Nonconvertible
24	If convertible, conversion trigger(s)	NA
25	If convertible, fully or partially	NA
26	If convertible, conversion rate	NA
27	If convertible, mandatory or optional conversion	NA
28	If convertible, specify instrument type convertible into	NA
29	If convertible, specify issuer of instrument it converts into	NA
30	Write-down feature	No
31	If write-down, write-down trigger(s)	NA
32	If write-down, full or partial	NA
33	If write-down, permanent or temporary	NA
34	If temporary write-down, description of write-up mechanism	NA
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Immediately subordinated to senior creditors
36	Non-compliant transitioned features	Yes
37	If yes, specify non-complaint features	Has no loss-absorbency at point of non-viability

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

5 LEVERAGE RATIO

5.1 Leverage Ratio

	30 Sep 2017	30 Jun 2017	31 Mar 2017	31 Dec 2016
Capital and Total exposures (\$m)				
Tier 1 capital	42,445	42,604	41,934	40,909
Total exposures	563,771	540,583	532,725	532,674
Leverage Ratio (%)	7.5	7.9	7.9	7.7

Leverage ratio as at 30 September 2017 decreased by 0.4 percentage point to 7.5% as compared to the previous quarter due mainly to increase in total exposures. Total exposures increased in line with growth in total assets (see Financial Performance Summary-Unaudited Balance Sheets).

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

Item	30 Sep 2017 Amount (\$m)
1 Total consolidated assets as per published financial statements	507,766
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	9,573
5 Adjustment for SFTs	55
6 Adjustment for off-balance sheet items	51,991
7 Other adjustments	(5,614)
8 Exposure measure	563,771

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Leverage Ratio Common Disclosure Template

		30 Sep 2017
Item		Amount (\$m)
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)	480,970
2	Asset amounts deducted in determining Tier 1 capital	(5,648)
3	Total exposure measures of on-balance sheet items (excluding derivative transactions and SFTs)	475,322
Derivative exposure measures		
4	Replacement cost associated with all derivative transactions (net of the eligible cash portion of variation margins)	7,603
5	Potential future exposure associated with all derivative transactions	16,135
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	2,971
10	Further adjustments in effective notional amounts and deductions from potential future exposures of written credit derivatives	-
11	Total derivative exposure measures	26,709
SFT exposure measures		
12	Gross SFT assets (with no recognition of accounting netting), after adjusting for sales accounting	9,694
13	Eligible netting of cash payables and cash receivables	-
14	SFT counterparty exposures	55
15	SFT exposure measures where a Reporting Bank acts as an agent in the SFTs	-
16	Total SFT exposure measures	9,749
Exposure measures of off-balance sheet items		
17	Off-balance sheet items at notional amount	262,790
18	Adjustments for calculation of exposure measures of off-balance sheet items	(210,799)
19	Total exposure measures of off-balance sheet items	51,991
Capital and Total exposures		
20	Tier 1 capital	42,445
21	Total exposures	563,771
Leverage Ratio		
22	Leverage Ratio	7.5%

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 Sep 2017	30 Jun 2017			30 Sep 2017	
1	Credit risk (excluding CCR)	203,498	196,191			20,350
2	<i>of which: SA(CR) and SA(EQ)</i>	32,216	29,158			3,222
3	<i>of which: IRBA and IRBA(EQ) for equity exposures under the PD/LGD method</i>	171,282	167,033			17,128
4	CCR	15,811	15,922			1,581
5	<i>of which: Current Exposure Method</i>	7,986	7,765			799
6	<i>of which: CCR Internal Models Method</i>	-	-			-
7	IRBA(EQ) for equity exposures under the simple risk weight method or the IMM	8,614	8,146			861
8	Equity investments in funds – look-through approach	550	565			55
9	Equity investments in funds – mandate-based approach	50	52			5
10	Equity investments in funds – fall-back approach	#	-			#
10a	Equity investment in funds – partial use of an approach	-	-			-
11	Unsettled transactions	67	60			7
12	Securitisation exposures in banking book	590	618			59
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>	590	618			59
16	Market risk	37,229	38,377			3,723
17	<i>of which: SA(MR)</i>	37,229	38,377			3,723
18	<i>of which: IMA</i>	-	-			-
19	Operational risk	19,288	19,050			1,929
20	<i>of which: BIA</i>	-	-			-
21	<i>of which: SA(OR)</i>	19,288	19,050			1,929
22	<i>of which: AMA</i>	-	-			-
23	Amounts below the thresholds for deduction (subject to 250% risk weight)	725	700			72
24	Floor adjustment	-	-			-
25	Total	286,422	279,681			28,642

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 due to the consolidation of ANZ wealth management and retail banking business as well as organic 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

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

9 ABBREVIATIONS

Abbreviations	Brief Description
AMA	Advanced Measurement Approach
AT1	Additional Tier 1
BIA	Basic Indicator Approach
CAR	Capital Adequacy Ratio
CCR	Counterparty Credit Risk
CET1	Common Equity Tier 1
EL	Expected Loss
IAM	Internal Assessment Method
IMA	Internal Models Approach
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
PD	Probability of Default
PE/VC	Private Equity and Venture Capital
RBM	Ratings-Based Method
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
TEP	Total Eligible Provisions
T2	Tier 2

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 September 2017
 (Number of data points: 92)

		30 Sep 2017	
\$m		UNWEIGHTED ⁽¹⁾	WEIGHTED VALUE
HIGH-QUALITY LIQUID ASSETS			
1	Total high-quality liquid assets (HQLA)		73,272
CASH OUTFLOWS			
2	Retail deposits and deposits from small business customers, of which	185,081	15,501
3	Stable deposits	60,076	3,001
4	Less stable deposits	125,005	12,500
5	Unsecured wholesale funding, of which	136,779	73,514
6	Operational deposits (all counterparties) and deposits in institutional networks of cooperative banks	26,529	6,404
7	Non-operational deposits (all counterparties)	103,852	60,712
8	Unsecured debt	6,398	6,398
9	Secured wholesale funding		480
10	Additional requirements, of which	50,214	9,900
11	Outflows related to derivatives exposures and other collateral requirements	8,410	5,476
12	Outflows related to loss of funding on debt products	0	0
13	Credit and liquidity facilities	41,804	4,424
14	Other contractual funding obligations	2,554	2,059
15	Other contingent funding obligations	19,521	587
16	TOTAL CASH OUTFLOWS		102,041
CASH INFLOWS			
17	Secured lending (e.g. reverse repos)	2,957	189
18	Inflows from fully performing exposures	68,300	45,495
19	Other cash inflows	7,269	3,817
20	TOTAL CASH INFLOWS	78,526	49,501
		TOTAL ADJUSTED VALUE	
21	TOTAL HQLA		73,272
22	TOTAL NET CASH OUTFLOWS		52,540
23	LIQUIDITY COVERAGE RATIO (%)⁽²⁾		141%

⁽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 September 2017
 (Number of data points: 92)

\$m		30 Sep 2017	
		UNWEIGHTED ⁽¹⁾	WEIGHTED VALUE
HIGH-QUALITY LIQUID ASSETS			
1	Total high-quality liquid assets (HQLA)		35,591
CASH OUTFLOWS			
2	Retail deposits and deposits from small business customers, of which	127,781	10,350
3	Stable deposits	48,568	2,429
4	Less stable deposits	79,213	7,921
5	Unsecured wholesale funding, of which	24,004	9,995
6	Operational deposits (all counterparties) and deposits in institutional networks of cooperative banks	11,422	2,758
7	Non-operational deposits (all counterparties)	12,549	7,204
8	Unsecured debt	33	33
9	Secured wholesale funding		0
10	Additional requirements, of which	22,510	7,781
11	Outflows related to derivatives exposures and other collateral requirements	6,867	6,606
12	Outflows related to loss of funding on debt products	0	0
13	Credit and liquidity facilities	15,643	1,175
14	Other contractual funding obligations	463	337
15	Other contingent funding obligations	2,936	88
16	TOTAL CASH OUTFLOWS		28,551
CASH INFLOWS			
17	Secured lending (e.g. reverse repos)	728	1
18	Inflows from fully performing exposures	17,845	12,426
19	Other cash inflows	21,909	21,681
20	TOTAL CASH INFLOWS	40,482	34,108
		TOTAL ADJUSTED VALUE	
21	TOTAL HQLA		35,591
22	TOTAL NET CASH OUTFLOWS⁽¹⁾		7,138
23	LIQUIDITY COVERAGE RATIO (%)⁽²⁾		500%

⁽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 third quarter of 2017, the average all-currency and SGD LCRs were 141% and 500% respectively. This is a decrease from the second quarter average of 150% and 509% for all-currency and SGD LCRs respectively. 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 decreased mainly due to increase in cash outflows from deposits.
- 2 SGD LCR decreased mainly due to higher cash outflows from deposits and derivative transactions.
- 3 Increase in loans and deposits from the ANZ integration did not have a significant impact on LCR.

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.