IMPORTANT NOTICE

THIS OFFERING IS AVAILABLE ONLY TO INVESTORS WHO ARE EITHER (1) QIBs (AS DEFINED BELOW) UNDER RULE 144A OR (2) NON-U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT (AS DEFINED BELOW) ("REGULATION S")) PURCHASING THE SECURITIES OUTSIDE THE U.S. IN AN OFFSHORE TRANSACTION IN RELIANCE ON REGULATION S.

IMPORTANT: You must read the following before continuing. If you are not the intended recipient of this message, please do not distribute or copy the information contained in this e-mail, but instead, delete and destroy all copies of this e-mail including all attachments. The following applies to the offering circular (the "**Offering Circular**") following this page, and you are therefore advised to read this carefully before reading, accessing or making any other use of the Offering Circular. In accessing the Offering Circular, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from us as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OF THE U.S. OR OTHER JURISDICTION AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE U.S. OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT), EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS. THE FOLLOWING OFFERING CIRCULAR MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. ANY INVESTMENT DECISION SHOULD BE MADE ON THE BASIS OF THE FINAL TERMS AND CONDITIONS OF THE SECURITIES AND THE INFORMATION CONTAINED IN THE OFFERING CIRCULAR (AS AMENDED AND RESTATED) THAT WILL BE DISTRIBUTED TO YOU PRIOR TO THE PRICING DATE AND NOT ON THE BASIS OF THE ATTACHED DOCUMENTS. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORISED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE SECURITIES DESCRIBED THEREIN.

Confirmation of your Representation: In order to be eligible to view the following Offering Circular or make an investment decision with respect to the securities, investors must be either (I) qualified institutional buyers ("**QIBs**") (within the meaning of Rule 144A under the Securities Act) or (II) non-U.S. persons eligible to purchase the securities outside the United States in an offshore transaction in reliance on Regulation S under the Securities Act. By accepting the e-mail and accessing the following Offering Circular, you shall be deemed to have represented to us that (1) you and any customers you represent are either (a) QIBs or (b) non-U.S. persons eligible to purchase the securities outside the United States in an offshore transaction in reliance on Regulation S under the Securities Act and that the electronic mail address that you gave us and to which this e-mail has been delivered is not located in the United States and (2) that you consent to the delivery of such Offering Circular by electronic transmission.

You are reminded that the following Offering Circular has been delivered to you on the basis that you are a person into whose possession the following Offering Circular may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver or disclose the contents of the following Offering Circular to any other person.

The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and any Dealer (as described in the Offering Circular) or any affiliate of a Dealer is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by such Dealer or such affiliate on behalf of the Issuers in such jurisdiction.

The following Offering Circular has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission, and consequently none of the Issuers, the Joint Arrangers (as described in the Offering Circular) nor any Dealer (as described in the Offering Circular) nor any person who controls any of them nor any director, officer, employee nor agent of any of them or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any discrepancies between the Offering Circular distributed to you in electronic format and the hard-copy version available to you on request from a Joint Arranger.

You should not reply by e-mail to this notice, and you may not purchase any securities by doing so. Any reply e-mail communications, including those you generate by using the “Reply” function on your e-mail software, will be ignored or rejected. You are responsible for protecting this e-mail against viruses and other destructive items. Your use of this e-mail is at your own risk, and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

Offering Circular dated 14 April 2016

DBS Group Holdings Ltd

(incorporated with limited liability under the laws of the Republic of Singapore)
(registered in Singapore under registration number 199901152M)

DBS Bank Ltd.

(incorporated with limited liability under the laws of the Republic of Singapore)
(registered in Singapore under registration number 196800306E)

U.S.$30,000,000,000 Global Medium Term Note Programme

On 24 June 2010, DBS Bank Ltd. established its Debt Issuance Programme. Such Debt Issuance Programme is amended as at the date of this Offering Circular (as amended, the "**Programme**"), and this Offering Circular supersedes all previous offering circulars and any supplement thereto. Any Notes (as defined below) issued under the Programme on or after the date of this Offering Circular are issued subject to the provisions described herein. The provisions described herein do not affect any notes issued under the Programme prior to the date of this Offering Circular.

Under the Programme described in this Offering Circular, each of DBS Group Holdings Ltd (a limited liability company incorporated in Singapore) ("**DBSH**") and DBS Bank Ltd. (a limited liability company incorporated in Singapore), which may issue through its registered office in Singapore or out of any of its branches outside Singapore (including, without limitation, its Australia Branch, Dubai (DIFC) branch, Hong Kong branch and London branch) ("**DBS Bank**" and together with DBSH, the "**Issuers**" and each an "**Issuer**"), subject to compliance with all relevant laws, regulations and directives, may from time to time issue debt securities (the "**Notes**"). The Notes may include Subordinated Notes and Perpetual Capital Securities (as defined herein) issued by DBS Bank through its registered office in Singapore or by DBSH, which may qualify as regulatory capital of the Relevant Issuer (as defined herein). The aggregate nominal amount of Notes outstanding will not at any time exceed U.S.$30,000,000,000 (or the equivalent in other currencies and subject to increase as provided herein). Notes issued by the Australia Branch of DBS Bank which are denominated in Australian dollars and are issued in the Australian domestic wholesale capital market are referred to as "**AMTNs**". Where used in this Offering Circular unless otherwise stated, "**Notes**" includes Perpetual Capital Securities that may be issued from time to time under the Programme. Defined terms used in this Offering Circular shall have the meanings given to such terms in "Terms and Conditions of Notes other than Perpetual Capital Securities", "Terms and Conditions of Perpetual Capital Securities", "Form of Pricing Supplement for Notes other than Perpetual Capital Securities, "Form of Pricing Supplement for Perpetual Capital Securities" and "Summary of the Programme", as applicable.

Application has been made to the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") for permission to deal in, and for quotation of, any Notes to be issued which are agreed at the time of issue to be listed on the SGX-ST. The relevant pricing supplement in respect of any issue of Notes (a "**Pricing Supplement**") will specify whether or not such Notes will be listed on the SGX-ST or any other stock exchange. There is no guarantee that an application to the SGX-ST will be approved. Admission of the Notes to the Official List of the SGX-ST is not to be taken as an indication of the merits of the Issuers, the Programme or such Notes. The SGX-ST assumes no responsibility for the correctness of any statement made or opinions expressed herein. The Programme provides that the Notes may be listed on such other or further stock exchange(s) as may be agreed in relation to each series. The Issuers may also issue unlisted Notes.

THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES, AND THE NOTES MAY INCLUDE BEARER NOTES THAT ARE SUBJECT TO U.S. TAX LAW REQUIREMENTS. SUBJECT TO CERTAIN EXCEPTIONS, THE NOTES MAY NOT BE OFFERED OR SOLD OR, IN THE CASE OF BEARER NOTES, DELIVERED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT ("REGULATION S")).

Each Tranche (as defined in "Summary of the Programme") of Notes (other than AMTNs) in bearer form will be represented on issue by a temporary global Note in bearer form (each a "**Temporary Global Note**") or a permanent global Note in bearer form (each a "**Permanent Global Note**" and, together with the Temporary Global Notes, the "**Global Notes**"), as specified in the applicable Pricing Supplement. Interests in Temporary Global Notes generally will be exchangeable for interests in Permanent Global Notes, or, if so stated in the relevant Pricing Supplement, definitive Notes ("**Definitive Notes**"), after the date falling 40 days after the later of the commencement of the offering and the relevant issue date of such Tranche upon certification as to non-U.S. beneficial ownership. Interests in Permanent Global Notes will be exchangeable for Definitive Notes in whole but not in part. See "Summary of Provisions Relating to the Notes while in Global Form" for further details.

Each Series of Registered Notes (other than AMTNs) will be represented by registered certificates (each, a "**Certificate**"), without interest coupons. AMTNs will be issued in registered certificated form and will take the form of entries on a register established and maintained by a registrar in Australia and may be lodged with the clearing system ("**Austraclear System**") operated by Austraclear Ltd ("**Austraclear**"). Each Tranche of AMTNs will be represented by a registered certificate without interest coupons (each an "**AMTN Certificate**"), which shall be issued by the Issuer in respect of each Tranche of AMTNs. AMTNs will be sold in "offshore transactions" within the meaning of Regulation S. Registered Notes (other than AMTNs) which are sold in an "offshore transaction" within the meaning of Regulation S ("**Unrestricted Notes**"), will initially be represented by a permanent registered global certificate (each, an "**Unrestricted Global Certificate**") without interest coupons, which may be either (i) deposited on the relevant issue date with a common depositary on behalf of Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream, Luxembourg**") (the "**Common Depositary**"), with The Central Depository (Pte) Limited ("**CDP**"), with a sub-custodian for the Central Moneymarkets Unit Service ("**CMU**") operated by the Hong Kong Monetary Authority or with a custodian for, and registered in the name of a nominee of, The Depositary Trust Company ("**DTC**"); or (ii) delivered outside a clearing system, as agreed between the Relevant Issuer, the Issuing and Paying Agent, the Trustee and the relevant Dealer (all as defined herein), if any, or purchaser. Registered Notes which are sold in the United States to "qualified institutional buyers" (each, a "**QIB**") within the meaning of Rule 144A ("**Rule 144A**") under the Securities Act ("**Restricted Notes**") will initially be represented by a permanent registered global certificate (each a "**Restricted Global Certificate**" and, together with the "**Unrestricted Global Certificate**," the "**Global Certificates**"), without interest coupons, which may be deposited on the relevant issue date with a custodian (the "**Custodian**") for, and registered in the name of Cede & Co. as nominee for, DTC. Beneficial interests in Global Notes or Certificates held in book-entry form through Euroclear or Clearstream, Luxembourg will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear or Clearstream, Luxembourg, as the case may be. Beneficial interests in Global Notes or Certificates held in book-entry form through CDP will be shown on, and transfers thereof will be effected only through, records maintained by CDP. Beneficial interests in Global Notes or Certificates held in book-entry form through the CMU will be shown on, and transfers thereof will be effected only through, records maintained by the CMU. Beneficial interests in Registered Notes represented by Global Certificates held through DTC will be shown on, and transfers thereof will be effected only through, records maintained by DTC. The provisions governing the exchange of interests in Global Notes for other Global Notes and Definitive Notes are described in "Summary of Provisions Relating to the Notes while in

Global Form". Certain provisions governing restrictions on transfer of all Registered Notes are described in "Transfer Restrictions".

In relation to any Tranche, the aggregate nominal amount of the Notes of such Tranche, the interest or distribution (if any) payable in respect of the Notes of such Tranche, the issue price and any other terms and conditions not contained herein which are applicable to such Tranche will be set out in a Pricing Supplement which, with respect to Notes to be listed on the SGX-ST, will be delivered to the SGX-ST on or before the date of issue of the Notes of such Tranche.

Notes issued under the Programme may be rated or unrated. When an issue of Notes is rated, its rating will not necessarily be the same as the rating applicable to the Programme. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, revision, downgrade or withdrawal at any time by the assigning rating agency.

This Offering Circular is an advertisement and is not a prospectus for the purposes of EU Directive 2003/71/EC. Prospective investors should have regard to the factors described under the section headed "Risk Factors" in this Offering Circular.

Joint Arrangers and Programme Dealers

DBS Bank Ltd. **Deutsche Bank**

Programme Dealers

Barclays **Citigroup** **HSBC** **J.P. Morgan** **Société Générale Corporate & Investment Banking**

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IMPORTANT

If you are in any doubt about this Offering Circular, you should consult your broker, dealer, bank manager, solicitor, certified public accountant or other professional advisor.

This document is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see "Documents Incorporated by Reference" below).

Each of the Issuers accepts responsibility for the information contained in this Offering Circular. To the best of the knowledge and belief of the Issuers, each of which has taken all reasonable care to ensure that such is the case, the information contained in this Offering Circular is in accordance with the facts as at the date of this Offering Circular and does not omit any material information likely to affect the import of such information.

No person has been authorised to give any information or to make any representation other than as contained in this Offering Circular in connection with the issue or sale of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuers, the Joint Arrangers, any Dealers, the Trustee or the Agents (each as defined in "Summary of the Programme"). Neither the delivery of this Offering Circular nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuers since the date hereof or the date upon which this Offering Circular has been most recently amended or supplemented or that there has been no adverse change in the financial position of the Issuers since the date hereof or the date upon which this Offering Circular has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct as at any time after the date on which it is supplied or, if different, the date indicated in the document containing the same.

The distribution of this Offering Circular and the offering or sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuers, the Joint Arrangers and the Dealers to inform themselves about and to observe any such restrictions. For a description of certain further restrictions on offers and sales of the Notes and distribution of this Offering Circular, see "Subscription and Sale" and "Transfer Restrictions" and the applicable Pricing Supplement.

THE NOTES MAY BE OFFERED AND SOLD OUTSIDE THE UNITED STATES TO NON-U.S. PERSONS IN RELIANCE ON REGULATION S AND/OR WITHIN THE UNITED STATES TO QIBS IN RELIANCE ON RULE 144A OR ANOTHER EXEMPTION FROM REGISTRATION. PROSPECTIVE PURCHASERS ARE HEREBY NOTIFIED THAT SELLERS OF REGISTERED NOTES MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A. ANY SERIES OF NOTES MAY BE SUBJECT TO ADDITIONAL SELLING RESTRICTIONS. FOR A DESCRIPTION OF THESE AND CERTAIN FURTHER RESTRICTIONS ON OFFERS, SALES AND TRANSFERS OF NOTES AND THE DISTRIBUTION OF THIS DOCUMENT, SEE "SUBSCRIPTION AND SALE" AND "TRANSFER RESTRICTIONS" AND THE APPLICABLE PRICING SUPPLEMENT.

THE NOTES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION, ANY STATE SECURITIES COMMISSION IN THE UNITED STATES OR ANY OTHER U.S. REGULATORY AUTHORITY, NOR HAS ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF THE OFFERING OF NOTES OR THE ACCURACY OR ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES.

Neither this Offering Circular nor any information supplied in connection with the Programme constitutes an offer of, or an invitation by or on behalf of the Issuers, the Joint Arrangers or any Dealer to subscribe for or purchase, any Notes.

Subject as provided in the applicable Pricing Supplement, the only persons authorised to use this Offering Circular in connection with an offer of Notes are the persons named in the applicable Pricing Supplement as the relevant Dealer or any other persons named in the section "Non-exempt Offer" of the Pricing Supplement (if any), as the case may be.

To the fullest extent permitted by law, none of the Joint Arrangers, any Dealer, the Trustee or any Agent accepts any responsibility for the contents of this Offering Circular or for any other statement, made or purported to be made by the Joint Arrangers or a Dealer or on its behalf in connection with the Issuers or the issue and offering of the Notes. Each Joint Arranger, each Dealer, the Trustee and each Agent accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Offering Circular or any such statement. Neither this Offering Circular nor any other financial statements is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuers, the Joint Arrangers or any Dealers that any recipient of this Offering Circular or any other financial statements should purchase the Notes. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Offering Circular and its purchase of Notes should be based upon such investigation as it deems necessary. None of the Joint Arrangers, any Dealer, the Trustee or any Agent undertakes to review the financial condition or affairs of the Issuers during the life of the arrangements contemplated by this Offering Circular nor to advise any investor or potential investor in the Notes of any information coming to their attention.

By receiving this Offering Circular, investors acknowledge that (i) they have been afforded an opportunity to request and to review, and have received, all information that investors consider necessary to verify the accuracy of, or to supplement, the information contained in this Offering Circular, (ii) they have not relied on any Joint Arranger, any Dealer, the Trustee nor any Agent nor any person affiliated with any Joint Arranger, any Dealer, the Trustee or any Agent in connection with their investigation of the accuracy of any information in this Offering Circular or their investment decision and (iii) no person has been authorised to give any information or to make any representation concerning the issue or sale of the Notes or the Issuers other than as contained in this Offering Circular and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Issuers, the Joint Arrangers, the Dealers, the Trustee or the Agents.

DBS Bank has been granted authority to carry on banking business in Australia by the Australian Prudential Regulation Authority ("**APRA**") and is a foreign "authorised deposit-taking institution" ("**foreign ADI**") as that term is defined under the Banking Act 1959 of Australia (the "**Australian Banking Act**"). AMTNs issued by DBS Bank (including DBS Bank acting through its Australia Branch) are not deposits of DBS Bank and are not covered by the depositor protection provisions of Division 2 of Part II of the Australian Banking Act. DBS Bank's indebtedness in respect of the AMTNs is affected by applicable laws which include (but are not limited to) section 11F of the Australian Banking Act and section 86 of the Reserve Bank Act 1959 of the Commonwealth of Australia. Section 11F of the Australian Banking Act provides that, in the event that a foreign ADI, such as DBS Bank, (whether in or outside Australia) suspends payment or becomes unable to meet its obligations, the assets of the foreign ADI in Australia are to be available to meet its liabilities in Australia in priority to all other liabilities of the foreign ADI. Section 86 of the Reserve Bank Act 1959 provides that, notwithstanding anything contained in any law relating to the winding up of companies, but subject to subsection 13A(3) of the Australian Banking Act (which does not apply to DBS Bank as a foreign ADI), debts due to the Reserve Bank of Australia by an authorised deposit-taking institution (including a foreign ADI) ("**ADI**") shall, in the winding up of the ADI,

have priority over all other debts of the ADI. DBS Bank does not make any representation as to whether the AMTNs would constitute liabilities in Australia under such statutory provisions.

ADDITIONAL U.S. INFORMATION

This Offering Circular is being submitted on a confidential basis in the United States to a limited number of QIBs for informational use solely in connection with the consideration of the purchase of the Notes being offered hereby. Its use for any other purpose in the United States is not authorised. It may not be copied or reproduced in whole or in part nor may it be distributed or any of its contents disclosed to anyone other than the prospective investors to whom it is originally submitted.

CERTAIN DEFINED TERMS AND CONDITIONS AND PRESENTATION OF FINANCIAL AND OTHER INFORMATION

In this Offering Circular, unless otherwise specified or the context otherwise requires, all references to "Singapore dollars" and "S$" are to the lawful currency of Singapore, all references to "U.S. dollars" and "U.S.$" are to the lawful currency of the United States, all references to "Hong Kong dollars" and "HK$" are to the lawful currency of Hong Kong, all references to "RMB," "Renminbi" and "CNY" are to the lawful currency of China, all references to "Indonesian Rupiah" and "IDR" are to the lawful currency of the Republic of Indonesia, all references to "Sterling" and "GBP" are to the lawful currency of the United Kingdom, all references to "Euro" or "€" are to the lawful currency of the European Union and all references to "Australian dollars", "AUD" or "A$" are to the lawful currency of Australia. References to "Greater China" are to the People's Republic of China, Macau, Taiwan and Hong Kong. References to "Rest of Greater China" are to the People's Republic of China, Macau and Taiwan. References to "China" are to the People's Republic of China.

As used in this Offering Circular, "DBSHK" refers to DBS Bank (Hong Kong) Limited, "DBSH" refers to DBS Group Holdings Ltd, "DBS Group" refers to DBSH and its consolidated subsidiaries, "DBS Bank" refers to DBS Bank Ltd. (which is a wholly-owned subsidiary of DBSH) and "DBS Bank Group" refers to DBS Bank and its consolidated subsidiaries. Substantially all the assets, liabilities and income of the DBS Group are derived from the DBS Bank Group. References in this Offering Circular to "2013", "2014" and "2015" refer to the DBS Group's fiscal years ended 31 December 2013, 2014 and 2015, respectively. Unless specified otherwise or the context otherwise requires, all references to "loans" refer to loans net of cumulative allowances. As used in this Offering Circular, "Note Conditions" refers to the terms and conditions of the Notes other than the Perpetual Capital Securities, "Perpetual Capital Securities Conditions" refers to the terms and conditions of the Perpetual Capital Securities and "Conditions" refers to the Note Conditions and the Perpetual Capital Securities Conditions together.

In this Offering Circular, all of the DBS Group's financial information is presented on a consolidated basis, unless stated otherwise. The audited consolidated financial statements of the DBS Group and the DBS Bank Group are prepared in accordance with the Singapore Financial Reporting Standards ("**Singapore FRS**"), which differ in certain material respects from generally accepted accounting principles in the United States ("**U.S. GAAP**") and International Financial Reporting Standards ("**IFRS**"). Accordingly, these financial statements and reported earnings could be different from those which would be reported under U.S. GAAP or IFRS. Such differences may be material. This Offering Circular does not contain a reconciliation of the DBS Group's and the DBS Bank Group's consolidated financial statements to U.S. GAAP or IFRS nor does it contain any information in relation to the differences between Singapore FRS and U.S. GAAP or IFRS. Had the consolidated financial statements and other financial information been prepared in accordance with U.S. GAAP or IFRS, the results of operations and financial position of the DBS Group and the DBS Bank Group may have been materially different. Investors should consult their own professional advisors for an understanding of the differences between Singapore FRS and U.S. GAAP, IFRS and the generally accepted accounting principles of other jurisdictions and how those differences might affect the financial information contained in this Offering Circular. The DBS Group's audited consolidated financial statements as at and for the year ended 31 December 2015 are included in this Offering Circular, beginning on page F-2, and the DBS Bank Group's audited consolidated financial statements as at and for the year ended 31 December 2015 are included in this Offering Circular, beginning on page F-83. This Offering Circular incorporates by reference the DBS Group's audited consolidated financial statements as at and for the years ended 31 December 2014 and 2013 and the DBS Bank Group's audited consolidated financial statements as at and for the years ended 31 December 2014 and 2013. See "– Documents Incorporated by Reference".

Any discrepancies in the tables included herein between the listed amounts and totals thereof are due to rounding.

In connection with the issue of any Tranche, the Dealer or Dealers (if any) named as the stabilising manager(s) (the "**Stabilising Manager(s)**") (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Pricing Supplement may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail for a limited period of time after the relevant issue date. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the Pricing Supplement of the offer of the relevant Tranche is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche and 60 days after the date of the allotment of the relevant Tranche. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules. Any such stabilisation action may only be conducted outside Australia and on a market operated outside Australia.

DOCUMENTS INCORPORATED BY REFERENCE

This Offering Circular should be read and construed in conjunction with the audited consolidated financial statements of the DBS Group as at and for the years ended 31 December 2014 and 2013 and the audited consolidated financial statements of the DBS Bank Group as at and for the years ended 31 December 2014 and 2013, which have been previously published and filed with the Accounting and Corporate Regulatory Authority of Singapore ("**ACRA**"). The DBS Group's audited consolidated financial statements as at and for the year ended 31 December 2015 are included in this Offering Circular, beginning on page F-2 and the DBS Bank Group's audited consolidated financial statements as at and for the year ended 31 December 2015 are included in this Offering Circular, beginning on page F-83.

This Offering Circular should also be read and construed in conjunction with any audited consolidated financial statements of the DBS Group and the DBS Bank Group which are available at www.dbs.com subsequent to the date of this Offering Circular and any unaudited interim consolidated financial statements of the DBS Group and the DBS Bank Group published subsequent to such audited consolidated financial statements, each of which shall be deemed to be incorporated in, and to form part of, this Offering Circular and which shall be deemed to modify or supersede the contents of this Offering Circular to the extent that a statement contained in any such document is inconsistent with such contents.

Website addresses in this Offering Circular are included for reference only, and the contents of such websites are not incorporated by reference into, and do not form part of, this Offering Circular.

Copies of documents deemed to be incorporated by reference in this Offering Circular may be obtained without charge from the registered office or the website (www.dbs.com) of the Issuers. Save as stated above, the information on the Issuers' website or any website directly or indirectly linked to such websites is not incorporated by reference in this Offering Circular and should not be relied on in connection with an investment in the Notes.

SUPPLEMENTAL OFFERING CIRCULAR

If at any time the Relevant Issuer shall be required to prepare a supplemental Offering Circular, the Relevant Issuer will prepare and make available an appropriate amendment or supplement to this Offering Circular or a further Offering Circular.

AVAILABLE INFORMATION

For so long as any of the Notes are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, the Relevant Issuer will, during any period in which it is neither subject to Section 13 or 15(d) under the U.S. Securities Exchange Act of 1934 (the "**Exchange Act**"), nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder, provide to any QIB who is a holder or beneficial owner of such restricted securities, or to any prospective purchaser of restricted securities who is a QIB, designated by such holder or beneficial owner, upon the request of such holder, beneficial owner or prospective purchaser, the information specified in Rule 144A(d)(4) under the Securities Act.

ENFORCEABILITY OF JUDGMENTS

DBSH is a company incorporated with limited liability under the laws of the Republic of Singapore registered in Singapore under registration number 199901152M and DBS Bank is a company incorporated with limited liability under the laws of the Republic of Singapore registered in Singapore under registration number 196800306E. Substantially all of the Directors of each of the Issuers are not residents of the United States, and all or a substantial portion of the assets of each of the Issuers are located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon the Issuers or such persons or to enforce against any of them in the United States court judgments obtained in United States courts, including judgments predicated upon the civil liability provisions of the securities laws of the United States or any State or territory within the United States.

FORWARD-LOOKING STATEMENTS

This document contains forward-looking statements. When used in this Offering Circular, the words "estimate," "project," "intend," "anticipate," "believe," "expect," "should" and similar expressions, as they relate to the Issuers, their respective subsidiaries and management, are intended to identify such forward-looking statements. These statements concern, or may affect, future matters. These may include the Issuers' and their respective subsidiaries' future strategies, business plans and results and are based on the current expectations of the Directors of each of the Issuers. They are subject to a number of risks and uncertainties that might cause actual results and outcomes to differ materially from expectations outlined in these forward-looking statements. These risks and uncertainties include, but are not limited to:

- the actual growth in demand for banking and other financial products and services in the countries that the Issuers operate in or where a material number of their customers reside;
- the Issuers' ability to successfully implement their respective strategy;
- future levels of impaired assets;
- the Issuers' growth and expansion in domestic and overseas markets;
- the adequacy of the Issuers' allowance for credit and investment losses;
- technological changes;
- trading, investment and other non-interest income;
- the future impact of new accounting standards;
- the impact of changes in banking regulations and other regulatory changes in Singapore and other jurisdictions on the Issuers;

- the bond and loan market conditions and availability of liquidity amongst the investor community in these markets;
- the nature of credit spreads and interest spreads from time to time, including the possibility of increasing credit spreads or interest rates;
- the Issuers' ability to roll over their short-term funding sources and their exposure to credit; and
- market and liquidity risks.

Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as at the date hereof. The Issuers do not undertake any obligation to publicly release the result of any revisions to these forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

SUMMARY

The following summary is qualified in its entirety by, and is subject to, the more detailed information and financial statements contained or referred to elsewhere in this Offering Circular, including the sections regarding "Management's Discussion and Analysis of Financial Condition and Results of Operations of the DBS Group," "Description of the Business of the DBS Group," "Description of the Assets and Liabilities of the DBS Group," and "Management". To understand the terms of the Notes, investors should carefully read the sections of this Offering Circular entitled "Terms and Conditions of the Notes other than the Perpetual Capital Securities", "Terms and Conditions of the Perpetual Capital Securities" and the risks of investing in the Notes under "Risk Factors" and the relevant Pricing Supplement.

The DBS Group is the largest banking group in Southeast Asia by total assets and is engaged in a range of commercial banking and financial services, principally in Asia. As at 31 December 2015, the DBS Group had S$458 billion in total assets, S$283 billion in customer loans and advances, S$320 billion in customer deposits and S$40 billion in total shareholders' funds.

The DBS Group is headquartered and listed in Singapore and has a growing presence in the three key Asian axes of growth: Greater China, South Asia and Southeast Asia. In Singapore, the DBS Group has leading positions in consumer banking, wealth management, institutional banking, treasury and capital markets. As at, and for the year ended, 31 December 2015, Singapore accounted for 67% and 62% of the DBS Group's assets (excluding goodwill and intangibles) and total income (excluding one-time item), respectively.

The DBS Group's Greater China presence is anchored in Hong Kong and also encompasses China and Taiwan, where it operates locally-incorporated subsidiaries. The DBS Group also operates a locally-incorporated subsidiary in Indonesia and has 12 branches in India. Its diversification in the Asia Pacific region has resulted in a more balanced geographical distribution of its assets and total operating income.

Substantially all of the assets, liabilities and income of the DBS Group are derived from the DBS Bank Group. As at 31 December 2015, DBS Bank Group accounted for nearly 100% of the DBS Group's consolidated total assets and net profit. DBSH has long-term issuer ratings of "AA-" from Fitch Ratings Ltd. ("**Fitch**") and "Aa2" from Moody's Investors Services Inc. ("**Moody's**"). DBS Bank is one of the highest rated commercial banks in Asia with long-term issuer ratings of "AA-" from Fitch, "Aa1" from Moody's and "AA-" from Standard & Poor's Rating Services ("**Standard & Poor's**"). DBSH's and DBS Bank's credit ratings have a stable outlook from Fitch and Standard & Poor's. On 31 March 2016, Moody's revised DBSH's and DBS Bank's credit rating outlook to negative.

DBS Bank was incorporated in July 1968 by the Singapore government as a financial institution to support Singapore's economic development and industrialisation. In June 1969, DBS Bank began commercial banking operations. In September 1999, DBS Bank was restructured to become a wholly-owned subsidiary of DBSH, which is listed on the SGX-ST. On 21 July 2003, DBS Bank changed its legal name from The Development Bank of Singapore Limited to DBS Bank Ltd.

As at 31 March 2016, DBSH had a market capitalisation of approximately S$38.5 billion based on the closing price per ordinary share on the Main Board of the SGX-ST. As at 31 December 2015, Temasek Holdings (Private) Limited, directly or indirectly, held approximately 30.0% of DBSH's outstanding ordinary shares.

Strengths

Strong credit profile and resilient capital base

The DBS Group has consistently maintained robust capital ratios and as at 31 December 2015, had a Common Equity Tier 1 ("**CET1**") capital adequacy ratio ("**CAR**") of 13.5%, a Tier 1 CAR of 13.5% and a

total CAR of 15.4%. The DBS Group's capital position is above the MAS Basel III capital requirements that have been effective from 1 January 2013. The DBS Group has adopted a prudent dividend policy – paying sustainable dividends – to ensure that strong capital ratios are maintained while it executes its strategy.

The DBS Group was awarded "Safest Bank in Asia" for seven consecutive years from 2009 to 2015 by Global Finance. Singapore, the DBS Group's core market, is the only sovereign in Asia with a "Aaa" credit rating from Moody's, and a "AAA" credit rating from Standard & Poor's and Fitch.

Diversified loan and earnings mix supported by stable deposits and diversified funding sources

The DBS Group has a diversified loan portfolio and earnings mix that is not overly concentrated in any particular industry, country or business segment. As at 31 December 2015, no single industry contributed more than 25% of the DBS Group's gross loans and, outside of Singapore, no single country contributed more than 20% of the DBS Group's gross loans. The DBS Group also has a balanced mix between interest and non-interest income, with non-interest income derived from diversified sources such as trade and transaction services, wealth management and treasury product sales.

In terms of funding, the DBS Group has a strong domestic deposit base and leading market position in low cost Singapore dollar deposits. The DBS Group has also grown its transactional accounts with corporate customers and institutional investors, in line with its strategy. In addition, the DBS Group diversifies its funding sources through its wholesale funding business. In 2015, DBS Bank was the inaugural issuer of covered bonds in Singapore.

Strong core banking business with proven earnings generation capability and exposure to key growth geographies in Asia

The DBS Group is the largest banking group in Southeast Asia by total assets. The DBS Group, anchored in Singapore and Hong Kong and has a growing presence in Greater China, South Asia and Southeast Asia. Over the past three years, the DBS Group has delivered consistent financial performance underpinned by increased strategic clarity and disciplined execution of its strategy. Total income (excluding one-time item) grew at a compound annual growth rate ("**CAGR**") of 10% between 2013 and 2015 while net profit (excluding one-time items) recorded CAGR of 11% over the same period.

Prudent and comprehensive risk management framework focused on asset quality

The DBS Group has a robust risk management framework in place to address key risk areas. Its risk management approach is based on (i) strong risk governance, (ii) robust and comprehensive processes to identify, measure, monitor, control and report risks, (iii) sound assessments of capital adequacy relative to risks, and (iv) a rigorous system of internal control reviews involving internal and external auditors. The DBS Group's prudent approach to risk management has enabled it to maintain low non-performing loan ("**NPL**") ratios and high coverage ratios, even during economic downturns. The DBS Group's NPL ratio was 0.9%, 0.9% and 1.1% as at 31 December 2015, 2014 and 2013, respectively, and the DBS Group's allowance coverage ratio (defined as total allowances as a percentage of non-performing assets ("**NPA**")) was 148%, 163% and 135% as at 31 December 2015, 2014 and 2013 respectively.

Strategy

The DBS Group's strategy is predicated on Asia's megatrends, including the rising middle class, growing intra-regional trade, urbanisation, and the rapid adoption of technology that is fuelling new innovations.

The DBS Group seeks to intermediate trade and investment flows as well as support wealth creation to capitalise on Asia's long-term ascendancy. It is a regional bank with sufficiently-deep roots in key

markets, making it a compelling Asian bank of choice. The strategy is encapsulated in the following four points:

- The DBS Group is an Asian-focused bank, seeking to make banking joyful for its customers.
- The DBS Group intermediates trade and investment flows across Greater China, South Asia and Southeast Asia.
- In Singapore, the DBS Group is a universal bank serving all customer segments.
- In other markets, the DBS Group has traditionally focused on affluent individuals, large corporates, small and medium enterprises ("**SME**") and institutional investors. It intends to leverage digital technologies to extend its reach to individual customers in the future.

General Information

DBSH and DBS Bank are limited liability companies incorporated in the Republic of Singapore. The registered and principal office of each of DBSH and DBS Bank is 12 Marina Boulevard, Marina Bay Financial Centre Tower 3, Singapore 018982 (telephone number +65 6878 8888). The Issuers' website is located at www.dbs.com.

SUMMARY OF THE PROGRAMME

The following summary does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Offering Circular and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Pricing Supplement. Words and expressions defined in "Terms and Conditions of the Notes other than the Perpetual Capital Securities" and "Terms and Conditions of the Perpetual Capital Securities" below shall have the same meanings in this summary. Other words and expressions used in this summary and not otherwise defined in this summary shall have the meanings ascribed to such words and expressions appearing elsewhere in this Offering Circular.

Issuers of Senior Notes	DBS Group Holdings Ltd, DBS Bank Ltd. or any of its branches outside Singapore (including, without limitation, DBS Bank Ltd., Australia Branch, DBS Bank Ltd., Dubai (DIFC) branch, DBS Bank Ltd., Hong Kong branch and DBS Bank Ltd., London branch). References in this Offering Circular to "Relevant Issuer" mean, in relation to any Tranche, the Issuer which has concluded, or is negotiating, an agreement with the relevant Dealer(s) to issue, or which has issued, the Notes of that Tranche. In relation to each Tranche of Notes, the applicable Pricing Supplement will indicate whether DBS Bank is acting through any of its branches outside Singapore, if applicable.
Issuers of Subordinated Notes	DBS Group Holdings Ltd and DBS Bank Ltd.
Issuers of Perpetual Capital Securities	DBS Group Holdings Ltd and DBS Bank Ltd.
Description	Global Medium Term Note Programme.
Programme Limit	Up to U.S.$30,000,000,000 (or its equivalent in other currencies at the date of issue) aggregate nominal amount of Notes outstanding at any one time. The Issuers may increase this amount in accordance with the terms of the Dealer Agreement.
Joint Arrangers	DBS Bank Ltd. and Deutsche Bank AG, Singapore Branch and any other Joint Arrangers appointed in respect of the Programme.
Dealers	DBS Bank Ltd., Deutsche Bank AG, Singapore Branch, Barclays Bank PLC, Singapore Branch, Citigroup Global Markets Inc., The Hongkong and Shanghai Banking Corporation Limited, J.P. Morgan (S.E.A.) Limited and Société Générale. The Issuers may from time to time terminate the appointment of any dealer under the Programme or appoint additional dealers either in respect of one or more Tranches or in respect of the whole Programme. References in this Offering Circular to "Programme Dealers" are to the persons listed above as Dealers and to such additional persons that are appointed as dealers in respect of the whole Programme (and whose appointment has not been terminated) and

	references to "Dealers" are to all Programme Dealers and all persons appointed as dealers in respect of one or more Tranches. The Notes are being offered from time to time by the Relevant Issuer through the Dealers. The Relevant Issuer may sell Notes to the Dealers acting as principals for resale to investors or other purchasers and the Relevant Issuer may also sell Notes directly to investors. Notes may be distributed on a syndicated or non-syndicated basis. See "Subscription and Sale".
Trustee	The Bank of New York Mellon, London Branch (in respect of Notes other than AMTNs).
Calculation Agent	The Bank of New York Mellon, London Branch (in respect of each series of Notes (other than AMTNs)) or any other entity appointed by the Relevant Issuer as indicated in the relevant Pricing Supplement.
Issuing and Paying Agent	The Bank of New York Mellon, London Branch (in respect of each series of Notes cleared through Euroclear or Clearstream, Luxembourg).
CDP Paying Agent	The Bank of New York Mellon, Singapore Branch (in respect of each series of Notes cleared through CDP ("**CDP Notes**")).
CMU Lodging and Paying Agent	The Bank of New York Mellon, Hong Kong Branch (in respect of each series of Notes cleared through the CMU ("**CMU Notes**")).
DTC Paying Agent	The Bank of New York Mellon (in respect of each series of Notes cleared through DTC ("**DTC Notes**")).
Paying Agent in respect of AMTNs only	BTA Institutional Services Australia Limited (the "**Australian Agent**").
Registrar and Transfer Agent	The Bank of New York Mellon (Luxembourg) S.A. (in respect of each series of Notes cleared through Euroclear or Clearstream, Luxembourg), The Bank of New York Mellon, Singapore Branch (in respect of CDP Notes), The Bank of New York Mellon, Hong Kong Branch (in respect of CMU Notes) The Bank of New York Mellon (in respect of DTC Notes) and BTA Institutional Services Australia Limited (in respect of AMTNs).
	The Issuing and Paying Agent, Calculation Agent, Exchange Agent, CDP Paying Agent, CMU Lodging and Paying Agent, DTC Paying Agent, Transfer Agent, other Paying Agents and Registrar are together referred to as the "Agents".
Currencies	Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in U.S. dollars, Hong Kong dollars, Singapore dollars, Swiss francs, Sterling, Japanese yen, Euro, Renminbi, Australian dollars or in such other currencies as may be agreed.
Renminbi Fallback	If by reason of inconvertibility, non-transferability or illiquidity, an Issuer is not, in its sole and absolute discretion, able to

satisfy payments of principal or interest (in respect of the Notes other than the Perpetual Capital Securities) or Distributions (in respect of the Perpetual Capital Securities only), as applicable, when due in Renminbi, the Relevant Issuer may settle such payment in U.S. Dollars (in the case of CMU Notes) or in Singapore dollars (in the case of CDP Notes).

Denomination

Definitive Notes will be in denominations as may be specified in the applicable Pricing Supplement, save that unless otherwise permitted by then current laws and regulations, Notes (including Notes denominated in Sterling) which have a maturity of less than one year and in respect of which the issue proceeds are to be accepted by the Relevant Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the Financial Services and Markets Act 2000 will have a minimum Specified Denomination of £100,000 (or its equivalent in other currencies) and the minimum denomination of each Note to be sold in the United States in reliance on Rule 144A shall be U.S.$200,000 (or its equivalent in other currencies) and integral multiples of U.S.$1,000 (or its equivalent in other currencies) in excess thereof, subject to compliance with all legal and/or regulatory requirements applicable to the relevant currency.

The minimum Specified Denomination of each Note admitted to trading on a regulated market within the European Economic Area or offered to the public in an EEA State in circumstances which require the publication of a prospectus under Directive 2003/71/EC (the "**Prospectus Directive**") will be €100,000 (or, if the Notes are denominated in a currency other than Euro, the equivalent amount in such currency at the date of issue of the Notes).

AMTNs will be issued in a single denomination as specified in the Pricing Supplement save that:

(i) the aggregate consideration payable to the Issuer by each offeree is at least A$500,000 (or the equivalent in any other currency and disregarding any moneys lent by the Issuer or its associates to the purchaser) or the issuance results from an offer or invitation of those Notes which otherwise does not require disclosure to investors under Part 6D.2 or Chapter 7 of the Corporations Act 2001 of the Commonwealth of Australia (the "**Australian Corporations Act**");

(ii) the issuance is not made to a "retail client" for the purposes of Section 761G of the Australian Corporations Act;

(iii) the issuance complies with all other applicable laws; and

(iv) the issuance does not require any document to be

lodged with the Australian Securities and Investments Commission or ASX Limited.

Form of Notes

The Notes may be issued in bearer form ("**Bearer Notes**") or in registered form ("**Registered Notes**") only. AMTNs and Subordinated Notes (as defined in Condition 3(b)) will only be issued in registered certificated form. Registered Notes will not be exchangeable for Bearer Notes and vice versa. Subordinated Notes and Perpetual Capital Securities, as applicable, will only be issued in registered form.

Each Tranche of Notes in bearer form will be represented on issue by a temporary global note in bearer form (each a "**Temporary Global Note**") or a permanent global note in bearer form (each a "**Permanent Global Note**" and, together with the Temporary Global Notes, the "**Global Notes**"), as specified in the applicable Pricing Supplement. Interests in Temporary Global Notes generally will be exchangeable for interests in Permanent Global Notes, or if so stated in the relevant Pricing Supplement, definitive Notes ("**Definitive Notes**"), after the date falling 40 days after the later of the commencement of the offering and the relevant issue date of such Tranche, upon certification as to non-U.S. beneficial ownership. Interests in Permanent Global Notes will be exchangeable for Definitive Notes in whole but not in part as described under "Summary of Provisions Relating to the Notes while in Global Form".

Registered Notes (other than AMTNs) will be represented by Certificates, one Certificate being issued in respect of each Noteholder's entire holding of Registered Notes of one Series. Certificates representing Registered Notes (other than AMTNs) that are registered in the name of a nominee or nominee of the common depository (as applicable) for one or more clearing systems are referred to as "Global Certificates". Registered Notes sold in an "offshore transaction" within the meaning of Regulation S will initially be represented by an Unrestricted Global Certificate. Registered Notes sold to "qualified institutional buyers" within the meaning of Rule 144A in the United States in reliance on Rule 144A will initially be represented by a Restricted Global Certificate.

AMTNs will only be issued as Registered Notes. AMTNs will be issued in registered certificated form and will take the form of entries on a register established and maintained by a registrar in Australia and may be lodged with the Austraclear System. Each Tranche of AMTNs will be represented by an AMTN Certificate. AMTNs will not be issued as Subordinated Notes or Perpetual Capital Securities.

Clearing Systems	Clearstream, Luxembourg and Euroclear, the CMU and/or CDP for Bearer Notes and Clearstream, Luxembourg and Euroclear, the CMU, CDP, DTC and/or the Austraclear System for Registered Notes and, in relation to any Tranche, such other clearing system as agreed.
Maturities	Subject to compliance with all relevant laws, regulations and directives, Senior Notes may have any maturity that is one month or greater.
Method of Issue	Notes may be distributed by way of private placement on a syndicated or non-syndicated basis. The Notes will be issued in series (each a "**Series**") having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest (in respect of Notes other than Perpetual Capital Securities) or Distributions (in respect of Perpetual Capital Securities only), as applicable), the Notes of each Series being intended to be interchangeable with all other Notes of that Series. Each Series may be issued in tranches (each a "**Tranche**") on the same or different issue dates. The specific terms of each Tranche (which will be supplemented, where necessary, with supplemental terms and conditions and, save in respect of the issue date, issue price, first payment of interest (in respect of Notes other than Perpetual Capital Securities) or Distributions (in respect of Perpetual Capital Securities only), as applicable, and nominal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be set out in a pricing supplement to this Offering Circular (a "**Pricing Supplement**").
Issue Price	Notes may be issued on a fully-paid or a partly-paid basis and at an issue price which is at par or at a discount to, or premium over, par.
Fixed Rate Notes	Interest (in respect of Notes other than Perpetual Capital Securities) or Distributions (in respect of Perpetual Capital Securities only), as applicable, on Fixed Rate Notes will be payable in arrear on such day(s) as may be agreed (as specified in the relevant Pricing Supplement).
Floating Rate Notes	Floating Rate Notes will bear interest (in respect of Notes other than Perpetual Capital Securities) or confer the right to receive Distributions (in respect of Perpetual Capital Securities only), as applicable, determined separately for each Series as follows: (i) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc.; or (ii) by reference to SOR, SIBOR, LIBOR, HIBOR, EURIBOR, BBSW (or such other benchmark as may be

specified in the relevant Pricing Supplement) as adjusted for any applicable margin.

Interest periods (in respect of Notes other than Perpetual Capital Securities) or Distribution periods (in respect of Perpetual Capital Securities only), as applicable, will be specified in the relevant Pricing Supplement.

Zero Coupon Notes

Zero Coupon Notes may be issued at their nominal amount or at a discount to it and will not bear interest (in respect of Notes other than Perpetual Capital Securities).

Other Notes

Terms applicable to any other type of Notes which a Relevant Issuer may agree to issue under the Programme will be set out in the relevant Pricing Supplement.

Change of Interest Basis or Distribution Basis

Notes may be converted from one interest basis (in respect of Notes other than Perpetual Capital Securities) or one Distribution basis (in respect of Perpetual Capital Securities only), as applicable, to another in the manner set out in the relevant Pricing Supplement.

Redemption of Senior Notes

The applicable Pricing Supplement will indicate either that the Senior Notes cannot be redeemed prior to their stated maturity (other than in specified instalments, if applicable, or for taxation reasons or following an Event of Default) or that such Senior Notes will be redeemable at the option of the Relevant Issuer and/or the Senior Noteholders upon giving notice to the Senior Noteholders or the Relevant Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such terms as are indicated in the applicable Pricing Supplement.

The applicable Pricing Supplement may provide that Senior Notes may be redeemable in two or more instalments in such amounts and on such dates as indicated therein.

Redemption of Subordinated Notes

The applicable Pricing Supplement issued in respect of each issue of Subordinated Notes will indicate that the Subordinated Notes cannot be redeemed prior to their stated maturity other than, with the prior approval of the Monetary Authority of Singapore ("**MAS**"), at the option of the Relevant Issuer:

(i) for taxation reasons; or

(ii) following a Change of Qualification Event; or

(iii) on a date or dates specified prior to such stated maturity and at a price or prices and on such terms as are indicated in the applicable Pricing Supplement; or

(iv) on such other terms as may be indicated in the applicable Pricing Supplement.

The relevant Pricing Supplement will specify the basis for calculating the redemption amounts payable.

Redemption of Perpetual Capital Securities

The applicable Pricing Supplement issued in respect of each issue of Perpetual Capital Securities will indicate that the

	Perpetual Capital Securities cannot be redeemed other than, with the prior approval of the MAS, at the option of the Issuer: (i) for taxation reasons; or (ii) following a Change of Qualification Event; or (iii) on such other terms as may be indicated in the applicable Pricing Supplement. The relevant Pricing Supplement will specify the basis for calculating the redemption amount payable.
Variation instead of Redemption of the Subordinated Notes and the Perpetual Capital Securities	The Relevant Issuer may, subject to the approval of the MAS, vary the terms of the Subordinated Notes or the Perpetual Capital Securities, as applicable, so they remain or become DBS Bank Qualifying Securities (as defined in the relevant Conditions) or, as the case may be, DBSH Qualifying Securities (as defined in the relevant Conditions) as provided in Note Condition 5(g) (in respect of Notes other than Perpetual Capital Securities) or Perpetual Capital Securities Condition 6(f) (in respect of Perpetual Capital Securities only), as applicable.
Loss Absorption upon a Trigger Event in respect of Subordinated Notes and the Perpetual Capital Securities	The applicable Pricing Supplement issued in respect of each issue of Subordinated Notes or the Perpetual Capital Securities, as applicable, may provide that the Loss Absorption Option is a Write-off in accordance with Note Condition 6(a) for Subordinated Notes issued by DBS Bank or Perpetual Capital Securities Condition 7(a) for Perpetual Capital Securities issued by DBS Bank, as applicable, or as the case may be, Note Condition 6(b) for Subordinated Notes issued by DBSH or Perpetual Capital Securities Condition 7(b) for Perpetual Capital Securities issued by DBSH.
Withholding Tax	All payments of principal and interest (in respect of Notes other than Perpetual Capital Securities) or Distributions (in respect of Perpetual Capital Securities only), as applicable, in respect of the Notes, the Receipts and the Coupons shall be made free and clear of withholding taxes of: (i) Singapore or, if different, any other jurisdiction in which the Relevant Issuer is tax resident; (ii) in the case of Notes issued from DBS Bank's Australia Branch, Australia; (iii) in the case of Notes issued from DBS Bank's Dubai (DIFC) branch, the United Arab Emirates or the Dubai International Financial Centre (the "**DIFC**"); (iv) in the case of Notes issued from DBS Bank's London branch, the United Kingdom; and (v) in the case of Notes issued from DBS Bank's Hong Kong branch, Hong Kong, unless required by law. In that event, the Relevant Issuer shall pay such additional

	amounts as shall result in receipt by the Noteholders, Receiptholders or Couponholders (after the withholding or deduction) of such amount as would have been received by them in the absence of the withholding or deduction, subject to customary exceptions.
Status of the Senior Notes	The Senior Notes and the Receipts and Coupons relating to them will constitute direct, and unsecured obligations of the Relevant Issuer as set out in Note Condition 3(a).
Status of the Subordinated Notes	The Subordinated Notes will constitute direct, unsecured and subordinated obligations of the Relevant Issuer as set out in Note Condition 3(b).
Status of the Perpetual Capital Securities	The Perpetual Capital Securities will constitute direct, unsecured and subordinated obligations of the Relevant Issuer as set out in Perpetual Capital Securities Condition 3(a).
Subordination of the DBS Bank Subordinated Notes	Upon the occurrence of any winding-up proceedings, the rights of the Noteholders to payment of principal of and interest on the DBS Bank Subordinated Notes and any other obligations in respect of the DBS Bank Subordinated Notes are expressly subordinated and subject in right of payment to the prior payment in full of all claims of DBS Bank Relevant Creditors and will rank senior to all share capital of DBS Bank, the DBS Bank Tier 1 Capital Securities and the DBS Bank Existing Upper Tier 2 Capital Securities. The DBS Bank Subordinated Notes will rank *pari passu* with all subordinated debt issued by DBS Bank that qualifies as DBS Bank Tier 2 Capital Securities, save for the DBS Bank Existing Upper Tier 2 Capital Securities.
Subordination of the DBS Bank Perpetual Capital Securities	Upon the occurrence of any winding-up proceedings, the rights of the Securityholders to payment of principal of and Distributions on the DBS Bank Perpetual Capital Securities and any other obligations in respect of the DBS Bank Perpetual Capital Securities are expressly subordinated and subject in right of payment to the prior payment in full of all claims of DBS Bank Relevant Creditors and will rank senior to DBS Bank Junior Obligations. The DBS Bank Perpetual Capital Securities will rank *pari passu* with DBS Bank Additional Tier 1 Capital Securities.
Subordination of the DBSH Subordinated Notes	Upon the occurrence of any winding-up proceedings, the rights of the Noteholders to payment of principal of and interest on the DBSH Subordinated Notes and any other obligations in respect of the DBSH Subordinated Notes are expressly subordinated and subject in right of payment to the prior payment in full of all claims of DBSH Relevant Creditors and will rank senior to all share capital of DBSH and the DBSH Tier 1 Capital Securities. The DBSH Subordinated Notes will rank *pari passu* with all subordinated debt issued

	by DBSH that qualifies as DBSH Tier 2 Capital Securities.
Subordination of the DBSH Perpetual Capital Securities	Upon the occurrence of any winding-up proceedings, the rights of the Securityholders to payment of principal of and Distributions on the DBSH Perpetual Capital Securities and any other obligations in respect of the DBSH Perpetual Capital Securities are expressly subordinated and subject in right of payment to the prior payment in full of all claims of DBSH Relevant Creditors and will rank senior to DBSH Junior Obligations. The DBSH Perpetual Capital Securities will rank *pari passu* with DBSH Additional Tier 1 Capital Securities.
Negative Pledge	None.
Cross Default	None.
Events of Default in respect of the Senior Notes	Events of Default for the Senior Notes (other than AMTNs) are set out in Note Condition 10(a).
Events of Default and Rights and Remedies upon Default in respect of the Subordinated Notes	Events of Default for the Subordinated Notes are set out in Note Condition 10(b). If a Default in respect of the payment of principal of or interest on the relevant Subordinated Notes or Coupons occurs and is continuing, the sole remedy available to the Trustee shall be the right to institute proceedings in Singapore (but not elsewhere) for the winding-up of the Relevant Issuer. If the Relevant Issuer shall default in the performance of any obligation contained in the Trust Deed or the relevant Subordinated Notes other than a Default specified in the Note Conditions, the Trustee and the Noteholders shall be entitled to every right and remedy given under the Note Conditions or existing at law or in equity or otherwise, provided, however, that the Trustee shall have no right to enforce payment under or accelerate payment of any Subordinated Note except as provided in the Note Conditions and the Trust Deed. If any court awards money damages or other restitution for any default with respect to the performance by the Relevant Issuer of its obligations contained in the Trust Deed, the relevant Subordinated Notes, the payment of such money damages or other restitution shall be subject to the subordination provisions set out in the Note Conditions and the Trust Deed.
Default and Rights and Remedies upon Default in respect of the Perpetual Capital Securities	Default events for the Perpetual Capital Securities are set out in Perpetual Capital Securities Condition 11. If a Default in respect of the payment of principal of or Distribution on the Perpetual Capital Securities occurs and is continuing, the sole remedy available to the Trustee shall be the right to institute proceedings in Singapore (but not elsewhere) for the winding-up of the Relevant Issuer. If the Relevant Issuer shall default in the performance of any obligation contained in the Trust Deed, the relevant Perpetual Capital Securities other than a Default specified in

	the Perpetual Capital Securities Conditions, the Trustee and the Securityholders shall be entitled to every right and remedy given under the Perpetual Capital Securities Conditions or now or hereafter existing at law or in equity or otherwise, provided, however, that the Trustee shall have no right to enforce payment under or accelerate payment of any Perpetual Capital Security except as provided in the Perpetual Capital Securities Conditions and the Trust Deed. If any court awards money damages or other restitution for any default with respect to the performance by the Relevant Issuer of its obligations contained in the Trust Deed, the relevant Perpetual Capital Securities, the payment of such money damages or other restitution shall be subject to the subordination provisions set out in the Perpetual Capital Securities Conditions and the Trust Deed.
Rating	Each Tranche of Notes issued under the Programme may be rated or unrated. When a Tranche of Notes is rated, its rating will not necessarily be the same as the rating applicable to the Programme. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, revision, downgrade or withdrawal at any time by the assigning rating agency.
Listing	Application has been made for Notes issued under the Programme which are agreed at the time of issue to be so listed, to be listed on the SGX-ST. For so long as any Notes are listed on the SGX-ST and the rules of the SGX-ST so require, such Notes will be traded on the SGX-ST in a minimum board lot size of S$200,000 (or its equivalent in other currencies) or such other amount as may be allowed or required from time to time. The Notes may also be listed on such other or further stock exchange(s) as may be agreed in relation to each Series. Unlisted Notes may also be issued.
Governing Law	As specified in the applicable Pricing Supplement: (i) English law, save that (in respect of the Subordinated Notes and the Perpetual Capital Securities) the provisions in relation to subordination, set-off and payment void and default and enforcement are governed by and shall be construed in accordance with, Singapore law; or (ii) Singapore law; or (iii) in respect of any AMTNs, the laws of New South Wales, Australia shall apply.
Selling Restrictions	United States, EEA, Australia, Hong Kong, United Kingdom ("**UK**"), Japan, Singapore, Indonesia, Taiwan, United Arab Emirates (excluding the DIFC), DIFC and other restrictions as may be required in connection with a particular issue of Notes. See "Subscription and Sale" and any additional selling and transfer restrictions set out in the relevant Pricing Supplement.

The Notes will be issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(D) (or any successor rules in substantially the same form that are applicable for purposes of Section 4701 of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**")) (the "**D Rules**") unless:

(i) the relevant Pricing Supplement states that Notes are issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(C) (or any successor rules in substantially the same form that are applicable for purposes of Section 4701 of Code) (the "**C Rules**"); or

(ii) Bearer Notes are issued other than in compliance with the D Rules or the C Rules but in circumstances in which the Notes will not constitute "registration required obligations" under the United States Tax Equity and Fiscal Responsibility Act of 1982 ("**TEFRA**"), which circumstances will be referred to in the relevant Pricing Supplement as a transaction to which TEFRA is not applicable.

Transfer Restrictions

There are restrictions on the transfer of Notes sold pursuant to Regulation S under the Securities Act prior to the expiration of the relevant distribution compliance period and on the transfer of Registered Notes sold pursuant to Rule 144A under the Securities Act. See "Transfer Restrictions".

ERISA Considerations

Unless otherwise provided in the relevant Pricing Supplement, the Notes may be purchased and held by an employee benefit plan subject to Title I of the Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"), by an individual retirement account or other plan subject to Section 4975 of the Code or by an entity whose underlying assets include, or are deemed for purposes of the ERISA or the Code to include, plan assets by reason of such plan's investment in the entity. A fiduciary of an employee benefit plan subject to ERISA must determine that the purchase and holding of a Note is consistent with its fiduciary duties under ERISA. The fiduciary of an ERISA plan, as well as any other prospective investor subject to Section 4975 of the Code or any applicable similar law, must also determine that its purchase and holding of the Notes does not constitute or result in a non-exempt prohibited transaction as defined in Section 406 of ERISA or Section 4975 of the Code or any applicable similar law. Each purchaser and transferee of a Note who is subject to ERISA and/or Section 4975 of the Code or a similar law will be deemed to have represented by its acquisition and holding of the Note that its acquisition and holding of the Notes does not constitute or give rise to a non-exempt prohibited transaction under Section 406 of ERISA, Section 4975 of the Code or any applicable similar law. See "ERISA and Certain Other Considerations".

SUMMARY CONSOLIDATED FINANCIAL INFORMATION

The following table presents selected consolidated financial information for the DBS Group which has been extracted or derived from the audited consolidated financial statements of the DBS Group for the years ended 31 December 2015, 2014 and 2013. Such presentation differs in certain respects from the DBS Group's audited consolidated financial statements and from Singapore FRS. The following information should be read in conjunction with the DBS Group's audited consolidated financial statements as at and for the year ended 31 December 2015 and the related notes thereto which are set forth beginning on page F-2 of this Offering Circular and as at and for the years ended 31 December 2014 and 2013 and the related notes thereto which are incorporated by reference in this Offering Circular, and the sections entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations of the DBS Group" and "Description of the Assets and Liabilities of the DBS Group" included herein. The audited consolidated financial statements of the DBS Group and the DBS Bank Group are prepared in accordance with the Singapore FRS, including the modifications of the requirements of Singapore Financial Reporting Standard 39 ("**FRS 39**") Financial Instruments: Recognition and Measurement in respect of loan loss provisioning by Notice to Banks No. 612 "Credit Files, Grading and Provisioning" issued by the MAS ("**MAS Notice 612**"). These financial statements differ in certain material respects from U.S. GAAP and IFRS. Investors should consult their own professional advisors for an understanding of the differences between Singapore FRS and U.S. GAAP, IFRS and the generally accepted accounting principles of other jurisdictions and how those differences might affect the financial information contained in this Offering Circular.

	For the years ended 31 December		
	2013	**2014**	**2015**
		(S$ in millions)	
Selected income statement items			
Net interest income	5,569	6,321	7,100
Net fee and commission income	1,885	2,027	2,144
Other non-interest income	1,473	1,270	1,543
Total income	8,927	9,618	10,787
Expenses	3,918	4,330	4,900
Profit before allowances	5,009	5,288	5,887
Allowances for credit and other losses	770	667	743
Profit before tax	4,318	4,700	5,158
Net profit	3,501	3,848	4,318
One-time items[(1)]	171	198	136
Net profit including one-time items	3,672	4,046	4,454

Note:

(1) One-time items include gains on sale of investments in 2013 and 2014, an amount set aside to establish the DBS Foundation in 2013, a sum donated to National Gallery Singapore in 2014, and gain from disposal of a property investment in 2015.

	As at and for the years ended 31 December		
	2013	**2014**	**2015**
	(S$ in millions, except percentages)		
Selected balance sheet items			
Customer loans	248,654	275,588	283,289
Total assets	402,008	440,666	457,834
Customer deposits	292,365	317,173	320,134
Total liabilities	364,322	400,460	415,038
Shareholders' funds	34,233	37,708	40,374
Key financial ratios (excluding one-time items)[1]			
Return on assets[2]	0.91%	0.91%	0.96%
Return on equity[3]	10.8%	10.9%	11.2%
Cost-to-income ratio[4]	43.9%	45.0%	45.4%
Net interest margin[5]	1.62%	1.68%	1.77%
As % of total income:			
Net interest income	62.4%	65.7%	65.8%
Non-interest income	37.6%	34.3%	34.2%
Customer NPL[6] as % of gross customer loans and advances	1.1%	0.9%	0.9%
Total NPAs[7] as % of total assets	0.7%	0.6%	0.6%
Total cumulative loss allowances as % of:			
Total assets	1.0%	0.9%	0.9%
Total NPAs	135%	163%	148%
CAR			
CET1 ratio	13.7%	13.1%	13.5%
Tier 1 ratio	13.7%	13.1%	13.5%
Total capital ratio	16.3%	15.3%	15.4%

Notes:

(1) These key financial ratios are not standard measures under Singapore FRS or U.S. GAAP.

(2) Net profit attributable to shareholders divided by average total assets.

(3) Calculated based on net profit attributable to shareholders net of dividends on preference shares and other equity instruments. Non-controlling interests, preference shares and other equity instruments are not included as equity in the computation of return on equity.

(4) Expenses expressed as a percentage of total income.

(5) Net interest income expressed as a percentage of average interest bearing assets.

(6) Based on customer loans and advances that have been classified in accordance with the MAS guidelines.

(7) Based on customer loans and advances, loans to banks, debt securities and contingent liabilities that have been classified in accordance with the MAS guidelines.

RISK FACTORS

Each Issuer believes that the following factors may affect its business and/or its ability to fulfil its obligations under Notes issued under the Programme. All of these factors are contingencies which may or may not occur and the Issuers are not in a position to express a view on the likelihood of any such contingency occurring.

Prospective investors should carefully consider, among other things, the risks described below, as well as the other information contained in this Offering Circular and reach their own views prior to making an investment decision. Any of the following risks could materially and adversely affect the DBS Group's business, financial condition or results of operations and, as a result, investors could lose all or part of their investment. The risks below are not the only risks the DBS Group faces. Additional risks and uncertainties not currently known to the DBS Group, or that it currently deems to be immaterial, may also materially and adversely affect the DBS Group's business, financial condition or results of operations.

Risks Relating to the DBS Group

A global or regional financial crisis or financial instability in the countries where the DBS Group does business could adversely affect its operations, asset quality and growth.

The DBS Group has been, and in the future will continue to be, materially affected by geo-political, economic and market conditions, including factors such as the liquidity of the global financial markets, the level and volatility of debt and equity prices, interest rates, currency and commodities prices, investor sentiment, inflation, and the availability and cost of capital and credit. Beginning in the second half of 2008, the global financial system experienced difficult credit and liquidity conditions and disruptions leading to less liquidity, greater volatility, general widening of spreads and, in some cases, lack of price transparency on interbank lending rates. Although there has been a recovery, concerns about sovereign debt in Europe have continued to have a negative impact on global financial markets. More recently, the continued uncertainty in Europe has been further exacerbated by subdued market conditions in the global economy and declining rates of growth in emerging economies, particularly China.

Certain European nations continue to experience varying degrees of financial stress and uncertainty over the outcome of the EU governments' financial support programmes and worries about sovereign finances persist. Market and economic disruptions have affected, and may continue to affect, consumer confidence levels and spending, personal bankruptcy rates, and levels of incurrence of and default on consumer debt, among other factors. There can be no assurance that the market disruptions in Europe, including the increased cost of funding for certain governments and financial institutions that has resulted, will not spread. There can also be no assurance that future assistance packages will be available or, even if provided, will be sufficient to stabilise the affected countries and markets in Europe or elsewhere or that the political and social unrest will not negatively affect any economic recovery in Europe.

The current state of the global economy is also significantly affected by the state of the U.S. and European economies. Due to limited growth in domestic demand and weak export activity, growth of the U.S. economy has been modest. In December 2015, the U.S. Federal Reserve predicted GDP growth of 2.6% to 3.0% for 2015 and 2.3% to 2.5% for 2016, but risks such as a global economic downturn, falling oil prices, a significant slowdown of the Chinese economy, slower economic growth of emerging economies and uncertainty about economic recovery in the Eurozone remain. Additionally, during October 2014 the U.S. Federal Reserve concluded its quantitative easing program whereby an unprecedented accommodative monetary policy was pursued in order to stimulate the U.S. economy. On 16 December 2015, the U.S. Federal Reserve raised the federal funds rate target for the first time since 2006, and this together with any further rate increases may disrupt global markets and dampen the pace

of growth in the U.S. economy. The European Central Bank also announced additional monetary easing plans at the end of 2015 and in March 2016 which included decreasing the deposit facility rate by 20 basis points to -0.40% and expanding its asset purchase program in an attempt to revitalise the economy of the euro area.

Momentum in the global economy is shifting to the developed world, away from the emerging economies that led the growth since the financial crisis as the economies of China and other emerging markets have shown signs of slowing down. First, the Chinese economy has experienced a slowdown in growth due to industrial over-capacity, a downturn in the real estate market and structural reforms, and its stock markets have also experience increased volatility. Second, low oil prices may weaken the growth prospects of emerging market countries that are reliant on oil exports, if oil prices remain low or continue to decrease due to the oversupply currently faced for a sustained period. Third, emerging markets have also experienced heightened market volatility since July 2013 due to uncertainty over the U.S. Federal Reserve's monetary policy. As the U.S. Federal Reserve has recently raised interest rates, emerging market countries with weak external balances and high dependence on capital inflows are at risk of exposure and further volatility. Fourth, in January 2016, global stock markets witnessed a significant weakening which was led by a further decline in the Chinese stock market. Further depreciation of the Renminbi may cause further weakening in other emerging markets' currencies.

To the extent uncertainty regarding the economic recovery continues to negatively impact consumer confidence and consumer credit factors globally, the DBS Group's business and results of operations could be significantly and adversely affected.

Investors should be aware that there is a recent history of financial crises and boom-bust cycles in multiple markets in both emerging and developed economies which leads to risks for all financial institutions, including the DBS Group. The recent global financial crisis affected the DBS Group through an increase in NPLs and mark-downs in other assets. While the DBS Group did not experience the same degree of write-downs as banks that were exposed to, or invested in, the U.S. residential mortgage market, the widening of credit spreads resulted in mark-to-market and realised losses on its investment and derivative portfolios and adversely affected its profitability. In addition, the DBS Group remains subject to the risks posed by the indirect economic effect of the global credit crisis, some of which cannot be anticipated and the vast majority of which are not under its control. The DBS Group also remains subject to counterparty risk arising from financial institutions that can fail or are otherwise unable to meet their obligations under their contractual commitment to the DBS Group.

With 83% of its total assets (excluding goodwill and intangibles) in Singapore and Hong Kong as at 31 December 2015, and 83% of its total income (excluding one-time items) in Singapore and Hong Kong for the year ended 31 December 2015, on a geographical basis, the DBS Group's performance and the quality and growth of its assets are substantially dependent on the health of the Singapore and Hong Kong economies. The economic environment in Singapore and Hong Kong, economies which are dependent on trade and investment, may be significantly affected by a variety of external factors including economic developments throughout Asia and in the United States, Europe and other markets.

If there is another global or regional financial crisis or a downturn in the economic condition of the DBS Group's primary markets, this would likely have a material adverse effect on the DBS Group's business, financial condition or results of operations. Further, in light of the interconnectivity between Singapore's economy and other economies, Singapore's economy is increasingly exposed to economic and market conditions in other countries. As a result, an economic downturn or recession in the United States, Europe and other countries in the developed world or a slowdown in economic growth in major emerging markets such as China or India could have an adverse effect on economic growth in Singapore. In addition, recent press reports have suggested that a "credit bubble" is developing in Singapore and other emerging markets as loans to the private sector and household debt to GDP ratio have increased dramatically in the last three years. A slowdown in the rate of growth in Singapore's economy could

result in lower demand for credit and other financial products and services, and higher defaults among corporate and retail customers, which could adversely affect the DBS Group's business, financial performance, shareholders' equity, ability to implement its strategy and the price of the Notes.

Furthermore, in response to the above developments, legislators and financial regulators in the United States and other jurisdictions, including Singapore, have implemented a number of policy measures designed to add stability to the financial markets and act as liquidity risk management initiatives. However, the overall impact of these and other legislative and regulatory efforts on the global and Singapore financial markets remains uncertain, and in effect these initiatives may not be successful in stabilising the economy. In the event that the current conditions in the global credit markets persist or there are changes in statutory limitations on the amount of liquidity that the DBS Group must maintain or if there is any significant financial disruption, this may materially and adversely affect the DBS Group's cost of funding, loan portfolios, liquidity, business, prospects, financial condition and results of operations.

Any substantial increase in NPAs may impair the DBS Group's business, financial condition and results of operations.

The NPAs of the DBS Group were S$2.8 billion, S$2.5 billion and S$3.0 billion as at 31 December 2015, 2014 and 2013, respectively. As a percentage of gross customer loans, the DBS Group's NPLs were 0.9%, 0.9% and 1.1% as at 31 December 2015, 2014 and 2013, respectively. Various factors such as a rise in unemployment, a sustained rise in interest rates, developments in the economies in which the DBS Group lends money, movements in global commodities markets and exchange rates and global competition could have a material adverse effect on the quality of the DBS Group's loan portfolio. Following the global financial crisis, the DBS Group saw an increase in the volume of restructured corporate loans. Economic developments in Europe and the United States could present further economic challenges globally which could result in some borrowers not being able to meet their restructured debt obligations, resulting in loans to such borrowers being classified as non-performing.

Adverse changes in the credit quality of the DBS Group's borrowers and counterparties or adverse changes arising from a deterioration in global and regional economic conditions or asset values may lead to an increase in NPAs in the future and require an increase in the DBS Group's level of allowances for credit and other losses or increase the level of asset write-downs or write-offs experienced by the DBS Group. Although the DBS Group devotes considerable resources to managing these risks, many of the factors affecting borrower and counterparty credit risks are exogenous to the DBS Group. A substantial increase in NPAs may have a material adverse effect on the DBS Group's business, financial condition and results of operations.

A decline in collateral values or inability to realise collateral value may increase the DBS Group's allowances for credit and other losses.

Adverse changes in the credit quality of the DBS Group's borrowers and counterparties or adverse changes arising from a deterioration in global and regional economic conditions or asset values could reduce the recoverability and/or the value of the DBS Group's assets. In particular, a significant portion of the DBS Group's loan portfolio is secured by real estate. In the event of a decline in the real estate markets, a portion of the DBS Group's loans may exceed the value of the underlying collateral. Any decline in the value of the collateral securing the DBS Group's loans, inability to obtain additional collateral or inability to realise the value of collateral may require the DBS Group to increase its allowances for credit and other losses, which may adversely affect the DBS Group's business, financial condition and results of operations.

Liquidity shortfalls and credit rating downgrades may increase the DBS Group's cost of funds.

Most of the DBS Group's funding requirements are met through a combination of funding sources, primarily in the form of deposit-taking activities. As a portion of the DBS Group's assets have long-term maturities, funding mismatches may occur. As at 31 December 2015, a significant portion of the DBS Group's non-bank customer deposits had current maturities of one year or less or were payable on demand. Such deposits are mainly from savings, fixed and current accounts and demand deposits. The DBS Group's deposits base is diversified and does not rely on any significant depositor funding. However, no assurance can be given that large-scale deposit withdrawals will not occur. In circumstances where a substantial number of depositors, within or outside Singapore and Hong Kong, withdraw such funds from the DBS Group, the DBS Group's liquidity position could be materially and adversely affected. In such a situation, the DBS Group could be required to seek short-term and long-term funds to finance its operations. Any such funding may be only obtainable on terms that are more expensive than the DBS Group's current funding sources which may adversely affect the DBS Group's business, financial condition and results of operations.

The DBS Group's credit ratings also play an important role in determining the extent of its access to the capital and funding markets. DBSH has received long-term issuer ratings of "AA-" from Fitch and "Aa2" from Moody's. DBS Bank has received long-term issuer ratings of "AA-" from Fitch, "Aa1" from Moody's and "AA-" from Standard & Poor's. DBSH's and DBS Bank's credit ratings have a stable outlook from Fitch and Standard & Poor's. On 31 March 2016, Moody's revised DBSH's and DBS Bank's credit rating outlook to negative. There can be no assurance that the ratings will remain in effect for any given period or that the ratings will not be revised by the rating agencies in the future, if, in their judgment, circumstances so warrant. A credit ratings downgrade could adversely affect the volume and pricing of the DBS Group's funding.

The value of certain financial instruments recorded at fair value may change over time.

The fair values of financial instruments traded in active markets are based on quoted market prices at the balance sheet date. If the market for a financial asset is not active, the DBS Group establishes fair value by using valuation techniques or third party valuations. These include the use of recent arm's length transactions, reference to other instruments that are substantially similar, discounted cash flow analysis and option pricing models. Valuation reserves may be applied to the valuation of the financial instruments, where appropriate.

The valuation of the majority of the DBS Group's financial instruments reported at fair value is based on quoted and observable market prices or on internally developed models that are based on independently sourced market parameters, including interest rates, option volatilities and currency rates. Other factors such as model assumptions, market dislocations and unexpected correlation shifts can materially affect these estimates and the resulting fair value estimates.

The DBS Group's operations in, and further expansion into, diverse markets in and outside of Asia present different risks and challenges which may adversely affect the DBS Group's results of operations.

Outside of Singapore and Hong Kong, the DBS Group has banking subsidiaries, branches and associated companies in various countries in Asia, including China, Taiwan, India, Indonesia, Malaysia, South Korea, and outside Asia, including in the UK and Australia. The DBS Group's operations in these jurisdictions could be adversely affected by changes in their respective legal, political, regulatory or economic environments.

Providing banking products and services in multiple jurisdictions exposes the DBS Group to a variety of regulatory and business challenges and risks and has increased the complexity of its risks in a number of areas, including price risks, currency risks, interest rate risks, compliance risk, regulatory and

reputational risk and operational risk. In the aftermath of the financial crisis and in light of enhanced regulations in many countries, the DBS Group expects to face additional pressure and scrutiny in all of these areas and in the management of its international operations. The DBS Group also faces risks arising from its ability to manage inconsistent legal and regulatory requirements in the multiple jurisdictions in which it operates and its ability to successfully establish and maintain an integrated system of internal controls for all of its international operations and businesses. There can be no assurance that the DBS Group will be able to execute its strategy and deliver returns on capital invested in its international subsidiaries or that its operations internationally will continue to be profitable.

In addition, over time, the DBS Group may expand into other countries in Asia. While this may be positive for the DBS Group's long-term position and may enhance revenue diversification, it also increases operational and asset quality risks. There can be no assurance that further regional expansion will not have a material adverse effect on the DBS Group's business, financial condition and results of operations.

Significant fraud, systems failure or calamities could adversely affect the DBS Group's business, financial condition and results of operations.

The DBS Group's business is based on a high volume of transactions and the functioning and security of its systems and network are of vital importance to its operations. The increasing threat of cyber attacks on financial institutions continues to be one of the DBS Group's top risk concerns. Cyber criminals, hacktivists, insiders and nation state sponsored adversaries are among those that may target financial computer systems. The DBS Group seeks to protect its computer systems and network infrastructure from physical break-ins as well as fraud and systems failures. The DBS Group employs round-the-clock external surveillance security systems, including firewalls, tokens and password encryption technologies, designed to minimise the risk of security breaches. Although the DBS Group intends to continue to implement security technologies, conduct regular vulnerability assessments and network penetration tests and establish operational procedures to prevent break-ins, damages and failures, there can be no assurance that these security measures will be successful. In January 2012, unauthorised withdrawals were made from customers' bank accounts from automated teller machines ("**ATMs**") using ATM skimming equipment affecting a limited number of customers. The DBS Group has since implemented a series of measures to enhance security efforts in this regard. The reputation of the DBS Group could be adversely affected by fraud committed by employees, customers or outsiders, or by its perceived inability to properly manage fraud-related risks. As the DBS Group outsources some of its systems management functions to external vendors, it is further exposed to the risk that such external vendors could be unable to fulfil their contractual obligations, or could be subject to fraud or operational errors by their employees.

In addition, although the DBS Group's data centre and back-up systems are separately located, there can be no assurance that both systems will not be simultaneously damaged or destroyed in the event of a major disruption or disaster. Such disruptions or disasters could arise from events that are wholly or partially beyond the control of the DBS Group. The DBS Group seeks to maintain internal controls in line with international best practices. However, a significant breakdown in internal controls, fraudulent activities by employees or failure of security measures or back-up systems may have a material adverse effect on the DBS Group's business, financial condition and results of operations.

The DBS Group is subject to the risk of increased liquidity and capital requirements to meet the minimum required by regulators.

In Singapore, the MAS determines the level of liquidity and capital that the DBS Group is required to hold in relation to its balance sheet, off-balance sheet, counterparty and risk exposures. The DBS Group currently meets the MAS' requirements in these aspects. As at 31 December 2015, the DBS Group was capitalised above the MAS' stated minima.The DBS Group's ability to maintain its target regulatory capital ratios could be affected by a number of factors, including its earnings, fair value adjustments, the

calculation of risk-weighted assets and changes to the minimum regulatory requirements imposed by the MAS.

In particular, on 16 December 2010, the Basel Committee on Banking Supervision (the "**Basel Committee**") published Basel III: A global regulatory framework for more resilient banks and banking systems ("**Basel III**") which established new rules for liquidity and capital requirements intended to reinforce existing standards, including new definitions for qualifying capital instruments, more onerous deductions from capital, additional capital buffers, increased minimum CARs, the introduction of CET1 capital and leverage ratios, and liquidity ratios.

As of 1 January 2013, the MAS has incorporated Basel III capital adequacy provisions into MAS Notice 637 on Risk Based Capital Adequacy Requirements for Banks Incorporated in Singapore (as amended, replaced or supplemented from time to time, "**MAS Notice 637**"). Singapore-incorporated banks ("**SIBs**") were required to comply with a minimum CET1 CAR of 4.5%, Tier 1 CAR of 6% and total CAR of 10% from 1 January 2013, rising to 6.5%, 8% and 10%, respectively, from 1 January 2015. These minimum ratios are two percentage points higher than those established by the Basel Committee. As part of the Basel III transition arrangements, regulatory capital recognition of outstanding Tier 1 and Tier 2 capital instruments that no longer meet the minimum criteria are 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% with effect from 1 January 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 will not be reduced. The DBS Group's preference shares and subordinated term debts issued prior to 1 January 2013 are ineligible in the first instance as capital instruments under Basel III rules as they lack provisions for conversion to ordinary shares or write-down at the point of non-viability as determined by the MAS, but are accorded partial eligibility as Tier 2 capital for calculating capital adequacy ratios under the Basel III transition arrangements for capital instruments issued prior to 1 January 2013.

In line with Basel III requirements, Singapore prudential regulation will require a capital conservation buffer ("**CCB**") of 2.5% and countercyclical buffer of up to 2.5% that are to be met fully with CET1 capital. These buffers will be phased in on 1 January each year from 2016 to 2019.

The countercyclical buffer is not an ongoing requirement, and is only applied as and when specified by the relevant banking supervisors. The applicable magnitude will be a weighted average of the country-specific countercyclical buffer requirements that are required by national authorities in jurisdictions to which a bank has private sector credit exposures. The Basel Committee expects jurisdictions to implement the countercyclical buffer during periods of excessive credit growth. In addition to changes in minimum capital requirements, Basel III also mandates various adjustments in the calculation of capital resources. These adjustments are being phased in from 1 January 2013 to 1 January 2018 and are for items such as goodwill and investments exceeding certain thresholds.

Since the publication of Basel III, the Basel Committee has published further details regarding the Basel III standards. In addition, the Basel Committee has been reviewing the methods used in the calculation of risk-weighted assets. In this regard, it has published revised rules for exposures to central counterparties, counterparty credit risk exposures, securitisation exposures and capital requirements in relation to market risk, as well as consultation papers on, *inter alia*, revised standardised approaches for credit and operational risks and capital floors based on the standardised approaches. Such revised rules may result in increased capital requirements for banks.

On 28 November 2014, the MAS issued the new MAS Notice 649 on Minimum Liquid Assets and Liquidity Coverage Ratio ("**MAS Notice 649**"). MAS Notice 649, which took effect on 1 January 2015 for a bank incorporated and headquartered in Singapore, introduced a new liquidity requirement framework to implement the Basel III liquidity coverage ratio ("**LCR**") rules. Under MAS Notice 649, a bank

incorporated and headquartered in Singapore must maintain at all times, a Singapore Dollar LCR ("**Singapore Dollar LCR requirement**") of at least 100% and an all currency LCR ("**all currency LCR requirement**") of at least 60% by 1 January 2015, with the all currency LCR requirement increasing by 10% each year to 100% by 2019. As at 31 December 2015, the DBS Group met all the new liquidity requirements.

As at 31 December 2015, the DBS Group had a CET1 CAR of 13.5%, a Tier 1 CAR of 13.5% and a total CAR of 15.4% calculated according to Basel III standards, which will be fully implemented by 2019. However if the regulatory capital requirements, liquidity requirements or ratios applied to the DBS Group increase in the future, the DBS Group's return on capital and profitability could be materially and adversely affected. In addition, any failure by the DBS Group to satisfy such increased regulatory capital ratios or liquidity requirements within the applicable timeline could result in administrative actions or sanctions or significant reputational harm, which in turn may have a material adverse effect on the DBS Group's business, financial condition and results of operations. As at 31 December 2015, the DBS Group was in compliance with the regulatory capital requirements of each of the jurisdictions in which it operates subsidiaries.

DBS Bank was designated as a domestic systemically important bank ("**D-SIB**") in Singapore on 30 April 2015. However, this designation should not affect its higher loss absorbency ("**HLA**") and LCR requirements. The proposed HLA and LCR requirements in respect of D-SIBs (which include the requirement to maintain minimum CET1 CAR requirements that are two percentage points higher than those established by the Basel Committee) are already incorporated in existing capital and liquidity requirements applicable to SIBs under MAS Notice 637 and MAS Notice 649. Accordingly, DBS Bank is already subject to these requirements.

The DBS Group's business is subject to reputational risk.

Reputational risk is the potential for damage to the DBS Group's franchise as a result of stakeholders taking a negative view of the DBS Group or its actions. Reputational risk could arise from the failure by the DBS Group to effectively mitigate the risks in its businesses including one or more of country, credit, liquidity, market, regulatory, operational, environmental, litigation and social risk. Damage to the DBS Group's reputation could cause existing clients to reduce or cease to do business with the DBS Group and prospective clients to be reluctant to do business with the DBS Group. Any such event could result in a loss of earnings and have a material adverse effect on the business of the DBS Group. A failure to manage reputational risk effectively could also materially affect the DBS Group's business, financial condition and results of operations.

The DBS Group is subject to legal, regulatory and compliance risks.

The DBS Group is exposed to the risks of litigation, compliance and regulatory proceedings in the jurisdictions in which it operates. Management of these risks requires, among other things, policies and procedures to properly record and verify large numbers of transactions and events. Failure to address these risks appropriately may result in administrative sanctions in one or more jurisdictions in which the DBS Group conducts its business. Additionally, in recent years, regulators globally have increased their scrutiny of internal controls and have correspondingly increased the penalties for any non-compliance particularly in the areas of sanctions and anti-money laundering compliance. Furthermore, investigations, administrative actions or litigation could commence in relation to violations, which may involve costs, and possible deterioration of the reputation of the DBS Group. Any future adverse judgments or rulings that are delivered against the DBS Group could have a material adverse effect on the DBS Group's business, operating results and financial condition.

In June 2013, the MAS censured 20 banks (including DBS Bank) for deficiencies in their benchmark submissions for Singapore dollar interest rate and foreign exchange spot benchmarks, and directed them to adopt measures to address their deficiencies. These banks were to report their progress to the MAS

quarterly, and conduct independent reviews to ensure the robustness of their remedial measures. They were also required to set aside additional statutory reserves with the MAS at zero interest for a period of one year. The supervisory actions taken depended on the severity of the attempts by traders from the banks to inappropriately influence the benchmarks. There are five categories of additional statutory reserves (ranging from S$0 to S$1.2 billion). DBS Bank Ltd. is in the third category (S$400–600 million). The additional statutory reserves have since been returned to DBS Bank Ltd., and the requirement to submit quarterly progress reports was removed effective 3 July 2014.

On 23 June 2015, the MAS issued the Consultation Paper on Proposed Enhancements to Resolution Regime for Financial Institutions in Singapore setting out proposals in the areas of recovery and resolution planning, temporary stays and suspensions, statutory bail-in powers, cross-border recognition of resolution actions, creditor safeguards and resolution funding. The approach to the adoption of the resolution regime, including statutory bail-in, has not been finalised and there is uncertainty as to how or whether the MAS will implement this. Any implementation of such regime could impact DBS Bank's future capital and funding structure and accordingly, could affect DBS Bank's operations.

Material changes in financial market conditions could adversely affect the DBS Group's business, financial condition and results of operations.

The DBS Group is exposed to market risk arising from market-making, structuring and packaging of investment products for clients, trading and fund deployment. Trading market risk arises from the impact on interest rate margins and trading profits as a result of changes in foreign exchange rates, commodity prices, equity prices, interest rates and credit spreads. Changes in interest levels, yield curves and spreads may affect, among other things, interest rate margins. In particular, if the yield on interest-earning assets does not increase at the same time or to the same extent as the DBS Group's cost of funds, or if the cost of funds does not decline at the same time or to the same extent as a decrease in yield on interest-earning assets, the DBS Group's net interest income and net interest margin may be adversely affected.

The DBS Group's overseas operations are subject to fluctuations in foreign currency exchange rates against the Singapore dollar. In addition, a portion of the DBS Group's income, expenses, assets and liabilities in Singapore are denominated in foreign currencies. To the extent that the DBS Group's foreign currency denominated income, expenses, assets and liabilities are not matched in the same currency or appropriately hedged, fluctuations in foreign currency exchange rates against the Singapore dollar may adversely affect the DBS Group's business, financial condition and results of operations. In particular, in January 2015, the MAS announced changes in its monetary policy aimed at slowing the appreciation of the Singapore dollar. There can be no assurance that such policy changes will not adversely affect the DBS Group's business, financial condition and results of operations.

The DBS Group may face significant challenges in achieving the goals of its business strategy.

In February 2010, the DBS Group launched a new strategic plan with nine separate strategic priorities focusing on expanding its regional presence and developing various key business units. Although the DBS Group believes it has targeted the appropriate geographical and business segments in developing its strategy, its initiatives to offer new products and services and to increase sales of its existing products and services may not succeed if market conditions are not stable, market opportunities develop more slowly than expected, the identified strategic initiatives have less potential than were envisioned originally or the profitability of the DBS Group's products and services is undermined by competitive pressures. Consequently, the DBS Group may be unable to achieve or maintain profitability in its targeted business areas. Any failure to execute its strategy in the manner envisioned could have a material and adverse impact on the DBS Group's business, financial condition and results of operations.

Taking into consideration the fluctuations and changes in customer behaviours, rising smart device and social media usage as well as increasing use of non-bank players for effecting payments, traditional banking is fast changing. While digitalisation has provided new business opportunities, it has also introduced new and increased cyber risk exposures for the DBS Group. Despite increased investments in digital technologies and new digital initiatives, digitalisation remains a fast moving and evolving landscape and there can be no assurance that the DBS Group will be able to fully and successfully execute its strategy in the digitisation space.

Systemic risk resulting from failures in the banking industry could adversely affect the DBS Group.

Within the banking industry, the default of any institution could lead to defaults by other institutions. Concerns about, or a default by, one institution could lead to significant liquidity problems, losses or defaults by other institutions because the commercial soundness of many financial institutions may be closely related as a result of their credit, trading, clearing or other relationships. This risk is sometimes referred to as "systemic risk" and may adversely affect financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms and exchanges with whom the DBS Group interacts on a daily basis, which could have an adverse effect on the DBS Group's ability to raise new funding and on the DBS Group's business, financial condition and results of operations.

In particular, the DBS Group is exposed to the risks of Singapore and Hong Kong's financial systems and the other financial systems in which it operates. Any difficulties or instability of the Singaporean or Hong Kong financial system or the other financial systems in which the DBS Group operates could create an adverse market perception about financial institutions and banks in the affected region and could adversely affect its business. The DBS Group's transactions with these financial institutions expose it to credit risk in the event of default by the counterparty, which can be exacerbated during periods of market illiquidity.

Country risk could adversely affect the DBS Group's business, financial condition and results of operations.

Country risk is the risk that a counterparty is unable to meet its contractual obligations as a result of adverse economic conditions or actions taken by governments in the relevant countries. This includes the risk that a sovereign borrower may be unable or unwilling to fulfil its foreign currency or cross-border contractual obligations; and the risk that a non-sovereign counterparty may be unable to fulfil its contractual obligations as a result of currency shortage due to adverse economic conditions or actions taken by the government of the country. These risks could adversely affect the DBS Group's business, financial condition and results of operations.

Terrorist activities, natural calamities and outbreak of communicable diseases around the world could lead to higher volatility in international capital markets, which may materially and adversely affect the DBS Group's business, financial condition and results of operations and the market price of the Notes.

Terrorist attacks, natural calamities and outbreak of communicable diseases could result in sporadic volatilities in international capital markets or adversely affect Singapore and other economies. Any material change in the financial markets or the Singapore economy or regional economies as a result of these events or developments may materially and adversely affect the DBS Group's business, financial condition and results of operations.

Increased competition could result in decreased loan margins and reduced market share.

The DBS Group's primary competitors consist of other Singapore banks and major international banks licensed in Singapore, other Hong Kong banks and major international banks licensed in Hong Kong, major international banks licensed elsewhere and other financial institutions in other markets in which the

DBS Group operates. See "Description of the Business of the DBS Group – Additional Information about the DBS Group – Competition".

The Singapore government has taken steps to liberalise the Singapore banking industry, which has resulted in increased competition among domestic and international banks operating in Singapore, which reduced margins for certain banking products. In particular, the MAS, which regulates banks in Singapore, has been granting Qualifying Full Bank ("**QFB**") licenses to international financial institutions since 1999. QFBs are currently permitted to establish operations in up to 25 locations. These 25 locations can be used for branches or off-site ATMs. QFBs are permitted to share ATMs among themselves. International banks granted such licenses will face fewer restrictions on their Singapore dollar deposit-taking and lending activities. In June 2012, the MAS indicated that it will continue to allow greater foreign bank participation in the Singapore banking industry and refine the QFB system. Certain QFBs that meet the MAS' qualifications for being "significantly rooted" may be allowed to have an additional 25 places of business in Singapore, of which 10 may be branches. In addition, in recent years the Singapore government has allowed more international banks to obtain "wholesale banking" licenses to enable them to expand their Singapore dollar wholesale banking business in Singapore and to broaden the scope of Singapore dollar banking activities in which international banks may participate. There can be no assurance that the DBS Group will be able to compete successfully with other domestic and foreign financial institutions or that such increased competition will not have a material adverse effect on the DBS Group's business, financial condition and results of operations.

Similarly, in Hong Kong and the DBS Group's other overseas markets, many of the international and local banks operate in the same segments as the DBS Group and compete for the same customers. Competition may increase in some or all of the DBS Group's principal markets. Such increased competition, individually or in combination, could have a material adverse effect on the DBS Group's business, financial condition and results of operations.

An investor may experience difficulties in enforcing civil liabilities under U.S. federal securities laws against the DBS Group, the Directors and executive officers of each of DBSH and DBS Bank and certain other parties.

DBSH and DBS Bank are incorporated under the laws of Singapore and substantially all of their respective subsidiaries, associates, Directors and Executive Officers are incorporated outside or reside outside the United States of America. All or substantially all of the assets of such persons, and all of DBSH's and DBS Bank's assets, are located outside or are organised outside the United States. As a result, it may be difficult for investors to enforce judgments against either DBSH or DBS Bank or such persons in U.S. courts predicated upon the civil liability provisions of U.S. federal securities laws. In particular, investors should be aware that judgments of United States courts based upon the civil liability provisions of the federal securities laws of the United States are not enforceable in Singapore courts and there is doubt as to whether Singapore courts will enter judgments in original actions brought in Singapore courts based solely upon the civil liability provisions of the federal securities laws of the United States.

Risks Relating to the Notes

DBSH is a holding company and as a result of this structure Notes issued by DBSH are structurally subordinated to any and all existing and future liabilities and obligations of its subsidiaries (including DBS Bank).

DBSH is the holding company of the DBS Bank Group. As a result of this structure, the Notes issued by DBSH are structurally subordinated to all existing and future liabilities and obligations of DBSH's subsidiaries. Generally, claims of creditors, including depositors, trade creditors, and claims of preferred shareholders of DBSH's subsidiaries and associated companies, if any, will have priority over the claims

of DBSH and its creditors, including holders of any Notes issued by DBSH, to the assets and earnings of such subsidiaries and associated companies.

Limited rights of enforcement and subordination of the Subordinated Notes or the Perpetual Capital Securities, as applicable, could impair an investor's ability to enforce its rights or realise any claims on the Subordinated Notes or the Perpetual Capital Securities, as applicable.

In most circumstances, the sole remedy against the Relevant Issuer available to the Trustee (on behalf of the holders of Subordinated Notes or the holders of the Perpetual Capital Securities, as applicable) to recover any amounts owing in respect of the principal of or interest on the Subordinated Notes, or principal of or Distributions on the Perpetual Capital Securities, as applicable, will be to institute proceedings for the winding-up of the Relevant Issuer in Singapore. See Note Condition 10 of "Terms and Conditions of the Notes other than the Perpetual Capital Securities" (in respect of Subordinated Notes) and Perpetual Capital Securities Condition 11 of "Terms and Conditions of the Perpetual Capital Securities" (in respect of Perpetual Capital Securities only), as applicable.

If the Relevant Issuer defaults on the payment of principal or interest on the Subordinated Notes, or Distributions on the Perpetual Capital Securities, as applicable, the Trustee will only institute a proceeding in Singapore for the winding-up of the Relevant Issuer if it is so contractually obliged. The Trustee will have no right to accelerate payment of the Subordinated Notes or the Perpetual Capital Securities, as applicable, in the case of default in payment or failure to perform a covenant except as they may be so permitted in the Trust Deed.

The Subordinated Notes and Perpetual Capital Securities will be unsecured and subordinated obligations of the Relevant Issuer and will rank junior in priority to the claims of the DBS Bank Relevant Creditors or DBSH Relevant Creditors, as the case may be (as defined in "Terms and Conditions of the Notes other than the Perpetual Capital Securities" (in respect of the Subordinated Notes) and "Terms and Conditions of the Perpetual Capital Securities" (in respect of the Perpetual Capital Securities only), as applicable, herein). In addition, any Subordinated Notes or Perpetual Capital Securities, as applicable, issued by DBSH would be structurally subordinated to obligations and liabilities of any of DBSH's subsidiaries and therefore creditors of DBSH's subsidiaries would have priority ranking. Upon the occurrence of any winding-up proceedings, the rights of the holders of the relevant Subordinated Notes or the Perpetual Capital Securities, as applicable, to payments on such Subordinated Notes or Perpetual Capital Securities, as applicable, will be subordinated in right of payment to the prior payment in full of claims of the DBS Bank Relevant Creditors or DBSH Relevant Creditors, as the case may be, as applicable, except those liabilities which rank equally with or junior to the relevant Subordinated Notes or the Perpetual Capital Securities, as applicable. In a winding-up proceeding, the holders of the relevant Subordinated Notes or the Perpetual Capital Securities, as applicable, may recover less than the holders of deposit liabilities or the holders of other unsubordinated liabilities of the Relevant Issuer, as applicable. As there is no precedent for a winding-up of a major financial institution in Singapore, there is uncertainty as to the manner in which such a proceeding would occur and the results thereof. Although Subordinated Notes or Perpetual Capital Securities may pay a higher rate of interest (in respect of Subordinated Notes), or Distributions (in the case of Perpetual Capital Securities only), as applicable, than comparable Notes which are not subordinated, there is a risk that an investor in Subordinated Notes or Perpetual Capital Securities, as applicable, will lose all or some of its investment should the Relevant Issuer become insolvent.

The terms of the Subordinated Notes or the Perpetual Capital Securities may contain non-viability loss absorption provisions, and the occurrence of a Trigger Event may be inherently unpredictable and beyond the control of the Relevant Issuer.

MAS Notice 637 provides that the terms of all Additional Tier 1 and Tier 2 capital instruments must be loss absorbing at the point of non-viability. In this regard, the terms of all Additional Tier 1 and Tier 2

capital instruments issued from 1 January 2013 onwards, require a provision that such instruments, at the option of the MAS, be either written-off or converted into ordinary shares upon the occurrence of the trigger event. The trigger event would be the earlier of:

(a) the MAS notifying the Relevant Issuer in writing that it is of the opinion that a write-off or conversion is necessary, without which (where DBS Bank is the Relevant Issuer) DBS Bank Group or DBS Group, or (where DBSH is the Relevant Issuer) DBSH or DBS Group, would become non-viable; and

(b) the MAS decision to make a public sector injection of capital, or equivalent support, without which (where DBS Bank is the Relevant Issuer) DBS Bank Group or DBS Group, or (where DBSH is the Relevant Issuer) DBSH or DBS Group, would have become non-viable, as determined by the MAS,

(for the purposes of this Offering Circular, each a "**Trigger Event**").

To the extent that a series of Subordinated Notes or Perpetual Capital Securities, as applicable, contains provisions relating to loss absorption, upon the occurrence of a Trigger Event relating to (in the case of Subordinated Notes or Perpetual Capital Securities, as applicable, issued by DBS Bank) DBS Bank Group or DBS Group or (in the case of Subordinated Notes or Perpetual Capital Securities, as applicable, issued by DBSH) DBSH or DBS Group as determined by the MAS, the Relevant Issuer may be required, subject to the terms of the relevant series of Subordinated Notes or Perpetual Capital Securities, as applicable, and the discretion of the MAS, irrevocably (without the need for the consent of the holders of such Subordinated Notes or Perpetual Capital Securities, as applicable) to effect either a full or partial write-off of the outstanding principal and accrued and unpaid interest in respect of such Subordinated Notes or accrued and unpaid Distributions in respect of Perpetual Capital Securities, as applicable.

To the extent relevant in the event that such Subordinated Notes or Perpetual Capital Securities, as applicable, are written-off, any written-off amount shall be irrevocably lost and holders of such Subordinated Notes or Perpetual Capital Securities, as applicable, will cease to have any claims for any principal amount and accrued but unpaid interest (in respect of Notes other than Perpetual Capital Securities) or any principal amount and accrued but unpaid Distributions (in respect of Perpetual Capital Securities only), as applicable, which has been subject to write-off. No Noteholder or Securityholder may exercise, claim or plead any right to any amount written-off, and each Noteholder and Securityholder shall be deemed to have waived all such rights to such amounts written-off. Furthermore, the requirement for conversion or write-off upon the occurrence of a Trigger Event does not apply to subordinated debt issued by an Issuer prior to 1 January 2013, and accordingly the Noteholders and Securityholders are likely to be in a worse position, in the event that an Issuer becomes non-viable, than holders of Tier 2 instruments or Additional Tier 1 instruments, as the case may be, issued by an Issuer in the past and which does not include mandatory conversion or write-off features. This includes all of DBS Bank's Additional Tier 1 instruments outstanding on the date hereof. A write-off of any amount in respect of the Subordinated Notes or the Perpetual Capital Securities (as the case may be) shall not constitute a Default under the relevant Conditions.

While the MAS has set out a list of factors that it may take into account in assessing viability, it is not an exhaustive list and, ultimately, the circumstances in which the MAS may exercise its discretion are not limited. Due to the inherent uncertainty regarding the determination of whether a Trigger Event exists, it will be difficult to predict when, if at all, a write-off will occur. Accordingly, the trading behaviour in respect of Subordinated Notes or Perpetual Capital Securities, as applicable, which have the non-viability loss absorption feature is not necessarily expected to follow trading behaviour associated with other types of securities. Any indication that DBS Bank and its subsidiaries or DBSH and its subsidiaries (as the case

may be) are trending towards a Trigger Event could have a material adverse effect on the market price of the relevant Subordinated Notes or the Perpetual Capital Securities, as applicable.

Potential investors should consider the risk that a holder of Subordinated Notes or Perpetual Capital Securities, as applicable, which have the non-viability loss absorption feature may lose all of their investment in such Subordinated Notes or Perpetual Capital Securities, as applicable, including the principal amount plus any accrued but unpaid interest (in respect of Notes other than Perpetual Capital Securities) or the principal amount plus any accrued but unpaid Distributions (in respect of Perpetual Capital Securities only), as applicable, in the event that a Trigger Event occurs.

The occurrence of a Trigger Event may be inherently unpredictable and may depend on a number of factors which may be outside of the Relevant Issuer's, the DBS Bank Group's or the DBS Group's (as applicable) control. The MAS may require or may cause a write-off in circumstances that are beyond the control of the Relevant Issuer, DBS Bank Group and the DBS Group (as applicable) and with which neither the Relevant Issuer, DBS Bank Group nor the DBS Group (as applicable) agree.

Subordinated Notes or Perpetual Capital Securities, as applicable, that include a loss absorption feature are novel and complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in such Subordinated Notes or Perpetual Capital Securities, as applicable, unless it has the knowledge and expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the likelihood of a write-down and the value of such Subordinated Notes or Perpetual Capital Securities, as applicable, and the impact this investment will have on the potential investor's overall investment portfolio. Prior to making an investment decision, potential investors should consider carefully, in light of their own financial circumstances and investment objectives, all the information contained in this Offering Circular or incorporated by reference herein.

The terms and conditions of the Subordinated Notes and the Perpetual Capital Securities may provide for multiplicity of actions in the event of enforcement.

The terms and conditions of the Subordinated Notes and the Perpetual Capital Securities (other than those that are to be governed exclusively by Singapore law) provide that they shall be governed by English law and that disputes arising in relation thereto shall be subject to the jurisdiction of the English courts, except for the provisions relating to the subordination of such Subordinated Notes or Perpetual Capital Securities, which shall be governed by Singapore law and subject to the jurisdiction of the Singapore courts in the event of a dispute. As such, in the event of an enforcement of those Subordinated Notes or Perpetual Capital Securities, the Trustee or the holders may need to commence separate actions in the English and Singapore courts in relation to a single claim. Whilst the English courts and the Singapore courts may defer the relevant part of the claim to the other court, the two claims are inherently linked and there is no certainty as to the approach that the two court systems would take in relation to those separate claims and proceedings, and therefore the process and procedures for action and the ultimate manner of judgment would be uncertain. This multiplicity of proceedings and lack of certainty could adversely affect the Trustee's or the holders' claims and the enforcement thereof and could introduce delays into the process of enforcement of those claims.

The Perpetual Capital Securities are perpetual securities and Securityholders have no right to require redemption.

The Perpetual Capital Securities are perpetual and have no maturity date. Securityholders have no ability to require the Relevant Issuer to redeem the Perpetual Capital Securities. The Relevant Issuer can redeem the Perpetual Capital Securities in certain circumstances as described in "Terms and Conditions of the Perpetual Capital Securities", but the Relevant Issuer is under no obligation to redeem

the Perpetual Capital Securities at any time. The Relevant Issuer's ability to redeem Perpetual Capital Securities is subject to the Relevant Issuer obtaining the prior written consent of the MAS (if then required) to the redemption, and satisfying any conditions that the MAS may impose at that time.

This means that Securityholders have no ability to cash in their investment, except if the Relevant Issuer exercises its right to redeem the Perpetual Capital Securities or by Securityholders selling their Perpetual Capital Securities in the open market. There can be no guarantee that the Relevant Issuer will exercise its right to redeem the Perpetual Capital Securities or will be able to meet the conditions for redemption of the Perpetual Capital Securities.

Securityholders who wish to sell their Perpetual Capital Securities may be unable to do so at a price at or above the amount they have paid for them, or at all, if insufficient liquidity exists in the market for the Perpetual Capital Securities.

In addition, upon the occurrence of a Tax Event or a Change of Qualification Event, the Perpetual Capital Securities may be redeemed at the Redemption Amount, as more particularly described in "Terms and Conditions of the Perpetual Capital Securities". If any Trigger Event has occurred since the Issue Date, as more fully described in "– *The Subordinated Notes and the Perpetual Capital Securities, as applicable, may be subject to a full or partial write-off",* Securityholders may lose up to the full principal amount of the Perpetual Capital Securities.

There can be no assurance that Securityholders will be able to reinvest the amount received upon redemption at a rate that will provide the same rate of return as their investment in the Perpetual Capital Securities.

Payments of Distribution on the Perpetual Capital Securities are discretionary and such Distributions are non-cumulative.

Payment of Distributions on any Distribution Payment Date is at the sole discretion of the Relevant Issuer. Subject to the Terms and Conditions of the Perpetual Capital Securities, the Relevant Issuer may elect to cancel any Distribution on any Distribution Payment Date. The Relevant Issuer may make such election for any reason. In addition, the Relevant Issuer will not be obliged to pay, and will not pay, any Distribution if:

(a) the Relevant Issuer is prevented by applicable Singapore banking regulations or other requirements of the MAS from making payment in full of dividends or other distributions when due on its Additional Tier 1 Capital Securities;

(b) the Relevant Issuer is unable to make payment of dividends or other distributions on its Additional Tier 1 Capital Securities without causing a breach of the MAS's consolidated or unconsolidated capital adequacy requirements set out in (where the Relevant Issuer is DBS Bank) MAS Notice 637 or (where the Relevant Issuer is DBSH):

    (i) (on the basis that DBSH is subject to the application of MAS Notice 637) MAS Notice 637; or

    (ii) any notice issued by the MAS in respect of Designated Financial Holding Companies that is analogous to MAS Notice 637, from time to time applicable to DBSH; or

(c) the aggregate of the amount of the Distribution (if paid in full), together with the sum of any other dividends and other distributions originally scheduled to be paid (whether or not paid in whole or part) during the Relevant Issuer's then-current fiscal year on the Perpetual Capital Securities or its Additional Tier 1 Capital Securities, would exceed the Distributable Reserves as of the Distribution Determination Date.

Any Distributions which are not paid on the applicable Distribution Payment Date shall not accumulate or be payable at any time thereafter, whether or not funds are, or subsequently become, available. Securityholders will have no right thereto whether in a bankruptcy or dissolution as a result of the Relevant Issuer's insolvency or otherwise.

Therefore, any Distributions not paid will be lost and the Relevant Issuer will have no obligation to make payment of such Distributions or to pay interest thereon. If Distributions are not paid for whatever reason, the Perpetual Capital Securities may trade at a lower price. If a Securityholder sells its Perpetual Capital Securities during such a period, such Securityholder may not receive the same return on investment as a Securityholder who continues to hold its Perpetual Capital Securities until Distributions are resumed.

The Issuers may issue Notes which may give rise to particular risks for potential investors.

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of certain such features:

(a) An optional redemption feature is likely to limit the market value of Notes. During any period when the Relevant Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

An Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate (in respect of Notes other than Perpetual Capital Securities) or the distribution rate (in respect of Perpetual Capital Securities only), as applicable, on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate (in respect of Notes other than Perpetual Capital Securities) or the distribution rate (in respect of Perpetual Capital Securities only), as applicable, as high as the interest rate (in respect of Notes other than Perpetual Capital Securities) or the distribution rate (in respect of Perpetual Capital Securities only), as applicable, on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

(b) The Issuers may issue Notes where the issue price is payable in more than one instalment. Failure to pay any subsequent instalment could result in an investor losing all of its investment.

Notes with floating interest rates (in respect of Notes other than Perpetual Capital Securities) or floating distribution rates (in respect of Perpetual Capital Securities only), as applicable, can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include those features.

(c) Fixed/Floating Rate Notes may bear interest (in respect of Notes other than Perpetual Capital Securities) or Distributions (in respect of Perpetual Capital Securities only), as applicable, at a rate that the Relevant Issuer may elect to convert from a fixed rate to a floating rate, or from a floating rate to a fixed rate. An Issuer's ability to convert the interest rate (in respect of Notes other than Perpetual Capital Securities) or the distribution rate (in respect of Perpetual Capital Securities only), as applicable, will affect the secondary market and the market value of such Notes since the Relevant Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Relevant Issuer converts from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Relevant Issuer converts from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on its Notes.

The market values of securities issued at a substantial discount or premium to their nominal amount tend to fluctuate more in relation to general changes in interest rates (in respect of Notes other than Perpetual Capital Securities) or distribution rates (in respect of Perpetual Capital Securities only), as applicable, than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing (in respect of Notes other than Perpetual Capital Securities) or distribution-bearing (in respect of Perpetual Capital Securities only), as applicable, securities with comparable maturities.

(d) In the case of Notes which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that Notes may be traded in amounts that are not integral multiples of such minimum Specified Denomination. In such a case, a Noteholder who, as a result of trading such amounts, holds a nominal amount of less than the minimum Specified Denomination will not receive a Definitive Note in respect of such holding (should Definitive Notes be printed) and would need to purchase a nominal amount of Notes such that it holds an amount equal to one or more Specified Denominations.

If Definitive Notes are issued, holders should be aware that Definitive Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

There are risks associated with modifying or amending the terms and conditions of the Notes by way of a meeting of Noteholders.

The terms and conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The Issuers and Noteholders may face certain risks associated with any changes to English law, Singapore law or Australian law or administrative practice after the date of the issue of the relevant Notes.

The terms and conditions of the Notes are based on English law, Singapore law or Australian law (as specified in the applicable Pricing Supplement) in effect as at the date of issue of the relevant Notes. No assurance can be given as to the impact of any possible judicial decision or change to English law, Singapore law, Australian law or administrative practice after the date of issue of the relevant Notes.

Limited liquidity of the Notes may affect the market price of the Notes.

The Notes will not be registered under the Securities Act or the securities or blue sky laws of any state of the United States. The Notes are being offered, and may be resold outside of the United States within the meaning of and in compliance with Regulation S under the Securities Act. The Notes may also be offered, and may be resold, within the United States to institutional investors that qualify as "qualified institutional buyers," within the meaning of and in compliance with Rule 144A under the Securities Act; or pursuant to another exemption from the registration requirements of the Securities Act. Consequently, the Notes are subject to restrictions on transfer and resale.

The Notes are a new issue of securities with no established trading market. Application may be made to list the Notes on the Official List of the SGX-ST. However, if for any reason the Notes are not listed, the liquidity of the Notes may be negatively impacted.

The Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate,

currency, credit or market risks, and/or are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have an adverse effect on the market value of the Notes. Even if the Notes are traded, they may trade at a discount from their initial issue price, depending on prevailing interest rates, the market for similar securities, the DBS Group's performance and other factors.

The Dealers have made no commitment and have no obligation to make a market in the Notes. Therefore, no assurance can be given that any Dealer will actually make a market in any Notes that are issued under the Global Medium Term Note Programme, or if it does, that it will continue to make a market in the future. No assurance can be given that an active trading market for any Notes will develop and therefore the liquidity of the Notes may be considerably less than for comparable debt securities.

The Issuers may vary the terms of Subordinated Notes or the Perpetual Capital Securities.

The Relevant Issuer may, without the consent or approval of the Noteholders or the Trustee, but subject to the prior approval of the MAS (to the extent that any variation would affect the eligibility of the subordinated notes as Tier 2 Capital Securities or the eligibility of the Perpetual Capital Securities as Additional Tier 1 Capital Securities of the Relevant Issuer, as applicable), vary the terms of any Subordinated Notes or Perpetual Capital Securities, as applicable, so that they remain or, as appropriate, become DBS Bank Qualifying Securities or, as the case may be, DBSH Qualifying Securities, subject to certain conditions. The terms of such varied Subordinated Notes or the Perpetual Capital Securities, as applicable, may contain one or more provisions that are substantially different from the terms of the original Notes, provided that the Subordinated Notes or the Perpetual Capital Securities, as applicable, remain DBS Bank Qualifying Securities or, as the case may be, DBSH Qualifying Securities in accordance with the relevant Conditions. While the Relevant Issuer cannot make changes to the terms of the Subordinated Notes or the Perpetual Capital Securities, as applicable, that give rise to any right of the Relevant Issuer to redeem the varied securities that is inconsistent with the redemption provisions of such Subordinated Notes or Perpetual Capital Securities, as applicable, result in a Tax Event or Capital Event, or which do not comply with the rules of any stock exchange on which such Subordinated Note or Perpetual Capital Security, as applicable, may be listed or admitted to trading, no assurance can be given as to whether any of these changes will negatively affect any particular Noteholder. Furthermore, the Trustee has no obligation or ability to verify whether the requirements for such variations have been satisfied and will have no discretion in determining whether any such variation results in terms that are materially less favourable to the holders of Subordinated Notes or Perpetual Capital Securities. In addition, the tax and stamp duty consequences of holding such varied Notes could be different for some categories of Noteholder from the tax and stamp duty consequences for them of holding the Notes prior to such variation.

The Subordinated Notes and Perpetual Capital Securities, as applicable, may be subject to a full or partial write-off.

Investors may lose the entire amount of their investment in any Subordinated Notes or Perpetual Capital Securities, as applicable, in which write-off upon the occurrence of a Trigger Event is specified, which will lead to a full or partial write-off. Upon the occurrence of a write-off, the principal amount and any accrued but unpaid interest of such Subordinated Notes or Distributions (in respect of Perpetual Capital Securities only), will automatically be written down and if there is a full write-off, the principal amount and any accrued but unpaid interest (in respect of Notes other than Perpetual Capital Securities) or unpaid Distributions (in respect of Perpetual Capital Securities only), as applicable, may be written down completely and such Subordinated Notes or Perpetual Capital Securities, as applicable, will be automatically cancelled.

In addition, the subordination provisions set out in Note Condition 3(c) (in respect of Subordinated Notes) and Perpetual Capital Securities Condition 3(b) (in respect of Perpetual Capital Securities only) are effective only upon the occurrence of any winding-up proceedings of the Relevant Issuer. In the event that a Trigger Event occurs the rights of holders of Subordinated Notes and Perpetual Capital Securities, as applicable, and the Receipts and Coupons relating to them shall be subject to Note Condition 6 (in respect of Subordinated Notes) and Perpetual Capital Securities Condition 7 (in respect of Perpetual Capital Securities only). This may not result in the same outcome for Subordinated Noteholders or holders of the Perpetual Capital Securities as would otherwise occur under Note Condition 3(c) (in respect of Subordinated Notes) and Perpetual Capital Securities Condition 3(b) (in respect of Perpetual Capital Securities only) upon the occurrence of any winding-up proceedings of the Relevant Issuer.

Furthermore, upon the occurrence of a write-off of any Subordinated Notes or the Perpetual Capital Securities, as applicable, the right to receive interest (in respect of Notes other than Perpetual Capital Securities) or Distributions (in respect of Perpetual Capital Securities only), as applicable, will cease to accrue and all interest (in respect of Notes other than Perpetual Capital Securities) or Distributions (in respect of Perpetual Capital Securities only), as applicable, amounts that were not due and payable prior to the write-off shall become null and void. Consequently, Noteholders will not be entitled to receive any interest that has accrued on such Subordinated Notes or Distributions on such Perpetual Capital Securities, as applicable, from (and including) the last Interest Payment Date (in respect of Subordinated Notes) or the last Distribution Payment Date (in respect of Perpetual Capital Securities only) falling on or prior to the Trigger Event Notice.

Any such write-off will be irrevocable and the Noteholders will, upon the occurrence of a write-off, not receive any shares or other participation rights of the Relevant Issuer, DBS Bank or DBSH (as the case may be) or be entitled to any other participation in the upside potential of any equity or debt securities issued by the Relevant Issuer, DBS Bank or DBSH (as the case may be) or any other member of the DBS Group, or be entitled to any subsequent write-up or any other compensation in the event of a potential recovery of the Relevant Issuer, DBS Bank or DBSH (as the case may be) or the DBS Group.

The Issuers may be subject to a statutory bail-in regime in the future.

It is possible that DBS Bank and DBSH may, in the future, be subject to a statutory bail-in regime. The MAS has issued a Consultation Paper on Proposed Enhancements to Resolution Regime for Financial Institutions in Singapore, which includes proposals that the statutory bail-in regime be applied to unsecured subordinated debt issued after the effective date of the relevant legislative amendments implementing the statutory bail-in regime.

The approach to the adoption of the statutory bail-in regime has not been finalised and there is uncertainty as to how or whether the MAS will implement this and whether the bail-in regime (which could include statutory write down and conversion powers) will apply to the Subordinated Notes or the Perpetual Capital Securities. Any implementation of such a regime could impact the DBS Group's future capital and funding structure and, accordingly, could affect its business.

Singapore accounting and corporate disclosure standards may result in more limited disclosure than in other jurisdictions.

The DBS Group is subject to Singapore's accounting standards and requirements that differ in certain material respects from those applicable to banks in certain other countries. Also, there may be less publicly available information about Singapore listed companies, such as DBSH, than is regularly made available by or about listed companies in certain other countries. This Offering Circular does not include a reconciliation of the financial statements of DBSH, DBS Bank, the DBS Bank Group or the DBS Group to U.S. GAAP and there can be no assurance that such reconciliation would not identify material quantitative differences. Investors should consult their own professional advisors for an understanding of the differences between Singapore FRS and U.S. GAAP, IFRS and the generally accepted accounting

principles of other jurisdictions and how those differences might affect the financial information contained in this Offering Circular.

Noteholders may be subject to Singapore taxation.

The Notes to be issued from time to time under the Programme during the period from the date of this Offering Circular to 31 December 2018 are, pursuant to the Income Tax Act, Chapter 134 of Singapore ("**ITA**") and the MAS Circular FSD Cir 02/2013 entitled Extension and Refinement of Tax Concessions for Promoting the Debt Market issued by the MAS on 28 June 2013, intended to be "qualifying debt securities" for the purposes of the ITA, subject to the fulfilment of certain conditions more particularly described in the section "Taxation – Singapore Taxation".

However, there is no assurance that such Notes will continue to enjoy the tax concessions in connection therewith should the relevant tax laws or MAS circulars be amended or revoked at any time.

Tax treatment of Subordinated Notes or Perpetual Capital Securities that contain non-viability loss absorption provisions is unclear.

It is not clear whether any particular tranche of the Subordinated Notes or the Perpetual Capital Securities, as applicable, which contains non-viability loss absorption provisions will be regarded as debt securities by the Inland Revenue Authority of Singapore ("**IRAS**") for the purposes of the ITA and whether the tax concessions available for qualifying debt securities under the qualifying debt securities scheme (as set out in "Taxation – Singapore Taxation") would apply to such tranche of the Subordinated Notes or the Perpetual Capital Securities, as applicable.

If any tranche of the Subordinated Notes or the Perpetual Capital Securities, as applicable, is not regarded as debt securities for the purposes of the ITA and/or holders thereof are not eligible for the tax concessions under the qualifying debt securities scheme, the tax treatment to holders may differ. Investors and holders of any tranche of the Subordinated Notes or the Perpetual Capital Securities, as applicable, should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding and disposal of such tranche of the Subordinated Notes or the Perpetual Capital Securities, as applicable.

Characterisation of certain Notes may be unclear for U.S. federal income tax purposes.

The characterisation of a Series or Tranche of Notes (including Subordinated Notes and Perpetual Capital Securities) may be uncertain for U.S. federal income tax purposes and will depend on the terms of those Notes. The determination of whether an obligation represents debt, equity, or some other instrument or interest is based on all the relevant facts and circumstances. There may be no United States statutory, judicial or administrative authority directly addressing the characterisation of some of the types of Notes that are anticipated to be issued under the Programme or of instruments similar to the Notes. Each U.S. Holder (as defined in "Taxation – United States Taxation") should consult its own tax advisor about the proper characterisation of the Notes for U.S. federal income tax purposes and consequences to the U.S. Holder of acquiring, owning or disposing of the Notes.

Any credit ratings on DBSH, DBS Bank or the Notes may not reflect all risks associated with investing in DBSH, DBS Bank or the Notes, and a downgrade in the ratings of DBSH, DBS Bank or the Notes may affect the market price of the Notes.

DBSH has long-term issuer ratings of "AA-" from Fitch and "Aa2" from Moody's. DBS Bank is one of the highest rated commercial banks in Asia with long-term issuer ratings of "AA-" from Fitch, "Aa1" from Moody's and "AA-" from Standard & Poor's. DBSH's and DBS Bank's credit ratings have a stable outlook from Fitch and Standard & Poor's. On 31 March 2016, Moody's revised DBSH's and DBS Bank's credit rating outlook to negative. The ratings reflect the ability of the Issuers to make timely payment of principal and interest on senior unsecured debts. There can be no assurance that the ratings will remain in effect for any given period or that the ratings will not be revised by the rating agencies in the future if, in their

judgment, circumstances so warrant. Not all issues of Notes may be rated and even if one or more independent credit rating agencies assigns credit ratings to an issue of Notes, the ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be suspended, revised, downgraded or withdrawn by the assigning rating agency at any time.

Upon the occurrence of a Trigger Event, clearance and settlement of the Subordinated Notes and the Perpetual Capital Securities will be suspended and there may be a delay in updating the records of the relevant clearing system to reflect the amount written-off.

Following the receipt of a Trigger Event Notice, all clearance and settlement of the Subordinated Notes or the Perpetual Capital Securities, as applicable, will be suspended. As a result, Noteholders or Securityholders, as applicable, will not be able to settle the transfer of any Subordinated Notes or Perpetual Capital Securities, as applicable, from the commencement of the Suspension Period, and any sale or other transfer of the Subordinated Notes or Perpetual Capital Securities that a Noteholder or Securityholder, as applicable, may have initiated prior to the commencement of the Suspension Period that is scheduled to settle during the Suspension Period will be rejected by the relevant clearing system and will not be settled within the relevant clearing systems.

The update process of the relevant clearing system may only be completed after the date on which the write-off is scheduled. Notwithstanding such delay, holders of the Subordinated Notes or Perpetual Capital Securities, as applicable, may lose the entire value of their investment in the Subordinated Notes or Perpetual Capital Securities, as applicable, on the date on which the write-off occurs. No assurance can be given as to the period of time required by the relevant clearing system to complete the update of their records or the availability of procedures in the relevant clearing systems to effect any write-offs. Furthermore, the conveyance of notices and other communications by the relevant clearing system to their respective participants, by those participants to their respective indirect participants, and by the participants and indirect participants to beneficial owners of interests in the Global Certificate will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

The book-entry registration system of the Notes may reduce the liquidity of any secondary market for the Notes and may limit the receipt of payments by the beneficial owners of the Notes.

Because transfers of interests in the Global Notes or Global Certificates can be effected only through book entries at Clearstream, Luxembourg, Euroclear, CDP or the CMU in the case of the Global Notes or Global Certificates to be issued in reliance on Regulation S, or DTC, in the case of the Global Certificates to be issued in reliance on Rule 144A, for the accounts of their respective participants, the liquidity of any secondary market for Global Notes or Global Certificates may be reduced to the extent that some investors are unwilling to hold Notes in book-entry form in the name of a Clearstream, Luxembourg, Euroclear, CDP, the CMU or DTC participant. The ability to pledge interests in the Global Notes or Global Certificates may be limited due to the lack of a physical certificate. Beneficial owners of Global Notes or Global Certificates may, in certain cases, experience delay in the receipt of payments of principal and interest (in respect of Notes other than Perpetual Capital Securities) or Distributions (in respect of Perpetual Capital Securities only), as applicable, since such payments will be forwarded by the paying agent to Clearstream, Luxembourg, Euroclear, CDP, the CMU or DTC, as applicable, who will then forward payment to their respective participants, who (if not themselves the beneficial owners) will thereafter forward payments to the beneficial owners of the interests in the Global Notes or Global Certificates. In the event of the insolvency of Clearstream, Luxembourg, Euroclear, CDP, CMU or DTC or any of their respective participants in whose name interests in the Global Notes or Global Certificates are recorded, the ability of beneficial owners to obtain timely or ultimate payment of principal and interest (in

respect of Notes other than Perpetual Capital Securities) or Distributions (in respect of Perpetual Capital Securities only), as applicable, on Global Notes or Global Certificates may be impaired.

Where the AMTNs are lodged with the Austraclear System, investors will have to rely on the procedures of Austraclear for transfer, payment and communication with the Issuers.

AMTNs will be issued in registered certificated form. Each Tranche of AMTNs will be represented by an AMTN Certificate. Each AMTN Certificate is a certificate representing the AMTNs of a particular Tranche and will be substantially in the form set out in the Note (AMTN) Deed Poll, duly completed and signed by the Issuers and authenticated by the Registrar in respect of AMTNs. An AMTN Certificate is not a negotiable instrument nor is it a document of title. Title to any AMTNs, which is the subject of an AMTN Certificate, is evidenced by entry in the Register and, in the event of a conflict, the Register shall prevail (subject to correction for fraud or proven error).

The Issuers may procure that the AMTNs are lodged with the Austraclear System. On lodgement, Austraclear will become the sole registered holder and legal owner of the AMTNs. Subject to the rules and regulations of the Austraclear System (the "**Austraclear System Regulations**") established by Austraclear (as amended or replaced from time to time) to govern the use of the Austraclear System, participants of the Austraclear System ("**Accountholders**") may acquire rights against Austraclear in relation to those AMTNs as beneficial owners and Austraclear is required to deal with the AMTNs in accordance with the directions and instructions of the Accountholders. Investors in AMTNs who are not Accountholders would need to hold their interest in the relevant AMTNs through a nominee who is an Accountholder. All payments made by the Issuers in respect of AMTNs lodged with the Austraclear System will be made directly to an account agreed with Austraclear or as it directs in accordance with the Austraclear System Regulations.

Where the AMTNs are lodged with the Austraclear System, any transfer of AMTNs will be subject to the Austraclear System Regulations. Secondary market sales of AMTNs cleared through the Austraclear System will be settled in accordance with the Austraclear System Regulations.

Notes may not be a suitable investment for all investors.

Each potential investor in any Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

(i) have sufficient knowledge and experience to make a meaningful evaluation of the relevant Notes, the merits and risks of investing in the relevant Notes and the information contained in this Offering Circular or any applicable supplement;

(ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Notes and the impact such investment will have on its overall investment portfolio;

(iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant Notes, including where principal or interest or distribution is payable in one or more currencies, or where the currency for principal or interest or distribution payments is different from the potential investor's currency;

(iv) understand thoroughly the terms of the relevant Notes and be familiar with the behaviour of any relevant indices and financial markets; and

(v) be able to evaluate (either alone or with the help of a financial advisor) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes are complex financial instruments and such instruments may be purchased as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall

portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with the help of a financial advisor) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of such Notes and the impact this investment will have on the potential investor's overall investment portfolio. A potential investor should ensure that he has sufficient knowledge and experience (either alone or with the help of a financial advisor) to make his own legal, tax, accounting and financial evaluation of the merits and risks of investing in the Notes and that he considers the suitability of the Notes as an investment in light of his own circumstances and financial condition.

Legal investment considerations may restrict certain investments.

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisors to determine whether and to what extent the:

(i) Notes are legal investments for it;

(ii) Notes can be used as collateral for various types of borrowing; and

(iii) other restrictions apply to its purchase or pledge of any Notes.

Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

Risks Relating to the Market Generally

The Issuers may face certain risks associated with exchange rate fluctuations and any modifications to exchange controls.

The Relevant Issuer will pay principal and interest (in respect of Notes other than Perpetual Capital Securities) or Distributions (in respect of Perpetual Capital Securities only), as applicable, on the Notes in the currency specified (the "**Settlement Currency**"). This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Settlement Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Settlement Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Settlement Currency would decrease:

(i) the Investor's Currency-equivalent yield on the Notes;

(ii) the Investor's Currency equivalent value of the principal payable on the Notes; and

(iii) the Investor's Currency equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest (in respect of Notes other than Perpetual Capital Securities) or Distributions (in respect of Perpetual Capital Securities only), as applicable, or principal than expected, or no interest (in respect of Notes other than Perpetual Capital Securities), or Distributions (in respect of Perpetual Capital Securities only), as applicable, or principal.

Implementation of and/or changes to the Basel III framework may affect the capital requirements and/or liquidity associated with a holding of the Notes for certain investors.

The Basel Committee approved significant changes to the Basel II regulatory capital and liquidity framework in 2011 (such changes being commonly referred to as Basel III). In particular, Basel III provides for a substantial strengthening of existing prudential rules, including new requirements intended

to reinforce capital standards (with heightened requirements for global systemically important banks) and to establish a leverage ratio "backstop" for financial institutions and certain minimum liquidity standards (referred to as the Liquidity Coverage Ratio and the Net Stable Funding Ratio). It is intended that member countries will implement the new capital standards and the new Liquidity Coverage Ratio as soon as possible (with provision for phased implementation, meaning that the measure will not apply in full until January 2019) and the Net Stable Funding Ratio from January 2018. Implementation of Basel III requires national legislation and therefore the final rules and the timetable for their implementation in each jurisdiction may be subject to some level of national variation.

Implementation of the Basel framework and any changes as described above may have an impact on the capital requirements in respect of the Notes and/or on incentives to hold the Notes for investors that are subject to requirements that follow the revised framework and, as a result, they may affect the liquidity and/or value of the Notes.

In general, investors should consult their own advisers as to the regulatory capital and liquidity requirements in respect of the Notes and as to the consequences for and effect on them of any changes to the Basel framework (including the changes described above) and the relevant implementing measures. No predictions can be made as to the precise effects of such matters on any investor or otherwise.

Risks Related to Renminbi-Denominated Notes

Notes denominated in Renminbi ("**RMB Notes**") may be issued under the Programme. RMB Notes contain particular risks for potential investors.

Renminbi is not freely convertible and there are significant restrictions on remittance of Renminbi into and outside the PRC.

Renminbi is not freely convertible at present. The PRC government continues to regulate conversion between Renminbi and foreign currencies despite significant reduction in control by it in recent years over trade transactions involving import and export of goods and services as well as other frequent routine foreign exchange transactions. These transactions are known as current account items.

However, remittance of Renminbi by foreign investors into the PRC for the purposes of capital account items, such as capital contributions, is generally only permitted upon obtaining specific approvals from, or completing specific registrations or filings with, the relevant authorities on a case-by-case basis and is subject to a strict monitoring system. Regulations in the PRC on the remittance of Renminbi into the PRC for settlement of capital account items are developing gradually.

In respect of Renminbi foreign direct investments ("**FDI**"), the People's Bank of China ("**PBOC**") promulgated the *Administrative Measures on Renminbi Settlement of Foreign Direct Investment* (外商直接投资人民币结算业务管理办法) (the "**PBOC FDI Measures**") on 13 October 2011 as part of PBOC's detailed Renminbi FDI accounts administration system. The system covers almost all aspects in relation to FDI, including capital injections, payments for the acquisition of PRC domestic enterprises, repatriation of dividends and other distributions, as well as Renminbi denominated cross-border loans. On 14 June 2012, PBOC issued a circular setting out the operational guidelines for FDI. Under the PBOC FDI Measures, special approval for FDI and shareholder loans from PBOC, which was previously required, is no longer necessary. In some cases however, post-event filing with PBOC is still necessary.

On 3 December 2013, the Ministry of Commerce of the PRC ("**MOFCOM**") promulgated the *Circular on Issues in relation to Cross-border Renminbi Foreign Direct Investment* (商务部关于跨境人民币直接投资有关问题的公告) (the "**MOFCOM Circular**"), which became effective on 1 January 2014, to further facilitate FDI by simplifying and streamlining the applicable regulatory framework. Pursuant to the MOFCOM Circular, the appropriate office of MOFCOM and/or its local counterparts will grant written approval for each FDI and specify "Renminbi Foreign Direct Investment" and the amount of capital

contribution in the approval. Unlike previous MOFCOM regulations on FDI, the MOFCOM Circular removes the approval requirement for foreign investors who intend to change the currency of its existing capital contribution from a foreign currency to Renminbi. In addition, the MOFCOM Circular also clearly prohibits the FDI funds from being used for any investment in securities and financial derivatives (except for investment in the PRC listed companies as strategic investors) or for entrustment loans in the PRC.

As the PBOC FDI Measures and the MOFCOM Circular are relatively new circulars, they will be subject to interpretation and application by the relevant authorities in the PRC.

There is no assurance that the PRC government will continue to gradually liberalise control over cross-border remittance of Renminbi in the future, that the pilot schemes for Renminbi cross-border utilisation will not be discontinued or that new regulations in the PRC will not be promulgated in the future which have the effect of restricting or eliminating the remittance of Renminbi into or out of the PRC. In the event that funds cannot be repatriated out of the PRC in Renminbi, this may affect the overall availability of Renminbi outside the PRC and the ability of the Issuer to source Renminbi to finance its obligations under Notes denominated in Renminbi. Each investor should consult its own advisors to obtain a more detailed explanation of how the PRC regulations and rules may affect their investment decisions.

There is only limited availability of Renminbi outside the PRC, which may affect the liquidity of RMB Notes and the Relevant Issuer's ability to source Renminbi outside the PRC to service such RMB Notes.

As a result of the restrictions by the PRC government on cross-border Renminbi fund flows, the availability of Renminbi outside of the PRC is limited. While PBOC has entered into agreements on the clearing of Renminbi business with financial institutions in a number of financial centres and cities (the "**Renminbi Clearing Banks**") and are in the process of establishing Renminbi clearing and settlement mechanisms in several other jurisdictions (the "**Settlement Arrangements**"), the current size of Renminbi denominated financial assets outside the PRC is limited.

There are restrictions imposed by PBOC on Renminbi business participating banks in respect of cross-border Renminbi settlement, such as those relating to direct transactions with PRC enterprises. Furthermore, Renminbi business participating banks do not have direct Renminbi liquidity support from PBOC. The Renminbi Clearing Banks only have access to onshore liquidity support from PBOC for the purpose of squaring open positions of participating banks for limited types of transactions and are not obliged to square for participating banks any open positions resulting from other foreign exchange transactions or conversion services. In such cases, the participating banks will need to source Renminbi from outside the PRC to square such open positions.

Although it is expected that the offshore Renminbi market will continue to grow in depth and size, its growth is subject to many constraints as a result of PRC laws and regulations on foreign exchange. There is no assurance that new PRC rules and regulations will not be promulgated or amended in the future which will have the effect of restricting availability of Renminbi offshore. The limited availability of Renminbi outside the PRC may affect the liquidity of RMB Notes. To the extent the Relevant Issuer is required to source Renminbi in the offshore market to service its RMB Notes, there is no assurance that the Relevant Issuer will be able to source such Renminbi on satisfactory terms, if at all. If Renminbi is not available in certain circumstances as described under the Notes, the Relevant Issuer can make payments under the Notes in a currency other than Renminbi.

Investment in RMB Notes is subject to exchange rate risks.

The value of Renminbi against the U.S. dollar and other foreign currencies fluctuates and is affected by changes in the PRC and international political and economic conditions and other factors. Recently, the PBOC implemented changes to the way it calculates the Renminbi's daily mid-point against the U.S. dollar to take into account market-maker quotes before announcing such daily mid-point. This change, and others that may be implemented, may increase the volatility in the value of the Renminbi against

foreign currencies. All payments of interest (in respect of Notes other than Perpetual Capital Securities) or Distributions (in respect of Perpetual Capital Securities only), as applicable, and principal will be made with respect to RMB Notes in Renminbi save as provided in the terms and conditions in accordance with Note Condition 7(j) (in respect of Notes other than Perpetual Capital Securities) and Perpetual Capital Securities Condition 8(f) (in respect of Perpetual Capital Securities only), as applicable. As a result, the value of these Renminbi payments may vary with the changes in the prevailing exchange rates in the marketplace. If the value of Renminbi depreciates against another foreign currency, the value of the investment made by a holder of the RMB Notes in that foreign currency will decline. If an investor measures its investment returns by reference to a currency other than Renminbi, an investment in the RMB Notes entails foreign exchange related risks, including possible significant changes in the value of RMB relative to the currency by reference to which an investor measures its investment returns. Depreciation of the Renminbi against such currency could cause a decrease in the effective yield of the RMB Notes below their stated coupon rates and could result in a loss when the return on the RMB Notes is translated into such currency. In addition, there may be tax consequences for investors as a result of any foreign currency gains resulting from any investment in RMB Notes.

Investment in the RMB Notes is subject to currency risk.

If the Relevant Issuer is not able, or it is impracticable for it, to satisfy its obligation to pay interest (in respect of Notes other than Perpetual Capital Securities) or Distributions (in respect of Perpetual Capital Securities only), as applicable, and principal on the RMB Notes as a result of Inconvertibility, Non-transferability or Illiquidity (each, as defined in the relevant Conditions), the Relevant Issuer shall be entitled, on giving not less than five or more than 30 days' irrevocable notice to the Noteholders prior to the due date for payment, to settle any such payment in U.S. Dollars or Singapore dollars, as the case may be, on the due date at the U.S. Dollar Equivalent or the Singapore Dollar Equivalent respectively, of any such Renminbi denominated amount.

Payments in respect of RMB Notes will only be made to investors in the manner specified in such RMB Notes.

All payments to investors in respect of RMB Notes will be made solely:

(i) when RMB Notes are represented by global certificates, by transfer to a Renminbi bank account maintained in Hong Kong or Singapore, as the case may be, in accordance with prevailing CMU rules and procedures or CDP rules, as the case may be; or

(ii) when RMB Notes are in definitive form, by transfer to a Renminbi bank account maintained in Hong Kong or Singapore in accordance with prevailing rules and regulations.

In the event that a holder of RMB Notes fails to maintain a valid Renminbi account with a bank in Hong Kong or Singapore, as the case may be, and accordingly, payments are unsuccessful, it is possible that such amounts may be settled in a currency other than Renminbi. The Relevant Issuer cannot be required to make payment by any other means (including in any other currency or in bank notes, by check or draft or by transfer to a bank account in the PRC).

EXCHANGE RATES

The following table sets forth, for the periods indicated, information concerning the exchange rates between Singapore dollars and U.S. dollars based on the average mid-day rate published by the MAS on each business day during the relevant period.

	Singapore Dollars per U.S.$1.00 Mid-Day Rate			
	Average	**Low**	**High**	**Period End**
Fiscal Year/Period				
2010	1.3630	1.2847	1.4217	1.2875
2011	1.2577	1.2009	1.3166	1.3007
2012	1.2496	1.2183	1.2994	1.2221
2013	1.2513	1.2208	1.2846	1.2653
2014	1.2671	1.2377	1.3253	1.3213
2015	1.3749	1.3204	1.4356	1.4139
3 months ended 31 March 2016	1.4039	1.3511	1.4394	1.3511

The following table sets forth, for the periods indicated, information concerning the exchange rates between Singapore dollars and U.S. dollars based on the average mid-day rate published by the MAS on each business day during the relevant period.

	Singapore Dollars per U.S.$1.00 Mid-Day Rate			
	Average	**Low**	**High**	**Period End**
Month				
January 2016	1.4335	1.4233	1.4394	1.4277
February 2016	1.4063	1.3889	1.4320	1.4085
March 2016	1.3748	1.3511	1.4039	1.3511
1 April through 4 April 2016	1.3511	1.3510	1.3512	1.3510

The above tables illustrate how many Singapore dollars it would take to buy one U.S. dollar for the periods indicated. These transactions should not be construed as a representation that those Singapore dollar or U.S. dollar amounts could have been, or could be, converted into U.S. dollars or Singapore dollars, as the case may be, at any particular rate, or at all.

Exchange Controls

Currently, there are no exchange control restrictions in Singapore.

TERMS AND CONDITIONS OF THE NOTES OTHER THAN THE PERPETUAL CAPITAL SECURITIES

*The following is the text of the terms and conditions (the "**Conditions**") that, save for the words in italics and, subject to completion and amendment and as supplemented or varied in accordance with the provisions of the applicable Pricing Supplement, shall be applicable to the Notes in definitive form (if any) issued in exchange for the Global Note(s) representing each Series and to AMTNs (as defined below). Either (i) the full text of these terms and conditions together with the relevant provisions of the applicable Pricing Supplement or (ii) these terms and conditions as so completed, amended, supplemented or varied (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on such Bearer Notes or on the Certificates relating to such Registered Notes (other than AMTNs). All capitalised terms that are not defined in these Conditions will have the meanings given to them in the applicable Pricing Supplement or the Trust Deed, as the case may be. Those definitions will be endorsed on the Definitive Notes or Certificates, as the case may be. References in the Conditions to "**Notes**" are to the Notes of one Series only, not to all Notes that may be issued under the Programme. References in these Conditions to the "**Issuer**" are references to: (i) DBS Bank; (ii) in the case of Senior Notes issued by any branch of DBS Bank outside Singapore, any of its branches outside Singapore (including, without limitation, DBS Bank Ltd., Australia Branch, DBS Bank Ltd., Dubai (DIFC) branch, DBS Bank Ltd., Hong Kong branch and DBS Bank Ltd., London branch); and (iii) DBSH, as specified in the applicable Pricing Supplement.*

The Notes (other than Notes denominated in Australian dollars, issued in the Australian domestic capital market and ranking as senior obligations of the Issuer ("**AMTNs**")) are constituted by an amended and restated Trust Deed (as amended or supplemented as at the date of issue of the Notes (the "**Issue Date**"), the "**Trust Deed**") dated 14 April 2016 between DBS Bank Ltd. ("**DBS Bank**"), DBS Group Holdings Ltd ("**DBSH**" and, together with DBS Bank and any of its branches outside Singapore, the "**Issuers**" and each an "**Issuer**") and The Bank of New York Mellon, London Branch (the "**Trustee**", which expression shall include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for the Noteholders (as defined below) [as supplemented by the Singapore Supplemental Trust Deed (as amended or supplemented as at the Issue Date) dated 14 April 2016 between the Issuers and the Trustee][1] and, where applicable, the Notes which are specified in the applicable Pricing Supplement to be held in and cleared through The Central Depository (Pte) Limited ("**CDP**") are issued with the benefit of a deed of covenant dated on 26 March 2014 as supplemented by a deed of covenant dated 14 April 2016 each relating to the Notes executed by the Relevant Issuer (each as amended, varied or supplemented from time to time (the "**CDP Deed of Covenant**")). AMTNs will be constituted by a Deed Poll dated 14 April 2016 (as amended and supplemented from time to time, the "**Note (AMTN) Deed Poll**"). The provisions of these Conditions (as defined below) relating to Bearer Notes, Certificates, Receipts, Coupons and Talons do not apply to AMTNs. The Trustee is not appointed in respect of any AMTNs and accordingly, if the agreement, opinion, approval, consent, satisfaction or any similar action or decision (however described) is specified or required of, from, by or on the part of the Trustee with respect to any Notes or documents in these Conditions, such agreement, opinion, approval, consent, satisfaction or any similar action or decision (however described) of the Trustee shall not be required in respect of any AMTNs, the Note (AMTN) Deed Poll or any other document or agreement in connection with them.

These terms and conditions (the "**Conditions**") include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Notes, Certificates, Receipts, Coupons and Talons referred to below. An amended and restated Agency Agreement (as amended or supplemented as at the Issue Date, the "**Agency Agreement**") dated 14 April 2016 has been entered into in relation to

[1] Include for Notes governed by Singapore law.

the Notes (other than AMTNs) between the Issuers, the Trustee, The Bank of New York Mellon, London Branch as initial issuing and paying agent (except as otherwise described below), The Bank of New York Mellon, Hong Kong Branch as the lodging and paying agent for Notes to be held in the Central Moneymarkets Unit Service operated by the Hong Kong Monetary Authority (the "**CMU Service**"), The Bank of New York Mellon, Singapore Branch as paying agent for Notes to be cleared through the computerised system (the "**CDP System**") operated by the CDP, The Bank of New York Mellon as issuing and paying agent for the Notes to be cleared through Depository Trust Company and the other agents named in it. The issuing and paying agent, the CMU lodging and paying agent, the CDP paying agent, the other paying agents, the registrars, the transfer agents and the calculation agent(s) for the time being (if any) are referred to below respectively as the "**Issuing and Paying Agent**", the "**CMU Lodging and Paying Agent**", the "**CDP Paying Agent**", the "**Paying Agents**" (which expression shall include the Issuing and Paying Agent, the CMU Lodging and Paying Agent and the CDP Paying Agent), the "**Registrar**", the "**Transfer Agents**" (which expression shall include the Registrars) and the "**Calculation Agent(s)**". DBS Bank and BTA Institutional Services Australia Limited (ABN 48 002 916 396) (the "**Australian Agent**") as registrar and issuing and paying agent in Australia have entered into an Agency and Registry Services Agreement (as amended and supplemented from time to time, the "**Australian Agency Agreement**") dated 14 April 2016 in relation to the AMTNs. For the purposes of these Conditions, all references (other than in relation to the determination of interest and other amounts payable in respect of the Notes) to the Issuing and Paying Agent shall, unless provided otherwise, with respect to a Series of Notes to be held in the CMU Service, be deemed to be a reference to the CMU Lodging and Paying Agent and all such references shall be construed accordingly. References in these conditions to the "**Issuer**" are to the entity named as such in the applicable Pricing Supplement and "**subsidiary**" has the meaning given to this term under the Companies Act, Chapter 50 of Singapore. For the purposes of these Conditions, all references to the Issuing and Paying Agent shall, unless provided otherwise, with respect to a Series of Notes to be held in the CDP, be deemed to be a reference to the CDP Paying Agent and all such references shall be construed accordingly. Copies of the Trust Deed, CDP Deed of Covenant and the Agency Agreement referred to above are available for inspection free of charge during usual business hours at the principal office of the Trustee (presently at One Canada Square, London, E14 5AL, United Kingdom) and at the specified offices of the Paying Agents and the Transfer Agent. The Note (AMTN) Deed Poll will be held by the Australian Agent and copies of the Note (AMTN) Deed Poll and the Australian Agency Agreement referred to above are available for inspection free of charge during usual business hours at the principal office of the Australian Agent (presently at Level 2, 35 Clarence Street, Sydney NSW 2000, Australia). If required in connection with any legal proceedings, claims or actions brought by a holder of AMTNs, DBS Bank must procure that the Australian Agent provide a certified copy of the Note (AMTN) Deed Poll and the Australian Agency Agreement to such holder within 14 days of a written request to the Issuer to so provide.

The Noteholders, the holders of the interest coupons (the "**Coupons**") relating to interest bearing Notes in bearer form and, where applicable in the case of such Bearer Notes, talons for further Coupons (the "**Talons**") (the "**Couponholders**") and the holders of the receipts for the payment of instalments of principal (the "**Receipts**") relating to Bearer Notes of which the principal is payable in instalments (the "**Receiptholders**") are entitled to the benefit of, are bound by, and are deemed to have notice of, these Conditions, (in respect of the holders of Notes (other than AMTNs)) all the provisions of the Trust Deed, the applicable Pricing Supplement and (in respect of the AMTN holders only) the Note (AMTN) Deed Poll, and are deemed to have notice of those provisions applicable to them of (in respect of the holders of Notes (other than AMTNs)) the Agency Agreement or (in respect of holders of AMTNs only) the Australian Agency Agreement. The Pricing Supplement for this Note (or the relevant provisions thereof) is attached to or endorsed on this Note. References to "**applicable Pricing Supplement**" are to the Pricing Supplement (or relevant provisions thereof) attached to or endorsed on this Note.

All capitalised terms that are not defined in these Conditions will have the meanings given to them in the applicable Pricing Supplement or the Trust Deed, as the case may be.

As used in these Conditions, "**Tranche**" means Notes which are identical in all respects.

1 Form, Denomination and Title

The Notes are issued in bearer form ("**Bearer Notes**") or in registered form ("**Registered Notes**"), in each case in the Specified Denomination(s) shown hereon. AMTNs and Subordinated Notes (as defined in Condition 3(b)) will only be issued in registered certificated form.

*All Registered Notes shall have the same Specified Denomination. Unless otherwise permitted by the then current laws and regulations, Notes which have a maturity of less than one year and in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the Financial Services and Markets Act 2000 ("**FSMA**") will have a minimum denomination of £100,000 (or its equivalent in other currencies). Notes sold in reliance on Rule 144A will be in minimum denominations of U.S.$200,000 (or its equivalent in other currencies) and integral multiples of U.S.$1,000 (or its equivalent in other currencies) in excess thereof, subject to compliance with all legal and/or regulatory requirements applicable to the relevant currency. Notes which are listed on the Singapore Stock Exchange Securities Limited or any successor thereto (the "**SGX-ST**") will be traded on the SGX-ST in a minimum board lot size of S$200,000 (or its equivalent in other currencies) or such other amount as may be allowed or required from time to time. In the case of any Notes which are to be admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under Directive 2003/71/EC (the "**Prospectus Directive**"), the minimum Specified Denomination shall be €100,000 (or its equivalent in any other currency as at the date of issue of the relevant Notes).*

Each Note may be a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, a combination of any of the foregoing or any other kind of Note, depending upon the Interest and Redemption/Payment Basis shown thereon.

Bearer Notes are serially numbered and are issued with Coupons (and, where appropriate, a Talon) attached, save in the case of Zero Coupon Notes in which case references to interest (other than in relation to interest due after the Maturity Date), Coupons and Talons in these Conditions are not applicable. Any Bearer Note, the nominal amount of which is redeemable in instalments, is issued with one or more Receipts attached.

Registered Notes (other than AMTNs) are represented by registered certificates ("**Certificates**") and, save as provided in Condition 2(c), each Certificate shall represent the entire holding of Registered Notes by the same holder.

Title to the Bearer Notes and the Receipts, Coupons and Talons shall pass by delivery. Title to the Registered Notes shall pass by registration in the register that the Issuer shall procure to be kept by the relevant Registrar or, in the case of AMTNs, the Australian Agent (the "**Register**"). The Issuer may appoint a registrar (the "**Alternative Registrar**") in accordance with the provisions of the Agency Agreement other than the Registrar in relation to any Series comprising Registered Notes. In these Conditions, "**Registrar**" includes, if applicable, in relation to any Series comprising Registered Notes, the Registrar or the Australian Agent or, as the case may be, the Alternative Registrar, as specified hereon. Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Note, Receipt, Coupon or Talon shall be deemed to be and may be treated as its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on it (or on the Certificate representing it) or its theft or loss (or that of the related Certificate) and no person shall be liable for so treating the holder.

In these Conditions, "**Noteholder**" means the bearer of any Bearer Note and the Receipts relating to it or the person in whose name a Registered Note is registered (as the case may be), "**holder**" (in relation to

a Note, Receipt, Coupon or Talon) means the bearer of any Bearer Note, Receipt, Coupon or Talon or the person in whose name a Registered Note is registered (as the case may be) and capitalised terms have the meanings given to them hereon, the absence of any such meaning indicating that such term is not applicable to the Notes.

References in the Conditions to Coupons, Talons, Couponholders, Receipts and Receiptholders relate to Bearer Notes only.

In the case of AMTNs, the following provisions shall apply in lieu of the foregoing provisions of Condition 1 in the event of any inconsistency.

AMTNs will be the debt obligations of DBS Bank owing under the Note (AMTN) Deed Poll. The AMTNs will be represented by a certificate ("**AMTN Certificate**") and will take the form of entries in a Register to be established and maintained by the Australian Agent in Sydney unless otherwise agreed with the Australian Agent (pursuant to the Australian Agency Agreement). The Agency Agreement is not applicable to the AMTNs.

AMTNs will not be serially numbered. Each entry in the Register constitutes a separate and individual acknowledgement to the relevant Noteholder of the indebtedness of DBS Bank to the relevant Noteholder. The obligations of DBS Bank in respect of each AMTN constitute separate and independent obligations which the Noteholder is entitled to enforce in accordance with these Conditions and the Note (AMTN) Deed Poll. Other than an AMTN Certificate, no certificate or other evidence of title will be issued by or on behalf of DBS Bank unless DBS Bank determines that certificates should be made available or it is required to do so pursuant to any applicable law or regulation.

No AMTN will be registered in the name of more than four persons. AMTNs registered in the name of more than one person are held by those persons as joint tenants. AMTNs will be registered by name only, without reference to any trusteeship and an entry in the Register in relation to an AMTN constitutes conclusive evidence that the person so entered is the registered owner of such AMTN, subject to rectification for fraud or error.

Upon a person acquiring title to any AMTNs by virtue of becoming registered as the owner of that AMTN, all rights and entitlements arising by virtue of the Note (AMTN) Deed Poll in respect of that AMTN vest absolutely in the registered owner of the AMTN, such that no person who has previously been registered as the owner of the AMTN has or is entitled to assert against DBS Bank or the Australian Agent or the registered owner of the AMTN for the time being and from time to time any rights, benefits or entitlements in respect of the AMTN.

Each Tranche of AMTNs will be represented by a single AMTN Certificate substantially in the form set out in the Note (AMTN) Deed Poll. DBS Bank shall issue and deliver, and procure the authentication by the Australian Agent of, such number of AMTN Certificates as are required from time to time to represent all of the AMTNs of each Tranche. An AMTN Certificate is neither a negotiable instrument nor a document of title in respect of any AMTNs represented by it. In the event of a conflict between any AMTN Certificate and the Register, the Register shall prevail (subject to correction for fraud or proven error).

2 No Exchange of Notes and Transfers of Registered Notes

(a) **No Exchange of Notes**: Registered Notes may not be exchanged for Bearer Notes. Bearer Notes of one Specified Denomination may not be exchanged for Bearer Notes of another Specified Denomination. Bearer Notes may not be exchanged for Registered Notes.

(b) **Transfer of Registered Notes (other than AMTNs)**: This Condition 2(b) does not apply to AMTNs which are specified in the applicable Pricing Supplement as Registered Notes. Subject to Condition 6, one or more Registered Notes may be transferred upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate representing such

Registered Notes to be transferred, together with the form of transfer endorsed on such Certificate, (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed and any other evidence as the Registrar or Transfer Agent may reasonably require without service charge and subject to payment of any taxes, duties and other governmental charges in respect of such transfer. In the case of a transfer of part only of a holding of Registered Notes represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. All transfers of Notes and entries on the Register will be made subject to the detailed regulations concerning transfers of Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Trustee and the Registrar. A copy of the current regulations will be made available by the Registrar to any Noteholder upon request.

Transfers of interests in the Notes evidenced by the Global Certificate will be effected in accordance with the rules of the relevant clearing systems.

Transfers of interests in any DBS Bank Subordinated Notes that are the subject of a DBS Bank Trigger Event Notice issued in accordance with Condition 6 shall not be permitted during any Suspension Period (as defined in Condition 2(g)).

Transfers of interests in any DBSH Subordinated Notes that are the subject of a DBSH Trigger Event Notice issued in accordance with Condition 6 shall not be permitted during any Suspension Period.

(c) **Exercise of Options or Partial Redemption or Write-off in Respect of Registered Notes**: In the case of an exercise of an Issuer's or Noteholders' option in respect of, or a partial redemption of or a partial DBS Bank Write-off or DBSH Write-off (as the case may be) of, a holding of Registered Notes represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed or Written-off, as the case may be. In the case of a partial exercise of an option resulting in Registered Notes of the same holding having different terms, separate Certificates shall be issued in respect of those Notes of that holding that have the same terms. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any other Transfer Agent. In the case of a transfer of Registered Notes to a person who is already a holder of Registered Notes, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.

(d) **Delivery of New Certificates**: Each new Certificate to be issued pursuant to Condition 2(b) or (c) shall be available for delivery within five business days of receipt of the request for transfer, exercise, redemption or exchange, form of transfer or Exercise Notice (as defined in Condition 5(e)) and surrender of the Certificate for exchange, except (in the case of DBS Bank) for any write-off pursuant to Condition 6(a) or (in the case of DBSH) for any write-off pursuant to Condition 6(b) in which case any new Certificate to be issued shall be available for delivery as soon as reasonably practicable. Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such request for transfer, exercise, redemption or exchange, form of transfer, Exercise Notice or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer, Exercise Notice or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Transfer Agent or the Registrar the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(d), "**business day**" means a day, other than

a Saturday or Sunday, on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

(e) **Transfers of AMTNs**: AMTNs may be transferred in whole but not part. Unless lodged in the clearing system operated by Austraclear Ltd, the AMTNs will be transferable by duly completed and (if applicable) stamped transfer and acceptance forms in the form specified by, and obtainable from, the Australian Agent or by any other manner approved by DBS Bank and the Australian Agent. Each transfer and acceptance form must be accompanied by such evidence (if any) as the Australian Agent may require to prove the title of the transferor or the transferor's right to transfer the AMTNs and be signed by both the transferor and the transferee. The Australian Agent may refuse to register a transfer and acceptance form if it contravenes or fails to comply with the Conditions or the transfer of Notes pursuant to that transfer and acceptance form would result in a contravention of any applicable law.

AMTNs may only be transferred within, to or from Australia if:

(i) the aggregate consideration payable by the transferee at the time of transfer is at least A$500,000 (or its equivalent in any other currency and, in either case, disregarding moneys lent by the transferor or its associates) or the offer or invitation giving rise to the transfer otherwise does not require disclosure to investors in accordance with Part 6D.2 or Chapter 7 of the Corporations Act 2001 of the Commonwealth of Australia (the "**Australian Corporations Act**");

(ii) the transfer is not to a "retail client" for the purposes of section 761G of the Australian Corporations Act;

(iii) the transfer is in compliance with all applicable laws, regulations or directives (including, without limitation, in the case of a transfer to or from Australia, the laws of the jurisdiction in which the transfer takes place); and

(iv) in the case of a transfer between persons outside Australia, if a transfer and acceptance form is signed outside Australia. A transfer to an unincorporated association is not permitted.

A person becoming entitled to an AMTN as a consequence of the death or bankruptcy of a Noteholder or of a vesting order or a person administering the estate of a Noteholder may, upon producing such evidence as to that entitlement or status as the Australian Agent considers sufficient, transfer such AMTN or, if so entitled, become registered as the holder of the AMTN.

Where the transferor executes a transfer of less than all of the AMTNs registered in its name, and the specific AMTNs to be transferred are not identified, the Australian Agent may register the transfer in respect of such of the AMTNs registered in the name of the transferor as the Australian Agent thinks fit, provided the aggregate nominal amount of the AMTNs registered as having been transferred equals the aggregate nominal amount of the AMTNs expressed to be transferred in the transfer.

(f) **Transfers Free of Charge**: Transfers of Notes and Certificates on registration, transfer, exercise of an option or partial redemption or partial write-off shall be effected without charge by or on behalf of the Issuer, the Registrar, the Australian Agent or the Transfer Agents, but upon payment by the relevant Noteholder of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity as the Registrar, the Australian Agent or the relevant Transfer Agent may require).

(g) **Closed Periods**: No Noteholder may require the transfer of a Registered Note to be registered:

(i) during the period of 15 days ending on the due date for redemption of, or payment of any Instalment Amount in respect of, that Note;

(ii) during the period of 15 days prior to any date on which Notes may be called for redemption by the Issuer at its option pursuant to Condition 5(d);

(iii) after any such Note has been called for redemption;

(iv) during the period of 15 days ending on (and including) any date on which payment is due; or

(v) in respect of any Subordinated Notes, during a Suspension Period.

In these Conditions:

"**Suspension Period**" means the period commencing on the business day in Singapore immediately following the date of a DBS Bank Trigger Event Notice or a DBSH Trigger Event Notice (as the case may be) and ending on the earlier of the close of business in Singapore on:

(x) the date on which the Registrar or any other Agent has (A) reflected the relevant DBS Bank Write-off or DBSH Write-off (as the case may be) in the Register or (B) issued a new Certificate (as the case may be) to such Noteholder in respect of the related DBS Bank Write-off or DBSH Write-off (as the case may be); or

(y) with respect to the Notes represented by a Global Certificate and cleared through a clearing system, on the tenth business day in Singapore immediately following the date of receipt of any such notice by the relevant clearing system(s).

3 Status

(a) **Status of Senior Notes**:

(i) *Status of DBS Bank Senior Notes*: The senior notes (being those Notes that specify their status as Senior in the applicable Pricing Supplement (the "**DBS Bank Senior Notes**")) and the Receipts and Coupons relating to them constitute direct and unsecured obligations of DBS Bank Ltd. ("**DBS Bank**") and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of DBS Bank under the DBS Bank Senior Notes and the Receipts and Coupons relating to them shall, save for such exceptions as may be provided by applicable legislation, at all times rank at least equally with all other unsecured and unsubordinated indebtedness and monetary obligations of DBS Bank, present and future.

(ii) *Status of DBSH Senior Notes*: The senior notes (being those Notes that specify their status as Senior in the applicable Pricing Supplement) (the "**DBSH Senior Notes**" and, together with the DBS Bank Senior Notes, the "**Senior Notes**") and the Receipts and Coupons relating to them constitute direct and unsecured obligations of DBS Group Holdings Limited ("**DBSH**") and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of DBSH under the DBSH Senior Notes and the Receipts and Coupons relating to them shall, save for such exceptions as may be provided by applicable legislation, at all times rank at least equally with all other unsecured and unsubordinated indebtedness and monetary obligations of DBSH, present and future.

(b) **Status of Subordinated Notes**:

(i) *Status of DBS Bank Subordinated Notes*: The subordinated notes (being those Notes that specify their status as Subordinated in the applicable Pricing Supplement) (the "**DBS Bank**

Subordinated Notes") constitute direct, unsecured and subordinated obligations of DBS Bank. The rights and claims of the Noteholders are subordinated as described below.

(ii) *Status of DBSH Subordinated Notes*: The subordinated notes (being those Notes that specify their status as Subordinated in the applicable Pricing Supplement) (the "**DBSH Subordinated Notes**" and, together with the DBS Bank Subordinated Notes, the "**Subordinated Notes**") constitute direct, unsecured and subordinated obligations of DBSH. The rights and claims of the Noteholders are subordinated as described below.

(c) **Subordination**:

(i) *DBS Bank Subordination*: Upon the occurrence of any winding-up proceedings, the rights of the Noteholders to payment of principal of and interest on the DBS Bank Subordinated Notes and any other obligations in respect of the DBS Bank Subordinated Notes are expressly subordinated and subject in right of payment to the prior payment in full of all claims of DBS Bank Relevant Creditors and will rank senior to all share capital of DBS Bank, the DBS Bank Tier 1 Capital Securities and the DBS Bank Existing Upper Tier 2 Capital Securities. The DBS Bank Subordinated Notes will rank *pari passu* with all subordinated debt issued by DBS Bank that qualifies as DBS Bank Tier 2 Capital Securities, save for the DBS Bank Existing Upper Tier 2 Capital Securities. In the event that:

(A) the Noteholders do not receive payment in full of principal due and payable in respect of the DBS Bank Subordinated Notes plus interest thereon accrued to the date of repayment in any winding-up of DBS Bank; and

(B) the winding-up order or resolution passed for the winding-up of DBS Bank or the dissolution of DBS Bank is subsequently stayed, discharged, rescinded, avoided, annulled or otherwise rendered inoperative, then to the extent that such Noteholders did not receive payment in full of such principal of and interest on such DBS Bank Subordinated Notes, such unpaid amounts shall remain payable in full; *provided that* payment of such unpaid amounts shall be subject to the provisions under this Condition 3 and Condition 10(b) and Clause 5 and Clause 7 of the Trust Deed.

Subordinated debt that qualified as DBS Bank Tier 2 Capital Securities on or before December 31, 2012, save for the DBS Bank Existing Upper Tier 2 Capital Securities, shall rank pari passu with all subordinated debt issued by DBS Bank on and from January 1, 2013 that qualifies as DBS Bank Tier 2 Capital Securities.

The subordination provisions set out in this Condition 3(c) are effective only upon the occurrence of any winding-up proceedings of DBS Bank. In the event that a DBS Bank Trigger Event occurs the rights of holders of DBS Bank Subordinated Notes shall be subject to Condition 6. This may not result in the same outcome for DBS Bank Subordinated Noteholders as would otherwise occur under this Condition 3(c) upon the occurrence of any winding-up proceedings of DBS Bank.

(ii) *DBSH Subordination*: Upon the occurrence of any winding-up proceedings, the rights of the Noteholders to payment of principal of and interest on the DBSH Subordinated Notes and any other obligations in respect of the DBSH Subordinated Notes are expressly subordinated and subject in right of payment to the prior payment in full of all claims of DBSH Relevant Creditors and will rank senior to all share capital of DBSH and the DBSH Tier 1 Capital Securities. The DBSH Subordinated Notes will rank *pari passu* with all subordinated debt issued by DBSH that qualifies as DBSH Tier 2 Capital Securities. In the event that (A) the Noteholders do not receive payment in full of principal due and payable in

respect of the DBSH Subordinated Notes plus interest thereon accrued to the date of repayment in any winding-up of DBSH and (B) the winding-up order or resolution passed for the winding-up of DBSH or the dissolution of DBSH is subsequently stayed, discharged, rescinded, avoided, annulled or otherwise rendered inoperative, then to the extent that such Noteholders did not receive payment in full of such principal of and interest on such DBSH Subordinated Notes, such unpaid amounts shall remain payable in full; provided that payment of such unpaid amounts shall be subject to the provisions under this Condition 3 and Condition 10(b) and Clause 5 and Clause 7 of the Trust Deed.

The subordination provisions set out in this Condition 3(c) are effective only upon the occurrence of any winding-up proceedings of DBSH. In the event that a DBSH Trigger Event occurs the rights of holders of DBSH Subordinated Notes shall be subject to Condition 6. This may not result in the same outcome for DBSH Subordinated Noteholders as would otherwise occur under this Condition 3(c) upon the occurrence of any winding-up proceedings of DBSH.

The Issuer has agreed, pursuant to the terms of the Trust Deed, to indemnify the Noteholders against any loss incurred as a result of any judgment or order being given or made for any amount due under the Subordinated Notes and such judgment or order being expressed and paid in a currency other than the Specified Currency. Any amounts due under such indemnification will be similarly subordinated in right of payment with other amounts due on the Subordinated Notes and payment thereof shall be subject to the provisions under this Condition 3 and Condition 10(b)(ii) and Clause 7.2 of the Trust Deed.

On a winding-up of the Issuer, there may be no surplus assets available to meet the claims of the Noteholders after the claims of the parties ranking senior to the Noteholders (as provided in this Condition 3 and Clause 5 of the Trust Deed) have been satisfied.

In these Conditions:

"**DBS Bank Existing Upper Tier 2 Capital Securities**" means the following outstanding subordinated term debt instrument of DBS Bank:

(i) U.S.$900,000,000 Floating Rate Subordinated Notes callable with step-up in 2016, of which U.S.$550,000,000 have been repurchased and cancelled; and

(ii) S$500,000,000 4.47% Subordinated Notes callable with step-up in 2016;

"**DBS Bank Group**" means DBS Bank and its subsidiaries;

"**DBS Bank Relevant Creditors**" means creditors of DBS Bank (including DBS Bank's depositors) other than those whose claims are expressed to rank *pari passu* or junior to the claims of the holders of the DBS Bank Subordinated Notes;

"**DBS Bank Tier 1 Capital Securities**" means:

(i) any security issued by DBS Bank; or

(ii) any other similar obligation issued by any subsidiary of DBS Bank that is guaranteed by DBS Bank,

that, in each case, constitutes Tier 1 capital of (x) DBS Bank, on an unconsolidated basis, (y) the DBS Bank Group, on a consolidated basis, or (z) the DBSH Group, on a consolidated basis, pursuant to the relevant requirements set out in (I) (in the case of (x) and (y) above) MAS Notice 637 or (II) (in the case of (z) above) (on the basis that DBSH is subject to the application of MAS Notice 637) MAS Notice 637 or any notice issued by MAS in respect of Designated Financial Holding Companies that is analogous to MAS Notice 637;

"**DBS Bank Tier 2 Capital Securities**" means any security or other similar obligation issued by DBS Bank that, in each case, constitutes Tier 2 capital of (x) DBS Bank, on an unconsolidated basis, (y) the DBS Bank Group, on a consolidated basis, or (z) the DBSH Group, on a consolidated basis, pursuant to the relevant requirements set out in (I) (in the case of (x) and (y) above) MAS Notice 637 or (II) (in the case of (z) above) (on the basis that DBSH is subject to the application of MAS Notice 637) MAS Notice 637 or any notice issued by MAS in respect of Designated Financial Holding Companies that is analogous to MAS Notice 637;

"**DBSH Group**" means DBSH and its subsidiaries;

"**DBSH Relevant Creditors**" means creditors of DBSH other than those whose claims are expressed to rank *pari passu* or junior to the claims of the holders of DBSH Subordinated Notes;

"**DBSH Tier 1 Capital Securities**" means:

(i) any security issued by DBSH; or

(ii) any other similar obligation issued by any subsidiary of DBSH that is guaranteed by DBSH,

that, in each case, constitutes Tier 1 capital of (x) DBSH, on an unconsolidated basis, or (y) the DBSH Group, on a consolidated basis, pursuant to the relevant requirements set out in (I) (on the basis that DBSH is subject to the application of MAS Notice 637) MAS Notice 637 or (II) any notice issued by the MAS in respect of Designated Financial Holding Companies that is analogous to MAS Notice 637;

"**DBSH Tier 2 Capital Securities**" means (x) any security issued by DBSH or (y) any other similar obligation issued by any subsidiary of DBSH that is guaranteed by DBSH that, in each case, constitutes Tier 2 capital of (A) DBSH, on an unconsolidated basis, or (B) the DBSH Group, on a consolidated basis, pursuant to the relevant requirements set out in (I) (on the basis that DBSH is subject to the application of MAS Notice 637) MAS Notice 637 or (II) any notice issued by MAS in respect of Designated Financial Holding Companies that is analogous to MAS Notice 637;

"**Designated Financial Holding Companies**" shall have the meaning ascribed to it in the Financial Holding Companies Act 2013;

"**MAS**" means the Monetary Authority of Singapore or such other governmental authority having primary bank supervisory authority with respect to the Issuers;

"**MAS Notice 637**" means MAS Notice 637 – "Notice on Risk Based Capital Adequacy Requirements for Banks Incorporated in Singapore" issued by MAS, as amended, replaced or supplemented from time to time; and

"**Tier 2 Capital Securities**" means both the DBS Bank Tier 2 Capital Securities and the DBSH Tier 2 Capital Securities, as the context may require.

(d) **Set-off and Payment Void**: No holder of Subordinated Notes may exercise, claim or plead any right of set-off, counterclaim or retention in respect of any amount owed to it by the Issuer arising under or in connection with the Subordinated Notes. Each Noteholder of the Subordinated Notes shall, by acceptance of any Subordinated Note be deemed to have waived all such rights of set-off, counterclaim or retention to the fullest extent permitted by law. If at any time any Noteholder receives payment or benefit of any sum in respect of the Subordinated Notes (including any benefit received pursuant to any such set-off, counter-claim or retention) other than in accordance with Clause 7.2.2 of the Trust Deed and the second paragraph of Condition 10(b)(ii), the payment of such sum or receipt of such benefit shall, to the fullest extent permitted by law, be deemed void for all purposes and such Noteholder, by acceptance of such Subordinated Note, shall agree as a separate and independent obligation that any such sum or benefit so received shall forthwith be

paid or returned in full by such Noteholder to the Issuer upon demand by the Issuer or, in the event of the winding-up of the Issuer, the liquidator of the Issuer, whether or not such payment or receipt shall have been deemed void under the Trust Deed. Any sum so paid or returned shall then be treated for purposes of the Issuer's obligations as if it had not been paid by the Issuer, and its original payment shall be deemed not to have discharged any of the obligations of the Issuer under the Subordinated Notes.

4 Interest and other Calculations

(a) **Interest on Fixed Rate Notes**: Each Fixed Rate Note bears interest on its outstanding nominal amount from and including the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 4(f).

(b) **Interest on Floating Rate Notes**:

(i) *Interest Payment Dates*: Each Floating Rate Note bears interest on its outstanding nominal amount from and including the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 4(f). Such Interest Payment Date(s) is/are either shown hereon as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are shown hereon, Interest Payment Date shall mean each date which falls the number of months or other period shown hereon as the Interest Period after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

(ii) *Business Day Convention*: If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified is (A) the Floating Rate Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (x) such date shall be brought forward to the immediately preceding Business Day and (y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment, (B) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day, (C) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day or (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.

(iii) *Rate of Interest for Floating Rate Notes*: The Rate of Interest in respect of Floating Rate Notes for each Interest Accrual Period shall be determined in the manner specified hereon and the provisions below relating to either ISDA Determination or Screen Rate Determination shall apply, depending upon which is specified hereon.

(A) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined by the Calculation Agent as a rate equal to the relevant ISDA Rate. For the purposes of this sub-paragraph (A), "**ISDA Rate**" for an Interest

Accrual Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

(x) the Floating Rate Option is as specified hereon;

(y) the Designated Maturity is a period specified hereon; and

(z) the relevant Reset Date is the first day of that Interest Accrual Period unless otherwise specified hereon.

For the purposes of this sub-paragraph (A), "**Floating Rate**", "**Calculation Agent**", "**Floating Rate Option**", "**Designated Maturity**", "**Reset Date**" and "**Swap Transaction**" have the meanings given to those terms in the ISDA Definitions.

(B) Screen Rate Determination for Floating Rate Notes where the Reference Rate is not specified as being SIBOR or SOR

(x) Where Screen Rate Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period will, subject as provided below, be either:

(I) the offered quotation; or

(II) the arithmetic mean of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at either 11.00 a.m. (London time in the case of LIBOR or Brussels time in the case of EURIBOR or Hong Kong time in the case of HIBOR) on the Interest Determination Date in question as determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean of such offered quotations.

If the Reference Rate from time to time in respect of Floating Rate Notes is specified hereon as being other than LIBOR, EURIBOR or HIBOR, the Rate of Interest in respect of such Notes will be determined as provided hereon;

(y) If the Relevant Screen Page is not available or if, sub-paragraph (x)(I) above applies and no such offered quotation appears on the Relevant Screen Page or if sub paragraph (x)(II) above applies and fewer than three such offered quotations appear on the Relevant Screen Page in each case as at the time specified above, subject as provided below, the Calculation Agent shall request, if the Reference Rate is LIBOR, the principal London office of each of the Reference Banks or, if the Reference Rate is EURIBOR, the principal Euro-zone office of each of the Reference Banks or, if the Reference Rate is HIBOR, the principal Hong Kong office of each of the Reference Banks, to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time), or if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time), or if the Reference Rate is HIBOR, at approximately 11.00 a.m. (Hong Kong time) on the Interest

Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for such Interest Accrual Period shall be the arithmetic mean of such offered quotations as determined by the Calculation Agent; and

(z) If sub-paragraph (y) above applies and the Calculation Agent determines that fewer than two Reference Banks are providing offered quotations, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time), or if the Reference Rate is HIBOR, at approximately 11.00 a.m. (Hong Kong time) on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market or, if the Reference Rate is HIBOR, the Hong Kong inter-bank market, as the case may be, or, if fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time), or if the Reference Rate is HIBOR, at approximately 11.00 a.m. (Hong Kong time), on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Trustee and the Issuer suitable for such purpose) informs the Calculation Agent it is quoting to leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market or, if the Reference Rate is HIBOR, the Hong Kong inter-bank market, as the case may be, *provided that*, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum or Minimum Rate of Interest relating to the relevant Interest Accrual Period, in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Accrual Period).

(C) Screen Rate Determination for Floating Rate Notes where the Reference Rate is specified as being SIBOR or SOR

(x) Each Floating Rate Note where the Reference Rate is specified as being SIBOR (in which case such Note will be a SIBOR Note) or SOR (in which case such Note will be a Swap Rate Note) bears interest at a floating rate determined by reference to a benchmark as specified hereon or in any case such other benchmark as specified hereon.

(y) The Rate of Interest payable from time to time in respect of each Floating Rate Note under this Condition 4(b)(iii)(C) will be determined by the Calculation Agent on the basis of the following provisions:

(I) in the case of Floating Rate Notes which are SIBOR Notes:

(aa) the Calculation Agent will, at or about the Relevant Time on the relevant Interest Determination Date in respect of each Interest Period, determine the Rate of Interest for such Interest Period which shall be the offered rate for deposits in Singapore dollars for a period equal to the duration of such Interest Period which appears on the Reuters Screen ABSIRFIX01 Page under the caption "ABS SIBOR FIX – SIBOR AND SWAP OFFER RATES – RATES AT 11.00 HRS SINGAPORE TIME" and the column headed "SGD SIBOR" (or such other Relevant Screen Page);

(bb) if no such rate appears on the Reuters Screen ABSIRFIX01 Page (or such other replacement page thereof or, if no rate appears, on such other Relevant Screen Page) or if Reuters Screen ABSIRFIX01 page (or such other replacement page thereof or such other Relevant Screen Page) is unavailable for any reason, the Calculation Agent will request the principal Singapore offices of each of the Reference Banks to provide the Calculation Agent with the rate at which deposits in Singapore dollars are offered by it at approximately the Relevant Time on the Interest Determination Date to prime banks in the Singapore inter-bank market for a period equivalent to the duration of such Interest Period commencing on such Interest Payment Date in an amount comparable to the aggregate nominal amount of the relevant Floating Rate Notes. The Rate of Interest for such Interest Period shall be the arithmetic mean (rounded up, if necessary, to the nearest 1/16 per cent.) of such offered quotations, as determined by the Calculation Agent;

(cc) if on any Interest Determination Date two but not all the Reference Banks provide the Calculation Agent with such quotations, the Rate of Interest for the relevant Interest Period shall be determined in accordance with sub-paragraph (bb) above on the basis of the quotations of those Reference Banks providing such quotations; and

(dd) if on any Interest Determination Date one only or none of the Reference Banks provides the Calculation Agent with such quotations, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Calculation Agent determines to be the arithmetic mean (rounded up, if necessary, to the nearest 1/16 per cent.) of the rates quoted by the Reference Banks or those of them (being at least two in number) to the Calculation Agent at or about the Relevant Time on such Interest Determination Date as being their cost (including the cost occasioned by or attributable to complying

with reserves, liquidity, deposit or other requirements imposed on them by any relevant authority or authorities) of funding, for the relevant Interest Period, an amount equal to the aggregate nominal amount of the relevant Floating Rate Notes for such Interest Period by whatever means they determine to be most appropriate or if on such Interest Determination Date one only or none of the Reference Banks provides the Calculation Agent with such quotation, the rate per annum which the Calculation Agent determines to be arithmetic mean (rounded up, if necessary, to the nearest 1/16 per cent.) of the prime lending rates for Singapore dollars quoted by the Reference Banks at or about the Relevant Time on such Interest Determination Date;

(II) in the case of Floating Rate Notes which are Swap Rate Notes

(aa) the Calculation Agent will, at or about the Relevant Time on the relevant Interest Determination Date in respect of each Interest Period, determine the Rate of Interest for such Interest Period as being the rate which appears on the Reuters Screen ABSFIX01 Page under the caption "SGD SOR rates as of 11:00 hrs London Time" under the column headed "SGD SOR" (or such replacement page thereof for the purpose of displaying the swap rates of leading reference banks) at or about the Relevant Time on such Interest Determination Date and for a period equal to the duration of such Interest Period;

(bb) if on any Interest Determination Date no such rate is quoted on Reuters Screen ABSFIX01 Page (or such other replacement page as aforesaid) or Reuters Screen ABSFIX01 Page (or such other replacement page as aforesaid) is unavailable for any reason, such Calculation Agent will determine the Rate of Interest for such Interest Period as being the rate (or, if there is more than one rate which is published, the arithmetic mean of those rates (rounded up, if necessary, to the nearest 1/16 per cent.)) for a period equal to the duration of such Interest Period published by a recognised industry body where such rate is widely used (after taking into account the industry practice at that time), or by such other relevant authority as such Calculation Agent may select; and

(cc) if on any Interest Determination Date such Calculation Agent is otherwise unable to determine the Rate of Interest under paragraphs (bb) and (cc) above, the Rate of Interest shall be determined by such Calculation Agent to be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to four decimal places) of the rates quoted by the Reference Banks or those of them (being at least two in number) to such Calculation Agent at or about 11.00 a.m. (Singapore time) on the first business day following such Interest Determination Date as being their cost (including the cost occasioned by or attributable to complying with reserves, liquidity, deposit or

other requirements imposed on them by any relevant authority or authorities) of funding, for the relevant Interest Period, an amount equal to the aggregate principal amount of the relevant Floating Rate Notes for such Interest Period by whatever means they determine to be most appropriate, or if on such day one only or none of the Reference Banks provides such Calculation Agent with such quotation, the Rate of Interest for the relevant Interest Period shall be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to four decimal places) of the prime lending rates for Singapore dollars quoted by the Reference Banks at or about 11.00 a.m. (Singapore time) on such Interest Determination Date.

(z) On the last day of each Interest Period, the Issuer will pay interest on each Floating Rate Note to which such Interest Period relates at the Rate of Interest for such Interest Period.

(c) **Zero Coupon Notes**: Where a Note the Interest Basis of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of such Note. As from the Maturity Date, the Rate of Interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as described in Condition 5(b)(i)(B)).

(d) **Accrual of Interest**: Interest shall cease to accrue on each Note on the due date for redemption unless, upon due presentation, payment is improperly withheld or refused, in which event interest shall continue to accrue (both before and after judgment) at the Rate of Interest in the manner provided in this Condition 4 to the Relevant Date (as defined in Condition 8).

(e) **Margin, Maximum/Minimum Rates of Interest, Instalment Amounts and Redemption Amounts and Rounding**:

(i) If any Margin is specified hereon (either (x) generally, or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest, in the case of (x), or the Rates of Interest for the specified Interest Accrual Periods, in the case of (y), calculated in accordance with Condition 4(b) above by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin, subject always to the next paragraph.

(ii) If any Maximum or Minimum Rate of Interest, Instalment Amount or Redemption Amount is specified hereon, then any Rate of Interest, Instalment Amount or Redemption Amount shall be subject to such maximum or minimum, as the case may be.

(iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the fifth decimal place (with halves being rounded up), (y) all figures shall be rounded to seven significant figures (with halves being rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with halves being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes "**unit**" means the lowest amount of such currency that is available as legal tender in the country(ies) of such currency.

(f) **Calculations**: The amount of interest payable per calculation amount specified hereon (or, if no such amount is so specified, the Specified Denomination) (the "**Calculation Amount**") in respect of any Note for any Interest Accrual Period shall be equal to the product of the Rate of Interest,

the Calculation Amount, and the Day Count Fraction for such Interest Accrual Period, unless an Interest Amount (or a formula for its calculation) is applicable to such Interest Accrual Period, in which case the amount of interest payable per Calculation Amount in respect of such Note for such Interest Accrual Period shall equal such Interest Amount (or be calculated in accordance with such formula). Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable per Calculation Amount in respect of such Interest Period shall be the sum of the Interest Amounts payable in respect of each of those Interest Accrual Periods. In respect of any other period for which interest is required to be calculated, the provisions above shall apply save that the Day Count Fraction shall be for the period for which interest is required to be calculated.

(g) **Determination and Publication of Rates of Interest, Interest Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts and Instalment Amounts**: The Calculation Agent shall, as soon as practicable on each Interest Determination Date, or such other time on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, determine such rate and calculate the Interest Amounts for the relevant Interest Accrual Period, calculate the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or Instalment Amount, obtain such quotation or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Accrual Period and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or any Instalment Amount to be notified to the Trustee, the Issuer, each of the Paying Agents, the Noteholders, any other Calculation Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information and, if the Notes are listed on a stock exchange and the rules of such exchange or other relevant authority so require, such exchange or other relevant authority as soon as possible after their determination but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such exchange of a Rate of Interest and Interest Amount, or (ii) in all other cases, the fourth Business Day after such determination. Where any Interest Payment Date or Interest Period End Date is subject to adjustment pursuant to Condition 4(b)(ii), the Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 10, the accrued interest and the Rate of Interest payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Interest or the Interest Amount so calculated need be made. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties.

(h) **Determination or Calculation by an agent of the Trustee**: In the case of Notes other than AMTNs, if the Calculation Agent does not at any time for any reason determine or calculate the Rate of Interest for an Interest Accrual Period or any Interest Amount, Instalment Amount, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, the Trustee shall, at the cost and expense of the Issuer, appoint an agent on its behalf to do so and such determination or calculation shall be deemed to have been made by the Calculation Agent. In doing so, the Trustee shall apply the foregoing provisions of this Condition, with any necessary consequential amendments, to the extent that, in its opinion, it can do so, and, in all other respects it shall do so in such manner as it shall deem fair and reasonable in all the circumstances. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by an agent of the Trustee pursuant to this Condition 4(h) shall (in the absence of manifest error) be final and binding upon all parties.

(i) **Definitions**: In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

"**A$**" or "**Australian dollars**" means the lawful currency of the Commonwealth of Australia.

"**Business Day**" means:

(i) in the case of Notes denominated in a currency other than Singapore dollars, Euro or Renminbi, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in London and in the principal financial centre for such currency; and/or

(ii) in the case of Notes denominated in Euro, a day on which the TARGET System is operating (a "**TARGET Business Day**") and a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in London and the principal financial centre for such currency; and/or

(iii) in the case of Notes denominated in Renminbi:

(A) if cleared through the CMU Service, a day (other than a Saturday, Sunday or public holiday) on which commercial banks in Hong Kong are generally open for business and settlement of Renminbi payments in Hong Kong;

(B) if cleared through the CDP System, a day (other than a Saturday, Sunday or gazetted public holiday) on which banks and foreign exchange markets are open for business and settlement of Renminbi payments in Singapore and Hong Kong; and

(C) if cleared through Euroclear and Clearstream, Luxembourg, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in London; and/or

(iv) in the case of Notes denominated in Singapore dollar:

(A) if cleared through the CDP, a day (other than a Saturday, Sunday or gazetted public holiday) on which commercial banks settle payments in Singapore; and

(B) if cleared through Euroclear and Clearstream, Luxembourg, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in London; and/or

(v) in the case of a currency and/or one or more Financial Centres, a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in the Financial Centre(s) or, if no currency is indicated, generally in each of the Financial Centres.

"**Day Count Fraction**" means, in respect of the calculation of an amount of interest on any Note for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting an Interest Period or an Interest Accrual Period, the "**Calculation Period**"):

(i) if "**Actual/Actual**" or "**Actual/Actual – ISDA**" is specified hereon, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);

(ii) if "**Actual/365 (Fixed)**" is specified hereon, the actual number of days in the Calculation Period divided by 365;

(iii) if "**Actual/360**" is specified hereon, the actual number of days in the Calculation Period divided by 360;

(iv) if "**30/360**", "**360/360**" or "**Bond Basis**" is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D - D_1)}{360}$$

where

"**Y_1**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y_2**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M_1**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M_2**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**D_1**" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D_1 will be 30; and

"**D_2**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D_1 is greater than 29, in which case D_2 will be 30;

(v) if "**30E/360**" or "**Eurobond Basis**" is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D - D_1)}{360}$$

where

"**Y_1**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y_2**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M_1**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M_2**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**D_1**" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D_1 will be 30; and

"**D_2**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D_2 will be 30;

(vi) if "**30E/360 (ISDA)**" is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D - D_1)}{360}$$

where

"**Y_1**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y_2**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M_1**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M_2**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**D_1**" is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D_1 will be 30; and

"**D_2**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D_2 will be 30;

(vii) if "**Actual/Actual-ICMA**" is specified hereon:

(A) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and

(B) if the Calculation Period is longer than one Determination Period, the sum of:

(x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and

(y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year

where:

"**Determination Date**" means the date(s) specified as such hereon or, if none is so specified, the Interest Payment Date(s); and "Determination Period" means the period from and including a Determination Date in any year to but excluding the next Determination Date; and

(viii) if "**RBA Bond Basis**" is specified in the applicable Pricing Supplement, means one divided by the number of Interest Payment Dates in a year (or where the Calculation Period does not constitute an Interest Period, the actual number of days in the Calculation Period divided by 365 (or, if any portion of the Calculation Period falls in a leap year, the sum of:

(A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366; and

(B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365)).

"**Euro**" means the currency of the member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended from time to time.

"**Euro-zone**" means the region comprised of member states of the European Union that adopts the single currency in accordance with the Treaty establishing the European Community, as amended.

"**HK$**" or "**Hong Kong dollars**" means the lawful currency of Hong Kong.

"**Interest Accrual Period**" means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Period End Date and each successive period beginning on (and including) an Interest Period End Date and ending on (but excluding) the next succeeding Interest Period End Date.

"**Interest Amount**" means:

(i) in respect of an Interest Accrual Period, the amount of interest payable per Calculation Amount for that Interest Accrual Period and which, in the case of Fixed Rate Notes, and unless otherwise specified hereon, shall mean the Fixed Coupon Amount or Broken Amount specified hereon as being payable on the Interest Payment Date ending the Interest Period of which such Interest Accrual Period forms part; and

(ii) in respect of any other period, the amount of interest payable per Calculation Amount for that period.

"**Interest Commencement Date**" means the Issue Date or such other date as may be specified hereon.

"**Interest Determination Date**" means, with respect to a Rate of Interest and Interest Accrual Period, the date specified as such hereon or, if none is so specified, (i) the first day of such Interest Accrual Period if the Specified Currency is Sterling or Hong Kong Dollars or Renminbi or (ii) the day falling two Business Days in the relevant Financial Centre for the Specified Currency prior to the first day of such Interest Accrual Period if the Specified Currency is neither Sterling nor Hong Kong Dollars nor Euro nor Renminbi or (iii) the day falling two TARGET Business Days prior to the first day of such Interest Accrual Period if the Specified Currency is Euro.

"**Interest Period**" means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date.

"**Interest Period End Date**" means each Interest Payment Date unless otherwise specified hereon.

"**ISDA Definitions**" means the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc., (as may be updated, amended or supplemented from time to time) unless otherwise specified hereon.

"**Rate of Interest**" means the rate of interest payable from time to time in respect of this Note and that is either specified or calculated in accordance with the provisions hereon.

"**Reference Banks**" means (i) in the case of a determination of LIBOR, the principal London office of four major banks in the London inter-bank market and, in the case of a determination of

EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market, in each case selected by the Calculation Agent or as specified hereon, (ii) in the case of a determination of SIBOR or SOR, the principal Singapore office of three major banks in the Singapore inter-bank market, and (iii) in the case of a determination of HIBOR, the principal Hong Kong office of four major banks in the Hong Kong inter-bank market, in each case selected by the Calculation Agent or as specified hereon.

"**Reference Rate**" means the rate specified as such hereon.

"**Relevant Screen Page**" means such page, section, caption, column or other part of a particular information service as may be specified hereon.

"**Relevant Time**" means, with respect to any Interest Determination Date, the local time in the relevant Financial Centre specified hereon or, if none is specified, the local time in the relevant financial centre at which it is customary to determine bid and offered rates in respect of deposits in the Relevant Currency in the interbank market in the relevant financial centre or, if no such customary local time exists, 11.00 a.m. in the relevant financial centre and, for the purpose of this definition "**local time**" means, with respect to the Euro-zone as a relevant financial centre, Central European Time.

"**RMB**", "**CNY**" or "**Renminbi**" means the lawful currency of the PRC.

"**Specified Currency**" means the currency specified as such hereon or, if none is specified, the currency in which the Notes are denominated.

"**Sterling**" means the lawful currency of the United Kingdom.

"**TARGET System**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET2) System which was launched on November 19, 2007 or any successor thereto.

(j) **Calculation Agent**: The Issuer shall procure that there shall at all times be one or more Calculation Agents if provision is made for them hereon and for so long as any Note is outstanding (as defined, in the case of Notes (other than AMTNs), in the Trust Deed and, in the case of AMTNs, in the Note (AMTN) Deed Poll). Where more than one Calculation Agent is appointed in respect of the Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under the Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for an Interest Accrual Period or to calculate any Interest Amount, Instalment Amount, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, or to comply with any other requirement, the Issuer shall (with the prior approval of the Trustee) appoint a leading bank or financial institution engaged in the inter-bank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal London office or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

5 Redemption, Purchase and Options

(a) **Redemption by Instalments and Final Redemption**:

(i) Unless previously redeemed, purchased and cancelled as provided in this Condition 5, each Note that provides for Instalment Dates and Instalment Amounts shall be partially redeemed on each Instalment Date at the related Instalment Amount specified hereon. The

outstanding nominal amount of each such Note shall be reduced by the Instalment Amount (or, if such Instalment Amount is calculated by reference to a proportion of the nominal amount of such Note, such proportion) for all purposes with effect from the related Instalment Date, unless payment of the Instalment Amount is improperly withheld or refused, in which case, such amount shall remain outstanding until the Relevant Date relating to such Instalment Amount.

(ii) Unless otherwise provided hereon and unless previously redeemed, purchased and cancelled as provided below, each Note shall be finally redeemed on the Maturity Date specified hereon at its Final Redemption Amount (which, unless otherwise provided hereon, is its nominal amount) or, in the case of a Note falling within sub-paragraph (i) above, its final Instalment Amount.

(b) **Early Redemption**:

(i) *Zero Coupon Notes*:

(A) The Early Redemption Amount payable in respect of any Zero Coupon Note, the Early Redemption Amount of which is not linked to an index and/or a formula, upon redemption of such Note pursuant to Condition 5(c) or upon it becoming due and payable as provided in Condition 10 shall be the "**Amortised Face Amount**" (calculated as provided below) of such Note unless otherwise specified hereon.

(B) Subject to the provisions of sub-paragraph (C) below, the Amortised Face Amount of any such Note shall be the scheduled Final Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown hereon, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.

(C) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 5(c) or upon it becoming due and payable as provided in Condition 10 is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph (B) above, except that such sub-paragraph shall have effect as though the date on which the Note becomes due and payable were the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph shall continue to be made (both before and after judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Final Redemption Amount of such Note on the Maturity Date together with any interest that may accrue in accordance with Condition 4(d).

Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction shown hereon.

(ii) *Other Notes*: The Early Redemption Amount payable in respect of any Note (other than Notes described in sub-paragraph (i) above), upon redemption of such Note pursuant to Condition 5(c) or upon it becoming due and payable as provided in Condition 10, shall be the Final Redemption Amount unless otherwise specified hereon.

(c) **Redemption for Taxation Reasons**:

(i) *Senior Notes*: The Senior Notes may be redeemed at the option of the Issuer in whole, but not in part, (the "**Senior Notes Optional Tax Redemption**") on any Interest Payment Date

(if such Senior Note is a Floating Rate Note) or, if so specified thereon, at any time (if such Senior Note is not a Floating Rate Note), on giving not less than 30 nor more than 60 days notice to the Noteholders (which notice shall be irrevocable) at their Early Redemption Amount (as described in Condition 5(b)) (together with interest accrued to the date fixed for redemption and any Additional Amounts (as defined in Condition 8) then due or which will become due on or before the date fixed for redemption), if:

(A) the Issuer has or will become obliged to pay Additional Amounts as a result of any change in, or amendment to, the laws or regulations of a Relevant Taxing Jurisdiction (as defined in Condition 8) or any political subdivision or any authority thereof or therein having power to tax, or any change in the official application or interpretation of such laws or regulations, which change or amendment is announced and becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes; and

(B) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, *provided that* no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such Additional Amounts were a payment in respect of the Notes then due.

Before the publication of any notice of redemption pursuant to this Condition 5(c)(i), the Issuer shall deliver to (in the case of Senior Notes other than AMTNs) the Trustee, or (in the case of AMTNs) the Australian Agent, a certificate signed by two Directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such Additional Amounts as a result of such change or amendment and the Trustee shall be entitled without further enquiry to accept such certificate and opinion as conclusive evidence of the satisfaction of the condition precedent set out in sub-paragraph (B) above, in which event it shall be conclusive and binding on Noteholders and Couponholders. The Australian Agent will make such certificate available to the holders of the relevant AMTNs for inspection. Upon expiry of such notice of redemption, the Issuer shall redeem such Senior Notes in accordance with this Condition 5(c)(i).

(ii) *Subordinated Notes*: Subject to Condition 5(k), the Subordinated Notes may be redeemed at the option of the Issuer in whole, but not in part, (the "**Subordinated Notes Optional Tax Redemption**" and together with the Senior Notes Optional Tax Redemption, the "**Optional Tax Redemption**") on any Interest Payment Date (if such Subordinated Note is a Floating Rate Note) or at any time (if such Subordinated Note is not a Floating Rate Note), on giving not less than 30 but not more than 60 days notice to the Noteholders (which notice shall be irrevocable) at their Early Redemption Amount (as described in Condition 5(b)) together with interest accrued but unpaid (if any) to (but excluding) the date fixed for redemption and any Additional Amounts then due or which will become due on or before the date fixed for redemption or, if the Early Redemption Amount is not specified hereon, at their nominal amount, together with interest accrued but unpaid (if any) to (but excluding) the date fixed for redemption and any Additional Amounts then due or which will become due on or before the date fixed for redemption, if:

(A) the Issuer has or will become obliged to pay Additional Amounts (as described under Condition 8); or

(B) payments of interest on the Subordinated Notes will or would be treated as "distributions" or dividends within the meaning of the Income Tax Act, Chapter 134 of Singapore or any other act in respect of or relating to Singapore taxation or would otherwise be considered as payments of a type that are non-deductible for Singapore income tax purposes,

in each case as a result of any change in, or amendment to, the laws or regulations of the Relevant Taxing Jurisdiction or any political subdivision or any authority thereof or therein having power to tax (or any taxing authority of any taxing jurisdiction in which the Issuer is a tax resident) or any change in the official application or interpretation of such laws or regulations, which change or amendment is announced and becomes effective on or after the date on which agreement is reached to issue the Subordinated Notes, and the foregoing cannot be avoided by the Issuer taking reasonable measures available to it, *provided that*, where the Issuer has or will become obliged to pay Additional Amounts, no such notice of redemption shall be given earlier than (a) if such Subordinated Note is a Floating Rate Note, 60 days, or (b) if such Subordinated Note is not a Floating Rate Note, 90 days, in each case, prior to the earliest date on which the Issuer would be obliged to pay such Additional Amounts were a payment in respect of the Subordinated Notes then due.

Before the publication of any notice of redemption pursuant to this Condition 5(c)(ii), the Issuer shall deliver to the Trustee a certificate signed by two Directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such Additional Amounts as a result of such change or amendment and the Trustee shall be entitled without further enquiry to accept such certificate and opinion as conclusive evidence of the satisfaction of the condition precedent set out above, in which event it shall be conclusive and binding on Noteholders.

Any redemption of Subordinated Notes by the Issuer is subject to the Issuer obtaining the prior approval of MAS.

(d) **Redemption at the option of the Issuer**:

(i) *Senior Notes*: If Call Option is specified hereon, the Issuer may, on giving not less than 15 nor more than 30 days irrevocable notice to the Noteholders (or such other notice period as may be specified hereon), redeem all or, if so provided, some of the Notes on the date(s) specified hereon (the "**Senior Notes Optional Redemption Date**"). Any such redemption of Senior Notes shall be at the Optional Redemption Amount specified hereon together with interest accrued to the date fixed for redemption. Any such redemption or exercise must relate to Senior Notes of a nominal amount at least equal to the Minimum Redemption Amount to be redeemed specified hereon and no greater than the Maximum Redemption Amount to be redeemed specified hereon.

All Senior Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition.

In the case of a partial redemption of Senior Notes other than AMTNs, the notice to Noteholders shall also contain the certificate numbers of the Bearer Notes, or in the case of Registered Notes shall specify the nominal amount of Registered Notes drawn and the holder(s) of such Registered Notes, to be redeemed, which shall have been drawn in such place and in such manner as may be fair and reasonable in the circumstances, taking

account of prevailing market practices, subject to compliance with any applicable laws and stock exchange or other relevant authority requirements.

In the case of a partial redemption of AMTNs, the AMTNs to be redeemed must be specified in the notice and selected:

(A) in a fair and reasonable manner; and

(B) in compliance with any applicable law, directive or requirement of any stock exchange or other relevant authority on which the AMTNs are listed.

(ii) *Subordinated Notes*:

(A) *DBS Bank Subordinated Notes*: Subject to Condition 5(k), and unless otherwise specified in the Pricing Supplement, if Call Option is specified hereon, DBS Bank may, on giving not less than 15 days irrevocable notice to the Noteholders, elect to redeem all, but not some only, of the DBS Bank Subordinated Notes on the relevant date(s) specified hereon (which shall not be less than five years from the Issue Date) (the "**DBS Bank Subordinated Notes Optional Redemption Dates**") at their Optional Redemption Amount specified hereon or, if no Optional Redemption Amount is specified hereon, at their nominal amount together with interest accrued but unpaid (if any) to (but excluding) the date fixed for redemption in accordance with these Conditions.

All DBS Bank Subordinated Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition.

Any redemption of DBS Bank Subordinated Notes by DBS Bank is subject to DBS Bank obtaining the prior approval of MAS.

(B) *DBSH Subordinated Notes*: Subject to Condition 5(k), and unless otherwise specified in the Pricing Supplement, if Call Option is specified hereon, DBSH may, on giving not less than 15 days irrevocable notice to the Noteholders, elect to redeem all, but not some only, of the DBSH Subordinated Notes on the relevant date(s) specified hereon (which shall not be less than five years from the Issue Date) (the "**DBSH Subordinated Notes Optional Redemption Dates**" and together with the Senior Notes Redemption Date and the DBS Bank Subordinated Notes Optional Redemption Dates, the "**Optional Redemption Dates**") at their Optional Redemption Amount specified hereon or, if no Optional Redemption Amount is specified hereon, at their nominal amount together with interest accrued but unpaid (if any) to (but excluding) the date fixed for redemption in accordance with these Conditions.

All DBSH Subordinated Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition.

Any redemption of DBSH Subordinated Notes by DBSH is subject to DBSH obtaining the prior approval of MAS.

(e) **Redemption at the option of holders of Senior Notes**: If Put Option is specified hereon, the Issuer shall, at the option of the holder of any such Senior Note, upon the holder of such Senior Note giving not less than 15 nor more than 30 days notice to the Issuer (or such other notice period as may be specified hereon), redeem such Note on the Optional Redemption Date(s) at its Optional Redemption Amount together with interest accrued to the date fixed for redemption.

To exercise such option the holder must deposit (in the case of Bearer Notes) such Senior Note (together with all unmatured Receipts and Coupons and unexchanged Talons) with any Paying Agent or (in the case of Registered Notes other than AMTNs) the Certificate representing such Senior Note(s) with the Registrar or any Transfer Agent at its specified office, together with a duly completed option exercise notice ("**Exercise Notice**") in the form obtainable from any Paying Agent, the Registrar or any Transfer Agent (as applicable) within the notice period or (in the case of AMTNs) a duly completed Exercise Notice in the form obtainable from the Registrar within the notice period. No such Senior Note or Certificate so deposited and option exercised may be withdrawn (except as provided in the Agency Agreement) without the prior written consent of the Issuer.

Unless otherwise provided in the applicable Pricing Supplement, the Subordinated Notes are not redeemable prior to the Maturity Date at the option of the Noteholders.

(f) **Redemption for Change of Qualification Event in respect of Subordinated Notes**:

(i) *Redemption for Change of Qualification Event in respect of DBS Bank Subordinated Notes*: Subject to Condition 5(k), if as a result of a change to the relevant requirements issued by MAS in relation to:

(A) the qualification of any DBS Bank Subordinated Notes as DBS Bank Tier 2 Capital Securities; or

(B) the inclusion of any DBS Bank Subordinated Notes in the calculation of the capital adequacy ratio,

in each case of (x) DBS Bank, on an unconsolidated basis, (y) the DBS Bank Group, on a consolidated basis, or (z) the DBSH Group, on a consolidated basis ("**DBS Bank Eligible Capital**"), which change or amendment:

(x) becomes, or would become, effective on or after the Issue Date; or

(y) in the case of a change to the relevant requirements issued by MAS, if such change is issued by MAS, on or after the Issue Date,

the relevant DBS Bank Subordinated Notes (in whole or in part) would not qualify as DBS Bank Eligible Capital (a "**DBS Bank Change of Qualification Event**"), then DBS Bank may, having given not less than 30 but not more than 60 days prior written notice to the Noteholders in accordance with Condition 16 (which notice shall be irrevocable), redeem in accordance with these Conditions on any Interest Payment Date (if this DBS Bank Subordinated Note is at the relevant time a Floating Rate Note) or at any time (if this DBS Bank Subordinated Note is at the relevant time not a Floating Rate Note) all, but not some only, of the relevant DBS Bank Subordinated Notes, at their Early Redemption Amount or, if no Early Redemption Amount is specified hereon, at their nominal amount together with interest accrued but unpaid (if any) to (but excluding) the date of redemption in accordance with these Conditions.

Prior to the publication of any notice of redemption pursuant to this Condition 5(f), DBS Bank shall deliver to the Trustee a certificate signed by two Directors of DBS Bank stating that a DBS Bank Change of Qualification Event has occurred and the Trustee shall accept such certificate without any further inquiry as conclusive evidence of the satisfaction of the conditions set out above without liability to any person in which event it shall be conclusive and binding on the Noteholders. Upon expiry of such notice, DBS Bank shall redeem the DBS Bank Subordinated Notes in accordance with this Condition 5(f).

Any redemption of DBS Bank Subordinated Notes by DBS Bank is subject to DBS Bank obtaining the prior approval of MAS.

(ii) *Redemption for Change of Qualification Event in respect of DBSH Subordinated Notes*: Subject to Condition 5(k), if as a result of a change to the relevant requirements issued by MAS in relation to:

(A) the qualification of any DBSH Subordinated Notes as DBSH Tier 2 Capital Securities; or

(B) the inclusion of any DBSH Subordinated Notes in the calculation of the capital adequacy ratio,

in each case of (x) DBSH, on an unconsolidated basis, or (y) the DBSH Group, on a consolidated basis ("**DBSH Eligible Capital**"), which change or amendment:

(x) becomes, or would become, effective on or after the Issue Date; or

(y) in the case of a change to the relevant requirements issued by MAS, if such change is issued by MAS, on or after the Issue Date,

the relevant DBSH Subordinated Notes (in whole or in part) would not qualify as DBSH Eligible Capital (a "**DBSH Change of Qualification Event**"), then DBSH may, having given not less than 30 but not more than 60 days prior written notice to the Noteholders in accordance with Condition 16 (which notice shall be irrevocable), redeem in accordance with these Conditions on any Interest Payment Date (if this DBSH Subordinated Note is at the relevant time a Floating Rate Note) or at any time (if this DBSH Subordinated Note is at the relevant time not a Floating Rate Note) all, but not some only, of the relevant DBSH Subordinated Notes, at their Early Redemption Amount or, if no Early Redemption Amount is specified hereon, at their nominal amount together with interest accrued but unpaid (if any) to (but excluding) the date of redemption in accordance with these Conditions.

Prior to the publication of any notice of redemption pursuant to this Condition 5(f), DBSH shall deliver to the Trustee a certificate signed by two Directors of DBSH stating that a DBSH Change of Qualification Event has occurred and the Trustee shall accept such certificate without any further inquiry as conclusive evidence of the satisfaction of the conditions set out above without liability to any person in which event it shall be conclusive and binding on the Noteholders. Upon expiry of such notice, DBSH shall redeem the DBSH Subordinated Notes in accordance with this Condition 5(f).

Any redemption of DBSH Subordinated Notes by DBSH is subject to DBSH obtaining the prior approval of MAS.

(g) **Variation instead of Redemption of Subordinated Notes**:

(i) *Variation instead of Redemption of DBS Bank Subordinated Notes*: Where this Condition 5(g)(i) is specified as being applicable in the Pricing Supplement for the relevant DBS Bank Subordinated Notes and subject to Condition 5(k), DBS Bank may at any time without any requirement for the consent or approval of the Noteholders or the Trustee and having given not less than 30 nor more than 60 days notice to the Noteholders in accordance with Condition 16 (which notice shall be irrevocable), vary the terms of those DBS Bank Subordinated Notes so that they remain or, as appropriate, become DBS Bank Qualifying Securities (as defined below) *provided that*:

(A) such variation does not itself give rise to any right of DBS Bank to redeem the varied securities that is inconsistent with the redemption provisions of those DBS Bank Subordinated Notes;

(B) neither a Tax Event nor a Capital Event arises as a result of such variation; and

(C) DBS Bank is in compliance with the rules of any stock exchange on which the DBS Bank Subordinated Notes are for the time being listed or admitted to trading.

If a variation has occurred pursuant to, or otherwise in accordance with, this Condition 5(g)(i), such event will not constitute a Default under these Conditions.

Any variation (to the extent that any variation would affect the eligibility of the DBS Bank Subordinated Notes as DBS Bank Tier 2 Capital Securities) of DBS Bank Subordinated Notes by DBS Bank is subject to DBS Bank obtaining the prior approval of MAS.

(ii) *Variation instead of Redemption of DBSH Subordinated Notes*: Where this Condition 5(g)(ii) is specified as being applicable in the Pricing Supplement for the relevant DBSH Subordinated Notes and subject to Condition 5(k), DBSH may at any time without any requirement for the consent or approval of the Noteholders or the Trustee and having given not less than 30 nor more than 60 days notice to the Noteholders in accordance with Condition 16 (which notice shall be irrevocable), vary the terms of those DBSH Subordinated Notes so that they remain or, as appropriate, become DBSH Qualifying Securities (as defined below) *provided that*:

(A) such variation does not itself give rise to any right of DBSH to redeem the varied securities that is inconsistent with the redemption provisions of those DBSH Subordinated Notes;

(B) neither a Tax Event nor a Capital Event arises as a result of such variation; and

(C) DBSH is in compliance with the rules of any stock exchange on which the DBSH Subordinated Notes are for the time being listed or admitted to trading.

If a variation has occurred pursuant to, or otherwise in accordance with, this Condition 5(g)(ii), such event will not constitute a Default under these Conditions.

Any variation (to the extent that any variation would affect the eligibility of the DBSH Subordinated Notes as DBSH Tier 2 Capital Securities) of DBSH Subordinated Notes by DBSH is subject to DBSH obtaining the prior approval of MAS.

In this Condition:

"**Additional Amounts**" means such additional amounts the Issuer shall pay as will result (after withholding or deduction) in receipt by the Noteholders of the sums which would have been receivable (in the absence of such withholding or deduction) from it in respect of their Subordinated Notes;

a "**Capital Event**" will be deemed to have occurred if the Subordinated Notes are not, or cease to be, eligible in their entirety to be treated, in the case of DBS Bank Subordinated Notes, as DBS Bank Tier 2 Capital Securities or, in the case of DBSH Subordinated Notes, as DBSH Tier 2 Capital Securities;

"**DBS Bank Qualifying Securities**" means securities, whether debt, equity, interests in limited partnerships or otherwise, issued directly or indirectly by DBS Bank that:

(i)

(A) qualify (in whole or in part) as Tier 2 Capital Securities; or

(B) may be included (in whole or in part) in the calculation of the capital adequacy ratio,

in each case of (x) DBS Bank, on an unconsolidated basis, (y) the DBS Bank Group, on a consolidated basis, or (z) the DBSH Group, on a consolidated basis pursuant to the relevant requirements set out in (I) (in the case of (x) and (y) above) MAS Notice 637 or (II) (in the case of (z) above) (on the basis that DBSH is subject to the application of MAS Notice 637) MAS Notice 637 or any notice issued by MAS in respect of Designated Financial Holding Companies that is analogous to MAS Notice 637;

(ii)

(A) include a ranking at least equal to that of the DBS Bank Subordinated Notes;

(B) have at least the same interest rate and the same Interest Payment Dates as those from time to time applying to the DBS Bank Subordinated Notes;

(C) have the same redemption rights as the DBS Bank Subordinated Notes;

(D) preserve any existing rights under the DBS Bank Subordinated Notes to any accrued interest which has not been paid in respect of the period from (and including) the Interest Payment Date last preceding the date of variation; and

(E) if applicable, are assigned (or maintain) the same or higher credit ratings as were assigned to the DBS Bank Subordinated Notes immediately prior to such variation; and

(iii) are listed on a Recognised Stock Exchange if the DBS Bank Subordinated Notes were listed immediately prior to such variation;

"**DBSH Qualifying Securities**" means securities, whether debt, equity, interests in limited partnerships or otherwise, issued directly or indirectly by DBSH that:

(I)

(A) qualify (in whole or in part) as Tier 2 Capital Securities; or

(B) may be included (in whole or in part) in the calculation of the capital adequacy ratio,

in each case of (x) DBSH, on an unconsolidated basis, or (y) the DBSH Group, on a consolidated basis pursuant to the relevant requirements set out in (on the basis that DBSH is subject to the application of MAS Notice 637) MAS Notice 637 or any notice issued by MAS in respect of Designated Financial Holding Companies that is analogous to MAS Notice 637;

(II)

(A) include a ranking at least equal to that of the DBSH Subordinated Notes;

(B) have at least the same interest rate and the same Interest Payment Dates as those from time to time applying to the DBSH Subordinated Notes;

(C) have the same redemption rights as the DBSH Subordinated Notes;

(D) preserve any existing rights under the DBSH Subordinated Notes to any accrued interest which has not been paid in respect of the period from (and including) the Interest Payment Date last preceding the date of variation; and

(E) if applicable, are assigned (or maintain) the same or higher credit ratings as were assigned to the DBSH Subordinated Notes immediately prior to such variation; and

(III) are listed on a Recognised Stock Exchange if the DBSH Subordinated Notes were listed immediately prior to such variation;

"**Recognised Stock Exchange**" means such stock exchange as the relevant Subordinated Notes were listed;

a "**Tax Event**" is deemed to have occurred if, in making any payments on the Subordinated Notes, the Issuer has paid or will or would on the next payment date be required to pay any Additional Amounts or payments of interest on the Subordinated Notes will or would be treated as "distributions" or dividends within the meaning of the Income Tax Act, Chapter 134 of Singapore or any other act in respect of or relating to Singapore taxation or would otherwise be considered as payments of a type that are non-deductible for Singapore income tax purposes, in each case under the laws or regulations of a Relevant Taxing Jurisdiction or any political subdivision or authority therein or thereof having the power to tax, including any treaty to which a Relevant Taxing Jurisdiction is a party, or any generally published application or interpretation of such laws, including a decision of any court or tribunal, or the generally published application or interpretation of such laws by any relevant tax authority or any generally published pronouncement by any tax authority, and the Issuer cannot avoid the foregoing by taking measures reasonably available to it.

(h) **Purchases**: The Issuer and any of its subsidiaries (with the prior approval of MAS, for so long as the Issuer is required to obtain such approval, in the case of the Subordinated Notes) may at any time purchase Notes (*provided that* all unmatured Receipts and Coupons and unexchanged Talons relating thereto are attached thereto or surrendered therewith) in the open market or otherwise at any price in accordance with all relevant laws and regulations and, for so long as the Notes are listed, the requirements of the relevant stock exchange. The Relevant Issuer or any such subsidiary may, at its option (or in the case of Subordinated Notes, with the consent of MAS), retain such purchased Notes for its own account and/or resell or cancel or otherwise deal with them at its discretion.

(i) **Cancellation**: All Notes purchased by or on behalf of the Issuer or any of its subsidiaries may be surrendered for cancellation, in the case of Bearer Notes, by surrendering each such Note together with all unmatured Receipts and Coupons and all unexchanged Talons to the Issuing and Paying Agent and, in the case of Registered Notes (other than AMTNs), by surrendering the Certificate representing such Notes to the Registrar and, in each case, if so surrendered, shall, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with all unmatured Receipts and Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Notes so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged. Any Subordinated Note that is Written-off in full in accordance with Condition 6 shall be automatically cancelled.

If any AMTN represented by an AMTN Certificate is redeemed or purchased and cancelled in accordance with this Condition 5 then:

(i) the applicable AMTN Certificate will be deemed to be surrendered and cancelled without any further formality; and

(ii) where some, but not all, of the AMTNs represented by that AMTN Certificate are so redeemed or purchased and cancelled, DBS Bank will, promptly and without charge, issue and deliver, and procure the authentication by the Australian Agent of, a new AMTN Certificate in respect of those AMTNs that had been represented by the original AMTN Certificate and which remain outstanding following such redemption or purchase and cancellation.

(j) **No Obligation to Monitor**: In the case of Notes, the Trustee (or in the case of AMTNs, the Australian Agent) shall not be under any duty to monitor whether any event or circumstance has happened or exists within this Condition 5 and will not be responsible to the Noteholders, Receiptholders or Couponholders for any loss arising from any failure by it to do so. Unless and until the Trustee or the Australian Agent (as applicable) has notice in writing of the occurrence of any event or circumstance within this Condition 5, it shall be entitled to assume that no such event or circumstance exists.

(k) **Redemption or Variation Conditions of Subordinated Notes**: Any redemption under Condition 5(c), 5(d), 5(e) or 5(f) or variation under Condition 5(g) (to the extent that any variation would affect the eligibility of the Subordinated Notes as DBS Bank Tier 2 Capital Securities or DBSH Tier 2 Capital Securities, as the case may be) of the Subordinated Notes by the Issuer is subject to the Issuer obtaining the prior approval of MAS.

6 Loss Absorption upon a Trigger Event in respect of Subordinated Notes

Any Write-off of any Subordinated Notes under this Condition 6 with respect to the clearing and/or settlement of any Subordinated Notes is subject to the availability of procedures to effect any such Write-off in the relevant clearing system(s). For the avoidance of doubt, however, any Write-off of any Subordinated Notes with respect to the Issuer under this Condition 6 will be effective upon the date that the Issuer specifies in the Trigger Event Notice (or as may otherwise be notified in writing to Subordinated Noteholders, the Trustee and Agents by the Issuer) notwithstanding any inability to operationally effect any such Write-off in the relevant clearing system(s).

The Trust Deed and Agency Agreement may contain certain protections and disclaimers as applicable to the Trustee and Agents in relation to Condition 6. Each Noteholder shall be deemed to have authorised, directed and requested the Trustee, the Registrar and the other Agents, as the case may be, to take any and all necessary action to give effect to any DBS Bank Loss Absorption Option or DBSH Loss Absorption Option, as the case may be, and any DBS Bank Write-off or a DBSH Write-off, as the case may be, following the occurrence of the DBS Bank Trigger Event or DBSH Trigger Event, respectively.

(a) **Loss Absorption upon a DBS Bank Trigger Event in respect of DBS Bank Subordinated Notes**:

(i) *DBS Bank Write-off on a DBS Bank Trigger Event*:

(A) If this Condition 6(a) and "**Write-off**" is specified as the DBS Bank Loss Absorption Option in the applicable Pricing Supplement for any DBS Bank Subordinated Notes, if a DBS Bank Trigger Event occurs DBS Bank shall, upon the issue of a DBS Bank Trigger Event Notice, irrevocably and without the need for the consent of the Trustee or the holders of any DBS Bank Subordinated Notes, reduce the principal amount and cancel any accrued but unpaid interest of each DBS Bank Subordinated Note (in whole or in part) by an amount equal to the DBS Bank Trigger Event Write-off Amount per DBS Bank Subordinated Note (a "**DBS Bank Write-off**", and "**Written-off**" shall be construed accordingly). Once any principal or interest under a DBS Bank Subordinated Note has been Written-off, it will be extinguished and will not be restored in any circumstances, including where the relevant DBS Bank Trigger Event

ceases to continue. No Noteholder may exercise, claim or plead any right to any DBS Bank Trigger Event Write-off Amount, and each Noteholder shall be deemed to have waived all such rights to such DBS Bank Trigger Event Write-off Amount.

(B) If a DBS Bank Trigger Event Notice has been given in respect of any DBS Bank Subordinated Notes in accordance with this Condition 6(a), transfers of any such DBS Bank Subordinated Notes that are the subject of such notice shall not be permitted during the Suspension Period (as defined in Condition 2). From the date on which a DBS Bank Trigger Event Notice in respect of any DBS Bank Subordinated Notes in accordance with this Condition 6(a) is issued by DBS Bank to the end of the Suspension Period, the Trustee and the Registrar, if applicable, shall not register any attempted transfer of any DBS Bank Subordinated Notes. As a result, such an attempted transfer will not be effective.

(C) Any reference in these Conditions to principal in respect of the DBS Bank Subordinated Notes shall refer to the principal amount of the DBS Bank Subordinated Note(s), reduced by any applicable DBS Bank Write-off(s).

(ii) *Multiple DBS Bank Trigger Events and DBS Bank Write-offs in part*:

(A) Where only part of the principal or interest of DBS Bank Tier 2 Capital Securities is to be Written-off, DBS Bank shall use reasonable endeavours to conduct any DBS Bank Write-off such that:

(x) holders of any Series of DBS Bank Subordinated Notes are treated ratably and equally; and

(y) the DBS Bank Write-off of any DBS Bank Subordinated Notes is conducted:

(I) to the extent that the DBS Bank Trigger Event Write-off Amount (as applicable) exceeds the aggregate nominal amount of all DBS Bank Tier 1 Capital Securities (other than DBS Bank Common Equity Tier 1 Capital) that are capable of being converted or written-down under any applicable laws and/or their terms of issue analogous to these Conditions, so as to write-off DBS Bank Tier 2 Capital Securities (including the DBS Bank Subordinated Notes) in an aggregate nominal amount equal to the amount of that excess; and

(II) on a *pro rata* and proportionate basis with all other DBS Bank Tier 2 Capital Securities, to the extent that such DBS Bank Tier 2 Capital Securities are capable of being converted or written-off under any applicable laws and/or their terms of issue analogous to these Conditions.

A write-off or conversion (if applicable) of any DBS Bank Common Equity Tier 1 Capital shall not be required before a DBS Bank Write-off of any DBS Bank Subordinated Notes can be effected in accordance with these Conditions.

(B) Any Series of DBS Bank Subordinated Notes may be subject to one or more DBS Bank Write-offs in part (as the case may be), except where such Series of DBS Bank Subordinated Notes has been Written-off in its entirety.

(iii) *Definitions*:

In this Condition:

"**DBS Bank Common Equity Tier 1 Capital**" means:

(A) any security issued by DBS Bank; or

(B) any other similar obligation issued by any subsidiary of DBS Bank, that, in each case, constitutes Common Equity Tier 1 Capital of:

(x) DBS Bank, on an unconsolidated basis;

(y) the DBS Bank Group, on a consolidated basis; or

(z) the DBSH Group, on a consolidated basis,

pursuant to the relevant requirements set out in (I) (in the case of (x) and (y) above) MAS Notice 637 or (II) (in the case of (z) above) (on the basis that DBSH is subject to the application of MAS Notice 637) MAS Notice 637 or any notice issued by MAS in respect of Designated Financial Holding Companies that is analogous to MAS Notice 637.

"**DBS Bank Loss Absorption Option**" means such loss absorption option as may be specified in the applicable Pricing Supplement in respect of any DBS Bank Subordinated Notes;

"**DBS Bank Trigger Event**" means the earlier of:

(A) the MAS notifying DBS Bank in writing that it is of the opinion that a write-off or conversion, is necessary, without which the DBS Bank Group or the DBSH Group would become non-viable; and

(B) a decision by the MAS to make a public sector injection of capital, or equivalent support, without which the DBS Bank Group or DBSH Group would have become non-viable, as determined by the MAS;

"**DBS Bank Trigger Event Notice**" means the notice specifying that a DBS Bank Trigger Event has occurred, which shall be issued by DBS Bank not more than two Business Days after the occurrence of a DBS Bank Trigger Event to the holders of the DBS Bank Subordinated Notes and the Issuing and Paying Agent in accordance with Condition 16 and which shall state with reasonable detail the nature of the relevant DBS Bank Trigger Event and, if applicable, specify the DBS Bank Trigger Event Write-off Amount per DBS Bank Subordinated Note to be Written-off;

"**DBS Bank Trigger Event Write-off Amount**" means the amount of interest and/or principal to be Written-off as the MAS may direct, or as DBS Bank shall determine in accordance with the MAS, which is required to be Written-off for the DBS Bank Trigger Event to cease to continue. For the avoidance of doubt, the write-off will be effected in full even in the event that the amount written-off is not sufficient for the DBS Bank Trigger Event to cease to continue.

(b) **Loss Absorption upon a DBSH Trigger Event in respect of DBSH Subordinated Notes**:

(i) *DBSH Write-off on a DBSH Trigger Event*:

(A) If this Condition 6(b) and "**Write-off**" is specified as the DBSH Loss Absorption Option in the applicable Pricing Supplement for any DBSH Subordinated Notes, if a DBSH Trigger Event occurs DBSH shall, upon the issue of a DBSH Trigger Event Notice, irrevocably and without the need for the consent of the Trustee or the holders of any DBSH Subordinated Notes, reduce the principal amount and cancel any accrued but unpaid interest of each DBSH Subordinated Note (in whole or in part) by an amount equal to the DBSH Trigger Event Write-off Amount per DBSH

Subordinated Note (a "**DBSH Write-off**", and "**Written-off**" shall be construed accordingly). Once any principal or interest under a DBSH Subordinated Note has been Written-off, it will be extinguished and will not be restored in any circumstances, including where the relevant DBSH Trigger Event ceases to continue. No Noteholder may exercise, claim or plead any right to any DBSH Trigger Event Write-off Amount, and each Noteholder shall be deemed to have waived all such rights to such DBSH Trigger Event Write-off Amount.

(B) If a DBSH Trigger Event Notice has been given in respect of any DBSH Subordinated Notes in accordance with this Condition 6(b), transfers of any such DBSH Subordinated Notes that are the subject of such notice shall not be permitted during the Suspension Period (as defined in Condition 2). From the date on which a DBSH Trigger Event Notice in respect of any DBSH Subordinated Notes in accordance with this Condition 6(b) is issued by DBSH to the end of the Suspension Period, the Trustee and the Registrar, if applicable, shall not register any attempted transfer of any DBSH Subordinated Notes. As a result, such an attempted transfer will not be effective.

(C) Any reference in these Conditions to principal in respect of the DBSH Subordinated Notes shall refer to the principal amount of the DBSH Subordinated Note(s), reduced by any applicable DBSH Write-off(s).

(ii) *Multiple DBSH Trigger Events and DBSH Write-offs in part*:

(A) Where only part of the principal or interest of DBSH Tier 2 Capital Securities is to be Written-off, DBSH shall use reasonable endeavours to conduct any DBSH Write-off such that:

(x) holders of any Series of DBSH Subordinated Notes are treated rateably and equally; and

(y) the DBSH Write-off of any DBSH Subordinated Notes is conducted:

(I) to the extent that the DBSH Trigger Event Write-off Amount (as applicable) exceeds the aggregate nominal amount of all DBSH Tier 1 Capital Securities (other than DBSH Common Equity Tier 1 Capital) that are capable of being converted or written-down under any applicable laws and/or their terms of issue analogous to these Conditions, so as to write-off DBSH Tier 2 Capital Securities (including the DBSH Subordinated Notes) in an aggregate nominal amount equal to the amount of that excess; and

(II) on a *pro rata* and proportionate basis with all other DBSH Tier 2 Capital Securities, to the extent that such DBSH Tier 2 Capital Securities are capable of being converted or written-off under any applicable laws and/or their terms of issue analogous to these Conditions.

A write-off or conversion (if applicable) of any DBSH Common Equity Tier 1 Capital shall not be required before a DBSH Write-off of any DBSH Subordinated Notes can be effected in accordance with these Conditions.

(B) Any Series of DBSH Subordinated Notes may be subject to one or more DBSH Write-offs in part (as the case may be), except where such Series of DBSH Subordinated Notes has been Written-off in its entirety.

(iii) *Definitions*:

In this Condition:

"**DBSH Common Equity Tier 1 Capital**" means:

(A) any security issued by DBSH; or

(B) any other similar obligation issued by any subsidiary of DBSH, that, in each case, constitutes Common Equity Tier 1 Capital of:

(x) DBSH, on an unconsolidated basis;

(y) the DBSH Group, on a consolidated basis,

pursuant to the relevant requirements set out in (I) (on the basis that DBSH is subject to the application of MAS Notice 637) MAS Notice 637 or (II) any notice issued by the MAS in respect of Designated Financial Holding Companies that is analogous to MAS Notice 637.

"**DBSH Loss Absorption Option**" means such loss absorption option as may be specified in the applicable Pricing Supplement in respect of any DBSH Subordinated Notes;

"**DBSH Trigger Event**" means the earlier of:

(A) the MAS notifying DBSH in writing that it is of the opinion that a write-off or conversion, is necessary, without which DBSH or the DBSH Group would become non-viable; and

(B) a decision by the MAS to make a public sector injection of capital, or equivalent support, without which DBSH or DBSH Group would have become non-viable, as determined by the MAS;

"**DBSH Trigger Event Notice**" means the notice specifying that a DBSH Trigger Event has occurred, which shall be issued by DBSH not more than two Business Days after the occurrence of a DBSH Trigger Event to the holders of the DBSH Subordinated Notes and the Issuing and Paying Agent in accordance with Condition 16 and which shall state with reasonable detail the nature of the relevant DBSH Trigger Event and, if applicable, specify the DBSH Trigger Event Write-off Amount per DBSH Subordinated Note to be Written-off;

"**DBSH Trigger Event Write-off Amount**" means the amount of interest and/or principal to be Written-off as the MAS may direct, or as DBSH shall determine in accordance with the MAS, which is required to be Written-off for the DBSH Trigger Event to cease to continue. For the avoidance of doubt, the write-off will be effected in full even in the event that the amount written-off is not sufficient for the DBSH Trigger Event to cease to continue.

7 Payments and Talons

(a) **Bearer Notes not held in the CMU**: Payments of principal and interest in respect of Bearer Notes not held in the CMU shall, subject as mentioned below, be made against presentation and surrender of the relevant Receipts (in the case of payments of Instalment Amounts other than on the due date for redemption and *provided that* the Receipt is presented for payment together with its relevant Note), Notes (in the case of all other payments of principal and, in the case of interest, as specified in Condition 7(g)(vi)) or Coupons (in the case of interest, save as specified in Condition 7(g)(ii)), as the case may be:

(i) in the case of a currency other than Renminbi, at the specified office of any Paying Agent outside the United States by a cheque payable in the relevant currency drawn on, or, at the option of the holder, by transfer to an account denominated in such currency with, a Bank; and

(ii) in the case of Renminbi, by transfer to a relevant account maintained by or on behalf of the Noteholder. If a holder does not maintain a relevant account in respect of a payment to be made under the Notes, the Issuer reserves the right, in its sole discretion and upon such terms as it may determine, to make arrangements to pay such amount to that holder by another means, *provided that* the Issuer shall not have any obligation to make any such arrangements.

In this Condition:

"**Bank**" means a bank in the principal financial centre for such currency or, in the case of Euro, in a city in which banks have access to the TARGET System.

"**relevant account**" means the Renminbi account maintained by or on behalf of the Noteholder with:

in the case of Notes cleared through the CMU Service, a bank in Hong Kong; or

in the case of Notes cleared through the CDP System or Notes in definitive form, a bank in Singapore or Hong Kong.

(b) **Registered Notes (other than AMTNs) not held in the CMU**: This Condition 7(b) does not apply to AMTNs.

(i) Payments of principal (which for the purposes of this Condition 7(b) shall include final Instalment Amounts but not other Instalment Amounts) in respect of Registered Notes shall be made against presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in paragraph (ii) below.

(ii) Interest (which for the purpose of this Condition 7(b) shall include all Instalment Amounts other than final Instalment Amounts) on Registered Notes shall be paid to the person shown on the Register at the close of business: (A) in the case of a currency other than Renminbi, on the 15th day before the due date for payment thereof; and (B) in the case of Notes denominated in Renminbi, on the 5th business day before the due date for payment (the "**Record Date**"). Payments of interest on each Registered Note shall be made:

(A) in the case of a currency other than Renminbi, in the relevant currency by cheque drawn on a Bank and mailed to the holder (or to the first named of joint holders) of such Note at its address appearing in the Register. Upon application by the holder to the specified office of the Registrar or any other Transfer Agent before the Record Date, such payment of interest may be made by transfer to an account in the relevant currency maintained by the payee with a Bank; and

(B) in the case of Renminbi, by transfer to the registered account of the Noteholder. If a holder does not maintain a registered account in respect of a payment to be made under the Notes, the Issuer reserves the right, in its sole discretion and upon such terms as it may determine, to make arrangements to pay such amount to that holder by another means, *provided that* the Issuer shall not have any obligation to make any such arrangements.

In this Condition 7(b):

"**registered account**" means the Renminbi account maintained by or on behalf of the Noteholder with:

(x) in the case of Notes cleared through the CMU Service, a bank in Hong Kong; or

(y) in the case of Notes cleared through the CDP System or Notes in definitive form, a bank in Singapore or Hong Kong,

details of which appear on the Register at the close of business on the fifth Business Day before the due date for payment.

(c) **Registered Notes (other than AMTNs) held in the CMU**: This Condition 7(c) does not apply to AMTNs. Payments of principal and interest in respect of Registered Notes held in the CMU will be made to the person(s) for whose account(s) interests in the relevant Registered Note are credited as being held with the CMU in accordance with the CMU Rules (as defined in the Agency Agreement) at the relevant time as notified to the CMU Lodging and Paying Agent by the CMU in a relevant CMU Instrument Position Report (as defined in the Agency Agreement) or any other relevant notification by the CMU, which notification shall be conclusive evidence of the records of the CMU (save in the case of manifest error) and payment made in accordance thereof shall discharge the obligations of the Issuer in respect of that payment.

For so long as any of the Notes that are cleared through the CMU are represented by a Global Note or a Global Certificate, payments of interest or principal will be made to the persons for whose account a relevant interest in that Global Note or, as the case may be, that Global Certificate is credited as being held by the operator of the CMU Service at the relevant time, as notified to the CMU Lodging and Paying Agent by the operator of the CMU Service in a relevant CMU instrument position report (as defined in the rules of the CMU) or in any other relevant notification by the operator of the CMU Service. Such payment will discharge the Issuer's obligations in respect of that payment. Any payments by the CMU participants to indirect participants will be governed by arrangements agreed between the CMU participants and the indirect participants and will continue to depend on the inter-bank clearing system and traditional payment methods. Such payments will be the sole responsibility of such CMU participants.

(d) **Payments in the United States**: Notwithstanding the foregoing, if any Bearer Notes are denominated in U.S. dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if (i) the Issuer shall have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Notes in the manner provided above when due, (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts and (iii) such payment is then permitted by United States law, without involving, in the opinion of the Issuer, any adverse tax consequence to the Issuer.

(e) **Payments subject to fiscal laws**: Save as provided in Condition 8, payments will be subject in all cases to any applicable fiscal or other laws, regulations and directives in the place of payment or other laws to which the Issuer agrees to be subject and the Issuer will not be liable for any taxes or duties of whatever nature imposed or levied by such laws, regulations, directives or agreements. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

(f) **Appointment of Agents**: The Issuing and Paying Agent, the CMU Lodging and Paying Agent, the CDP Paying Agent, the Paying Agents, the Registrars, the Australian Agent, the Transfer Agents and the Calculation Agent initially appointed by the Issuer and their respective specified offices

are listed below. The Issuing and Paying Agent, the CMU Lodging and Paying Agent, the CDP Paying Agent, the Paying Agents, the Registrar, the Australian Agent, the Transfer Agents and the Calculation Agent act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Noteholder or Couponholder. The Issuer reserves the right at any time, with the approval of the Trustee to vary or terminate the appointment of the Issuing and Paying Agent, the Australian Agent, the CMU Lodging and Paying Agent, the CDP Paying Agent, any other Paying Agent, the Registrar, any Transfer Agent or the Calculation Agent(s) and to appoint additional or other Paying Agents or Transfer Agents, *provided that* the Issuer shall at all times maintain:

(i) an Issuing and Paying Agent;

(ii) a Registrar or Australian Agent (as applicable) in relation to Registered Notes;

(iii) a Transfer Agent in relation to Registered Notes;

(iv) a CMU Lodging and Paying Agent in relation to Notes accepted for clearance through the CMU Service;

(v) a CDP Paying Agent in relation to Notes accepted for clearance through the CDP System;

(vi) one or more Calculation Agent(s) where the Conditions so require;

(vii) a Paying Agent in Singapore, where the Notes may be presented or surrendered for payment or redemption, in the event that the Global Notes are exchanged for Definitive Notes, for so long as the Notes are listed on the Singapore Stock Exchange Securities Limited or any successor thereto (the "**SGX-ST**") and the rules of the SGX-ST so require; and

(viii) such other agents as may be required by any other stock exchange on which the Notes may be listed, in each case as approved by the Trustee.

In addition, the Issuer shall forthwith appoint a Paying Agent in New York City in respect of any Bearer Notes denominated in U.S. dollars in the circumstances described in paragraph (c) above.

Notice of any such change or any change of any specified office shall promptly be given to the Noteholders.

(g) **Unmatured Coupons and Receipts and unexchanged Talons**:

(i) Unless the Notes provide that the relevant Coupons are to become void upon the due date for redemption of those Notes, Bearer Notes which comprise Fixed Rate Notes should be surrendered for payment together with all unmatured Coupons (if any) relating thereto, failing which an amount equal to the face value of each missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmatured Coupon that the sum of principal so paid bears to the total principal due) shall be deducted from the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, due for payment. Any amount so deducted shall be paid in the manner mentioned above against surrender of such missing Coupon within a period of 10 years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 9).

(ii) Upon the due date for redemption of any Bearer Note comprising a Floating Rate Note, unmatured Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.

(iii) Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.

(iv) Upon the due date for redemption of any Bearer Note that is redeemable in instalments, all Receipts relating to such Note having an Instalment Date falling on or after such due date (whether or not attached) shall become void and no payment shall be made in respect of them.

(v) Where any Bearer Note that provides that the relevant unmatured Coupons are to become void upon the due date for redemption of those Notes is presented for redemption without all unmatured Coupons, and where any Bearer Note is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.

(vi) If the due date for redemption of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Note or Certificate representing it, as the case may be. Interest accrued on a Note that only bears interest after its Maturity Date shall be payable on redemption of such Note against presentation of the relevant Note or Certificate representing it, as the case may be.

(h) **Talons**: On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Issuing and Paying Agent in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 9).

(i) **Non-Business Days**: If any date for payment in respect of any Note, Receipt or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this paragraph, "**business day**" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in the relevant place of presentation, in such other jurisdictions as shall be specified as "**Financial Centres**" hereon and:

(i) (in the case of a payment in a currency other than Euro or Renminbi) where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency; or

(ii) (in the case of a payment in Euro) which is a TARGET Business Day; or

(iii) (in the case of Renminbi where the Notes are cleared through the CMU Service) on which banks and foreign exchange markets are open for business and settlement of Renminbi payments in Hong Kong; or

(iv) (in the case of Renminbi where the Notes are cleared through the CDP System or where the Notes are in definitive form) on which banks and foreign exchange markets are open for business and settlement of Renminbi payments in Singapore and Hong Kong.

(j) **Renminbi fallback**: Notwithstanding the foregoing, if by reason of Inconvertibility, Non-transferability or Illiquidity, the Issuer is not, in its sole and absolute discretion, able to satisfy payments of principal or interest in respect of the Notes when due in Renminbi (in the case of Notes cleared through the CMU Service) in Hong Kong, or (in the case of Notes cleared through

the CDP System) in Singapore, the Issuer shall, on giving not less than five nor more than 30 days irrevocable notice to the Noteholders prior to the due date for payment, settle any such payment (in the case of Notes cleared through the CMU Service) in U.S. dollars, or (in the case of Notes cleared through the CDP System) in Singapore dollars, on the due date at (in the case of Notes cleared through the CMU Service) the U.S. Dollar Equivalent, or (in the case of Notes cleared through the CDP System) the Singapore Dollar Equivalent, of any such Renminbi denominated amount. The due date for payment shall be the originally scheduled due date or such postponed due date as shall be specified in the notice referred to above, which postponed due date may not fall more than 20 days after the originally scheduled due date. Interest on the Notes will continue to accrue up to but excluding any such date for payment of principal.

In such event, payments of the U.S. Dollar Equivalent or the Singapore Dollar Equivalent (as applicable) of the relevant principal or interest in respect of the Notes shall be made by:

(i) in the case of Notes cleared through the CMU Service, transfer to a U.S. dollar denominated account maintained by the payee with, or by a U.S. dollar denominated cheque drawn on, or, at the option of the holder, by transfer to a U.S. dollar account maintained by the holder with, a bank in New York City; and the definition of "**business day**" for the purpose of this Condition 7(j) shall mean any day on which banks and foreign exchange markets are open for general business in the relevant place of presentation, and New York City; or

(ii) in the case of Notes cleared through the CDP System, transfer to a Singapore dollar denominated account maintained by the payee with, or by a Singapore dollar denominated cheque drawn on, a bank in Singapore.

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 7(j) by the Calculation Agent will (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Agents and all Noteholders.

In this Condition:

"**Determination Business Day**" means a day (other than a Saturday or Sunday) on which commercial banks are open for general business (including dealings in foreign exchange):

(i) in the case of Notes cleared through the CMU Service, in Hong Kong, in Singapore and New York City; or

(ii) in the case of Notes cleared through the CDP System, in Singapore;

"**Determination Date**" means the day which:

(i) in the case of Notes cleared through the CMU Service, is two Determination Business Days before the due date for payment of the relevant amount under these Conditions; or

(ii) in the case of Notes cleared through the CDP System, is seven Determination Business Days before the due date of the relevant amount under these Conditions;

"**Governmental Authority**" means:

(i) in the case of Notes cleared through the CMU Service, any *de facto* or *de jure* government (or any agency or instrumentality thereof), court, tribunal, administrative or other governmental authority or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) of Hong Kong; or

(ii) in the case of Notes cleared through the CDP System, the MAS or any other governmental authority or any other entity (private or public) charged with the regulation of the financial markets of Singapore;

"**Illiquidity**" means:

(i) in the case of Notes cleared through the CMU Service, the general Renminbi exchange market in Hong Kong becomes illiquid as a result of which the Issuer cannot obtain sufficient Renminbi in order to satisfy its obligation to pay interest or principal in respect of the Notes as determined by the Issuer in good faith and in a commercially reasonable manner following consultation with two Renminbi Dealers; or

(ii) in the case of Notes cleared through the CDP System, the general Renminbi exchange market in Singapore becomes illiquid as a result of which the Issuer cannot obtain sufficient Renminbi in order to satisfy its obligation to pay interest or principal in respect of the Notes as determined by the Issuer in good faith and in a commercially reasonable manner following consultation with two Renminbi Dealers selected by the Issuer;

"**Inconvertibility**" means the occurrence of any event that makes it impossible (where it had been previously possible) for the Issuer to convert any amount due in respect of the Notes in the general Renminbi exchange market in, in the case of Notes cleared through the CMU Service, Hong Kong, or, in the case of Notes cleared through the CDP System, Singapore, other than where such impossibility is due solely to the failure of the Issuer to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Issue Date and it is impossible for the Issuer, due to an event beyond its control, to comply with such law, rule or regulation);

"**Non-transferability**" means the occurrence of any event that makes it impossible for the Issuer to transfer Renminbi between accounts:

(i) in the case of Notes cleared through the CMU Service, inside Hong Kong or from an account inside Hong Kong to an account outside Hong Kong, other than where such impossibility is due solely to the failure of the Issuer to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Issue Date and it is impossible for the Issuer, due to an event beyond its control, to comply with such law, rule or regulation) in Hong Kong and in New York City; or

(ii) in the case of Notes cleared through the CDP System, inside Singapore or from an account inside Singapore to an account outside Singapore and outside the PRC or from an account outside Singapore and outside the PRC to an account inside Singapore, other than where such impossibility is due solely to the failure of the Issuer to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Issue Date and it is impossible for the Issuer, due to an event beyond its control, to comply with such law, rule or regulation);

"**PRC**" means the People's Republic of China (excluding the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan);

"**Renminbi Dealer**" means an independent foreign exchange dealer of international repute active in the Renminbi exchange market in:

(i) in the case of Notes cleared through the CMU Service, Hong Kong; and

(ii) in the case of Notes cleared through the CDP System, in Singapore;

"**Singapore Dollar Equivalent**" means the Renminbi amount converted into Singapore dollars using the relevant Spot Rate for the relevant Determination Date;

"**Spot Rate**" means:

(i) in the case of Notes cleared through the CMU Service, the spot CNY/U.S. dollar exchange rate for the purchase of U.S. dollars with Renminbi in the over-the-counter Renminbi exchange market in Hong Kong for settlement in two Determination Business Days, as determined by the Calculation Agent at or around 11.00 a.m. (Hong Kong time) on the Determination Date, on a deliverable basis by reference to Reuters Screen Page TRADCNY3, or if no such rate is available, on a non-deliverable basis by reference to Reuters Screen Page TRADNDF;

If such rate is not available, the Calculation Agent will determine the Spot Rate at or around 11.00 a.m. (Hong Kong time) on the Determination Date as the most recently available CNY/U.S. dollar official fixing rate for settlement in two Determination Business Days reported by The State Administration of Foreign Exchange of the PRC, which is reported on the Reuters Screen Page CNY=SAEC. Reference to a page on the Reuters Screen means the display page so designated on the Reuter Monitor Money Rates Service (or any successor service) or such other page as may replace that page for the purpose of displaying a comparable currency exchange rate;

(ii) in the case of Notes cleared through the CDP System, for a Determination Date, means the spot Renminbi/Singapore dollar exchange rate as determined by the Issuer at or around 11.00 a.m. (Singapore time) on such date in good faith and in a reasonable commercial manner, and if a spot rate is not readily available, the Issuer may determine the rate taking into consideration all available information which the Issuer deems relevant, including pricing information obtained from the Renminbi non-deliverable exchange market in Singapore or elsewhere and the PRC domestic foreign exchange market in Singapore.

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 7(j) by the Calculation Agent, will (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Guarantor, the Agents and all Noteholders; and

"**U.S. Dollar Equivalent**" means the Renminbi amount converted into U.S. dollars using the Spot Rate for the relevant Determination Date as promptly notified to the Issuer and the Paying Agents.

(k) **AMTNs**:

(i) The Australian Agent will act (through its office in Sydney) as paying agent for AMTNs pursuant to the Australian Agency Agreement. For the purposes of this Condition 7(k), in relation to AMTNs, "**Business Day**" has the meaning given to such term in the Australian Agency Agreement.

(ii) Payments of principal and interest will be made in Sydney in Australian dollars to the persons registered at the close of business in Sydney on the relevant Record Date (as defined below) as the holders of such AMTNs, subject in all cases to normal banking practice and all applicable laws and regulations. Payment will be made by cheques drawn on the Sydney branch of an Australian bank dispatched by post on the relevant payment date at the risk of the Noteholder or, at the option of the Noteholder, by the Australian Agent giving in Sydney irrevocable instructions for the effecting of a transfer of the relevant funds to an Australian dollar account in Australia specified by the Noteholder to the Australian Agent (or in any other manner in Sydney which the Australian Agent and the Noteholder agree).

(iii) In the case of payments made by electronic transfer, payments will for all purposes be taken to be made when the Australian Agent gives irrevocable instructions in Sydney for the making of the relevant payment by electronic transfer, being instructions which would be reasonably expected to result, in the ordinary course of banking business, in the funds transferred reaching the account of the Noteholder on the same day as the day on which the instructions are given.

(iv) If a cheque posted or an electronic transfer for which irrevocable instructions have been given by the Australian Agent is shown, to the satisfaction of the Australian Agent, not to have reached the Noteholder and the Australian Agent is able to recover the relevant funds, the Australian Agent may make such other arrangements as it thinks fit for the effecting of the payment in Sydney.

(v) Interest will be calculated in the manner specified in Condition 4 and will be payable to the persons who are registered as Noteholders at the close of business in Sydney on the relevant Record Date and cheques will be made payable to the Noteholder (or, in the case of joint Noteholders, to the first-named) and sent to their registered address, unless instructions to the contrary are given by the Noteholder (or, in the case of joint Noteholders, by all the Noteholders) in such form as may be prescribed by the Australian Agent. Payments of principal will be made to, or to the order of, the persons who are registered as Noteholders at the close of business in Sydney on the relevant Record Date, subject, if so directed by the Australian Agent, to receipt from them of such instructions as the Australian Agent may require.

(vi) If any day for payment in respect of any AMTN is not a Business Day, such payment shall not be made until the next following day which is a Business Day, and no further interest shall be paid in respect of the delay in such payment.

(vii) Payments will be subject in all cases to any fiscal or other laws and regulations applicable thereto. Neither the Issuer nor the Australian Agent shall be liable to any Noteholder or other person for any commissions, costs, losses or expenses in relation to or resulting from such payments.

In this Condition 7(k) in relation to AMTNs, "**Record Date**" means, in the case of payments of principal or interest, the close of business in Sydney on the date which is the fifteenth calendar day before the due date of the relevant payment of principal or interest.

8 Taxation

All payments of principal and interest by or on behalf of the Issuer in respect of the Notes, the Receipts and the Coupons shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within (i) Singapore or, if different, the jurisdiction of tax residency of the Issuer, (ii) solely in the case of Notes issued by the Australia Branch of the Issuer, Australia, (iii) solely in the case of Notes issued by the Dubai (DIFC) branch of the Issuer, the United Arab Emirates or the DIFC, (iv) solely in the case of Notes issued by the Hong Kong branch of the Issuer, Hong Kong, and (v) solely in the case of Notes issued by the London branch of the Issuer, the United Kingdom, (each such jurisdiction, a "**Relevant Taxing Jurisdiction**") or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event, the Issuer shall pay such additional amounts (the "**Additional Amounts**") as shall result in receipt by the Receiptholders, Noteholders and Couponholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such Additional Amounts shall be payable with respect to any Note, Receipt or Coupon:

(a) **Payment in the United Arab Emirates (including the DIFC):** presented for payment in the United Arab Emirates (including the DIFC);

(b) **Other connection**: to, or to a third party on behalf of, a holder who is (i) treated as a resident of or as having a permanent establishment in the Relevant Taxing Jurisdiction for tax purposes or (ii) liable to such taxes, duties, assessments or governmental charges in respect of such Note, Receipt, Talon or Coupon by reason of his having some connection with the Relevant Taxing Jurisdiction other than the holding or ownership of the Note, Receipt, Talon or Coupon or receiving income therefrom, or the enforcement thereof; or

(c) **Lawful avoidance of withholding**: to, or to a third party on behalf of, a holder who could lawfully avoid (but has not so avoided) such deduction or withholding by complying or procuring that any third party complies with any statutory requirements concerning the nationality, residence, identity or other attributes of the holder or beneficial owner or by making or procuring that any third party makes a declaration of non-residence or other similar claim for exemption to any tax authority in the place where the relevant Note (or the Certificate representing it), Receipt or Coupon is presented for payment; or

(d) **Presentation more than 30 days after the Relevant Date**: where presentation is required or has occurred, presented (or in respect of which the Certificate representing it is presented) for payment more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such Additional Amounts on presenting it for payment on or before the 30th such day; or

(e) **Payment to an associate**: to, or to a third party on behalf of, a holder of a Note issued by DBS Bank through its Australia Branch who is an "associate" (as that term is defined in section 128F(9) of the Income Tax Assessment Act 1936 of Australia) of DBS Bank and such holder is not acting in the capacity of a clearing house, paying agent, custodian, funds manager or responsible entity of a registered scheme within the meaning of the Australian Corporations Act; or

(f) **TFN/ABN withholding tax**: to, or to a third party on behalf of, a holder of a Registered Note issued by DBS Bank through its Australia Branch, if that person has not supplied an appropriate Australian tax file number, Australian Business Number or details of an applicable exemption from these requirements; or

(g) **Garnishee directions by the Australian Commissioner of Taxation**: to, or to a third party on behalf of, a holder of a Note where such withholding or deduction is required to be made pursuant to a notice or direction issued by the Commissioner of Taxation under section 255 of the Income Tax Assessment Act 1936 of Australia or section 260-5 of Schedule 1 to the Taxation Administration Act 1953 of Australia or any similar law.

As used in these Conditions, "**Relevant Date**" in respect of any Note, Receipt, Talon or Coupon means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Noteholders that, upon further presentation of the Note (or relevant Certificate), Receipt, Talon or Coupon being made in accordance with the Conditions, such payment will be made, *provided that* payment is in fact made upon such presentation. References in these Conditions to (i) "**principal**" shall be deemed to include any premium payable in respect of the Notes, all Instalment Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts, Amortised Face Amounts and all other amounts in the nature of principal payable pursuant to Condition 5 or any amendment or supplement to it, (ii) "**interest**" shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 4 or any amendment or supplement to it and (iii) "**principal**" and/or "**interest**" shall be deemed to include any

Additional Amounts that may be payable under this Condition or any undertaking given in addition to or in substitution for it under the Trust Deed.

Notwithstanding any other provision of the Conditions, all payments of principal and interest by or on behalf of the Issuers in respect of the Notes, the Receipts and the Coupons will be paid net of any deduction or withholding imposed or required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations thereunder or official interpretations thereof) or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any fiscal or regulatory legislation, rules or practices implementing such an intergovernmental agreement) (any such withholding or deduction, a "**FATCA Withholding**"). Neither the Issuer nor any other person will be required to pay any additional amounts in respect of FATCA Withholding.

*Where interest, discount income, prepayment fee, redemption premium or break cost is derived from any of the Notes by any person who is not resident in Singapore and who carries on any operations in Singapore through a permanent establishment in Singapore, the tax exemption available for qualifying debt securities (subject to certain conditions) under the Income Tax Act, Chapter 134 of Singapore (the "**Income Tax Act**"), shall not apply if such person acquires such Notes using the funds and profits of such person's operations through a permanent establishment in Singapore. Any person whose interest, discount income, prepayment fee, redemption premium or break cost derived from the Notes is not exempt from tax (including for the reasons described above) shall include such income in a return of income made under the Income Tax Act.*

9 Prescription

Claims against the Issuer for payment in respect of the Notes, Receipts and Coupons (which, for this purpose, shall not include Talons) shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

10 Events of Default

(a) **Senior Notes**: If any of the following events ("**Events of Default**") occurs and is continuing, (x) in the case of Senior Notes (other than AMTNs), the Trustee at its discretion may, and if so requested by holders of at least one-quarter in nominal amount of the Senior Notes then outstanding or if so directed by an Extraordinary Resolution shall (but in respect of the events in paragraphs (ii) to (v) (inclusive) below, only if the Trustee certifies that the occurrence of such event is materially prejudicial to the interests of the Noteholders of any Series) (subject in each case to its being indemnified and/or secured and/or pre-funded to its satisfaction in its sole discretion), give notice to the Issuer that the Senior Notes are, and they shall immediately become, due and payable at their Early Redemption Amount together (if applicable) with accrued interest or (y) in the case of AMTNs, the holder of an AMTN may give notice to the Australian Agent and DBS Bank that the AMTNs held by that holder are, and they shall immediately become, due and payable at their Early Redemption Amount together (if applicable) with accrued interest:

(i) *Non-Payment*: default is made for more than 30 days in the payment on the due date of interest or principal in respect of any of the Senior Notes; or

(ii) *Breach of Other Obligations*: the Issuer does not perform or comply with any one or more of its other obligations under the Senior Notes, the Trust Deed or the Note (AMTN) Deed Poll, which default has not been remedied within 30 days after notice of such default shall have been given to the Issuer by the Trustee or a holder of the relevant AMTNs; or

(iii) *Enforcement Proceedings*: a distress, attachment, execution or other legal process is levied, enforced or sued out on or against the whole or a material part of the property, assets or revenues of the Issuer and is not discharged or stayed within 90 days; or

(iv) *Insolvency*: the Issuer is (or is deemed by law or a court of competent jurisdiction to be) insolvent or bankrupt or unable to pay its debts as they fall due, stops, suspends or threatens to stop or suspend payment of all or a material (in the opinion of the Trustee in respect of Notes other than AMTNs) part of its debts or makes a general assignment or an arrangement or composition with or for the benefit of all its creditors or a moratorium is agreed or declared in respect of all or a material part of the debts of the Issuer; or

(v) *Winding-up*: a judicial manager is appointed in relation to the Issuer, an order is made or an effective resolution passed for the winding-up or dissolution or administration of the Issuer, or the Issuer shall apply or petition for a winding-up or administration order in respect of itself or ceases or threatens, through an official action of its board of directors, to cease to carry on all or substantially all of its business or operations, in each case except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation on terms previously approved by an Extraordinary Resolution (as defined in the Trust Deed).

(b) **Subordinated Notes**: In the case of the Subordinated Notes:

(i) *Default*: "**Default**", wherever used in this Condition 10(b), means (except as expressly provided below, whatever the reason for such Default and whether or not it shall be voluntary or involuntary or be effected by the operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body) failure to pay principal of or interest on any Subordinated Note (which default in the case of principal continues for seven Business Days and in the case of interest continues for 14 Business Days) after the due date for such payment.

If a DBS Bank Write-off or a DBSH Write-off (as the case may be) has occurred pursuant to, or otherwise in accordance with, Condition 6, such event will not constitute a Default under these Conditions.

(ii) *Enforcement*: If a Default occurs in relation to the Subordinated Notes and is continuing, the Trustee may institute proceedings in Singapore (but not elsewhere) for the winding-up of the Issuer. The Trustee shall have no right to enforce payment under or accelerate payment of any Subordinated Note in the case of such Default in payment on such Subordinated Note or a default in the performance of any other covenant of the Issuer in such Subordinated Note or in the Trust Deed except as provided for in this Condition 10 and Clause 7 of the Trust Deed.

Subject to the subordination provisions as set out in Condition 3 and in Clause 5 and Clause 7 of the Trust Deed, if a court order is made or an effective resolution is passed for the winding-up of the Issuer, there shall be payable on the relevant Subordinated Notes, after the payment in full of all claims of all DBS Bank Relevant Creditors (in the case of DBS Bank) or DBSH Relevant Creditors (in the case of DBSH), but in priority to holders of share capital of the Issuer and Tier 1 Capital Securities of the Relevant Issuer, such amount remaining after the payment in full of all claims of all DBS Bank Relevant Creditors (in the case of DBS Bank) or DBSH Relevant Creditors (in the case of DBSH) up to, but not exceeding, the nominal amount of the relevant Subordinated Notes together with interest accrued to the date of repayment.

(iii) *Rights and Remedies upon Default*: If a Default in respect of the payment of principal of or interest on the Subordinated Notes occurs and is continuing, the sole remedy available to the Trustee shall be the right to institute proceedings in Singapore (but not elsewhere) for the winding-up of the Issuer. If the Issuer shall default in the performance of any obligation contained in the Trust Deed, the relevant Subordinated Notes other than a Default specified in Condition 10(b)(i) above, the Trustee and the Noteholders shall be entitled to every right and remedy given hereunder or thereunder or now or hereafter existing at law or in equity or otherwise, provided, however, that the Trustee shall have no right to enforce payment under or accelerate payment of any Subordinated Note except as provided in this Condition 10 and Clause 7 of the Trust Deed. If any court awards money damages or other restitution for any default with respect to the performance by the Issuer of its obligations contained in the Trust Deed, the relevant Subordinated Notes, the payment of such money damages or other restitution shall be subject to the subordination provisions set out herein and in Clause 5 and Clause 7 of the Trust Deed.

(iv) *Entitlement of the Trustee*: The Trustee shall not be bound to take any of the actions referred to in Condition 10(b)(ii) and Condition 10(b)(iii) above or Clause 7.2 of the Trust Deed or any other action under the Trust Deed unless (i) it shall have been so requested by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders or in writing by the holders of at least one-quarter in nominal amount of the relevant Subordinated Notes then outstanding and (ii) it shall have been indemnified and/or secured and/or pre-funded to its satisfaction in its sole discretion.

(v) *Rights of Holders*: No Noteholder shall be entitled to proceed directly against the Issuer or to institute proceedings for the winding-up of the Issuer in Singapore or to prove in any winding-up of the Issuer unless the Trustee, having become so bound to proceed (in accordance with the terms of the Trust Deed and the Conditions) or being able to prove in such winding-up, fails to do so within a reasonable period and such failure shall be continuing, in which case the Noteholder shall have only such rights against the Issuer as those which the Trustee is entitled to exercise. No remedy against the Issuer, other than as referred to in this Condition 10 and Clause 7 of the Trust Deed, shall be available to the Trustee or any Noteholder whether for the recovery of amounts owing in relation to or arising from the relevant Subordinated Notes and/or the Trust Deed or in respect of any breach by the Issuer of any of its other obligations relating to or arising from the relevant Subordinated Notes and/or the Trust Deed.

11 Meetings of Noteholders, Modification and Waiver

Condition 11(a), Condition 11(b) and Condition 11(c) do not apply to AMTNs.

(a) **Meetings of Noteholders**: The Trust Deed contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Trust Deed) of a modification of any of these Conditions or any provision of the Trust Deed. Such a meeting may be convened by Noteholders holding not less than 10 per cent., in nominal amount of the Notes for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution shall be two or more persons holding or representing a clear majority in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting two or more persons being or representing Noteholders whatever the nominal amount of the Notes held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to amend the dates of maturity or redemption of the Notes, any Instalment Date or any date for payment of interest or Interest Amounts on the Notes, (ii) to reduce or cancel the nominal amount of, or any Instalment Amount

of, or any premium payable on redemption of, the Notes, (iii) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating any Interest Amount in respect of the Notes, (iv) if a Minimum and/or a Maximum Rate of Interest, Instalment Amount or Redemption Amount is shown hereon, to reduce any such Minimum and/or Maximum, (v) to vary any method of, or basis for, calculating the Final Redemption Amount, the Early Redemption Amount or the Optional Redemption Amount, including the method of calculating the Amortised Face Amount, (vi) to vary the currency or currencies of payment or denomination of the Notes, (vii) to take any steps that as specified hereon may only be taken following approval by an Extraordinary Resolution to which the special quorum provisions apply, (viii) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass the Extraordinary Resolution or (ix) to modify Condition 3 in respect of the Subordinated Notes, in which case the necessary quorum shall be two or more persons holding or representing not less than 75 per cent., or at any adjourned meeting not less than 25 per cent., in nominal amount of the Notes for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed) and on all Couponholders and Receiptholders.

The Trust Deed provides that a resolution in writing signed by or on behalf of the holders of not less than 90 per cent., in nominal amount of the Notes outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

These Conditions may be amended, modified or varied in relation to any Series of Notes by the terms of the applicable Pricing Supplement in relation to such Series.

(b) **Modification of the Trust Deed and waiver**: The Trustee may agree, without the consent of the Noteholders, Receiptholders or Couponholders, to (i) any modification of any of the provisions of the Trust Deed which is, in its opinion, of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of applicable law or as required by Euroclear and/or Clearstream, Luxembourg and/or CMU and/or CDP, and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed that is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders. [Notwithstanding any other provision of these Conditions or the Trust Deed, no modification to any Condition or any provision of the Trust Deed may be made without the approval of MAS, to the extent that such modification changes or otherwise affects the eligibility of the Subordinated Notes as Tier 2 Capital Securities.][2] Any such modification, authorisation or waiver shall be binding on the Noteholders, Receiptholders and the Couponholders and, if the Trustee so requires, such waiver or authorisation shall be notified to the Noteholders as soon as practicable.

(c) **Entitlement of the Trustee**: In connection with the exercise of its functions (including but not limited to those referred to in this Condition) the Trustee shall have regard to the interests of the Noteholders, Receiptholders or Couponholders as a class and shall not have regard to the consequences of such exercise for individual Noteholders, Receiptholders or Couponholders and the Trustee shall not be entitled to require, nor shall any Noteholder, Receiptholders or Couponholder be entitled to claim, from the Issuer any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders, Receiptholders or Couponholders.

[2] Include for Subordinated Notes.

(d) **Meetings of AMTN holders**: The Note (AMTN) Deed Poll contains provisions for convening meetings of holders of AMTNs to consider any matter affecting their interests.

12 Enforcement in respect of Senior Notes

In the case of Senior Notes (that are not AMTNs), at any time after the Senior Notes become due and payable, the Trustee may, at its discretion and without further notice, institute such proceedings against the Issuer as it may think fit to enforce the terms of the Trust Deed, the Senior Notes, the Receipts and the Coupons, but it need not take any such proceedings unless (a) it shall have been so directed by an Extraordinary Resolution or so requested in writing by Noteholders holding at least one-quarter in nominal amount of the Senior Notes outstanding, and (b) it shall have been indemnified and/or secured and/or pre-funded to its satisfaction in its sole discretion. No Noteholder, Receiptholder or Couponholder in respect of Senior Notes (that are not AMTNs) may proceed directly against the Issuer unless the Trustee, having become bound so to proceed (in accordance with the terms of the Trust Deed and the Conditions), fails to do so within a reasonable time and such failure is continuing, in which case such Noteholder, Receiptholder or Couponholder shall have only such rights against the Issuer as those which the Trustee is entitled to exercise. In the case of any AMTN, at any time after such AMTN becomes due and payable, the holder of such AMTN may at its discretion and without further notice, institute such proceeding against DBS Bank as it may think fit to enforce the terms of the Note (AMTN) Deed Poll and such AMTN.

13 Indemnification of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility. The Trustee is entitled to enter into business transactions with the Issuer and any entity related to the Issuer without accounting for any profit.

The Trustee may accept and rely without liability to Noteholders, Receiptholders or Couponholders on a report, confirmation or certificate or any advice of any accountants, financial advisers, financial institution or any other expert, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee may conclusively (without liability) accept and shall be entitled to rely on such report, confirmation, certificate or advice and such report, confirmation, certificate or advice shall be binding on the Issuer, the Trustee, the Noteholders, Receiptholders and the Couponholders.

14 Replacement of Notes, Certificates, AMTN Certificates, Receipts, Coupons and Talons

If a Note, Certificate, Receipt, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority regulations, at the specified office of the Issuing and Paying Agent (in the case of Bearer Notes, Receipts, Coupons or Talons) and of the Registrar (in the case of Certificates) or such other Paying Agent or Transfer Agent, as the case may be, as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Noteholders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Note, Certificate, Receipt, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there shall be paid to the Issuer on demand the amount payable by the Issuer in respect of such Notes, Certificates, Receipts, Coupons or further Coupons) or talons and otherwise as the Issuer and/or Agent may require in their sole discretion. Mutilated or defaced Notes, Certificates, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

Should any AMTN Certificate be lost, stolen, mutilated, defaced or destroyed, upon written notice of such having been received by DBS Bank and the Australian Agent:

(a) that AMTN Certificate will be deemed to be cancelled without any further formality; and

(b) DBS Bank will, promptly and without charge, issue and deliver, and procure the authentication by the Australian Agent of, a new AMTN Certificate to represent the holding of the AMTNs that had been represented by the original AMTN Certificate.

15 Further Issues

The Issuer may from time to time without the consent of the Noteholders, Couponholders or Receiptholders create and issue further securities either having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest on them) and so that such further issue shall be consolidated and form a single series with the outstanding securities of any series (including the Notes) or upon such terms as the Issuer may determine at the time of their issue. References in these Conditions to the Notes include (unless the context requires otherwise) any other securities issued pursuant to this Condition and forming a single series with the Notes. Any further securities forming a single series with the outstanding securities of any series (including the Notes) constituted by the Trust Deed or any deed supplemental to it shall, and any other securities may (with the consent of the Trustee), be constituted by the Trust Deed. The Trust Deed contains provisions for convening a single meeting of the Noteholders and the holders of securities of other series where the Trustee so decides.

16 Notices

Notices to the holders of Registered Notes shall be mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing. Notices to the holders of Bearer Notes shall be valid if published in a daily newspaper of general circulation in Singapore (which is expected to be The Business Times) or, so long as Notes are listed on the SGX-ST, published on the website of the SGX-ST www.sgx.com. If any such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper with general circulation in Singapore. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made, as provided above. Notices regarding AMTNs may also be published in a leading daily newspaper of general circulation in Australia. If so given, it is expected that such notices will be published in The Australian Financial Review. Any such notice will be deemed to have been given on the date of such publication.

(a) Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the holders of Bearer Notes in accordance with this Condition.

So long as the Notes are represented by the Global Certificate and the Global Certificate is held on behalf of:

(i) DTC, Euroclear or Clearstream, Luxembourg, the Alternative Clearing System (as defined in the form of the Global Certificate) or CDP, notices to Noteholders shall be given by delivery of the relevant notice to DTC, Euroclear or Clearstream, Luxembourg, the Alternative Clearing System or (subject to the agreement of CDP) CDP, for communication by it to entitled accountholders in substitution for notification as required by the Conditions; or

(ii) the CMU, notices to the holders of Notes of that Series may be given by delivery of the relevant notice to the persons shown in a CMU Instrument Position Report issued by the

Hong Kong Monetary Authority on the business day preceding the date of despatch of such notice,

except that if the Notes are listed on the SGX-ST, and the rules of the SGX-ST so require, notice will in any event be published as provided above.

(b) A DBS Bank Trigger Event Notice or a DBSH Trigger Event Notice (as the case may be) to the holders of the relevant Subordinated Notes shall be deemed to have been validly given on the date on which such notice is published in a daily newspaper of general circulation in Singapore (which is expected to be The Business Times) or, so long as Notes are listed on the SGX-ST, published on the website of the SGX-ST www.sgx.com. If any such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper with general circulation in Singapore. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made, as provided above.

17 Currency Indemnity

Any amount received or recovered in a currency other than the currency in which payment under the relevant Note, Coupon or Receipt is due (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction, in the insolvency, winding-up or dissolution of the Issuer or otherwise) by any Noteholder or Couponholder in respect of any sum expressed to be due to it from the Issuer shall only constitute a discharge to the Issuer to the extent of the amount in the currency of payment under the relevant Note, Coupon or Receipt that the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If the amount received or recovered is less than the amount expressed to be due to the recipient under any Note, Coupon or Receipt, the Issuer shall indemnify it against any loss sustained by it as a result. In any event, the Issuer shall indemnify the recipient against the cost of making any such purchase. For the purposes of this Condition, it shall be sufficient for the Noteholder or Couponholder, as the case may be, to demonstrate that it would have suffered a loss had an actual purchase been made. These indemnities constitute a separate and independent obligation from the Issuer's other obligations, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Noteholder or Couponholder and shall continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Note, Coupon or Receipt or any other judgment or order.

18 Contracts (Rights of Third Parties) Act

[No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999 except and to the extent (if any) that the Notes expressly provide for such Act to apply to any of their terms.][3]

[No person shall have the right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore.][4]

19 Governing Law and Jurisdiction

Conditions 19(a), 19(b) and 19(c) do not apply to AMTNs.

[3] Include for Notes governed by English law.

[4] Include for Notes governed by Singapore law.

(a) **Governing Law**: The Trust Deed, the Notes, the Receipts, the Coupons and the Talons and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, [English law][5] [, save that the provisions in relation to subordination, set-off and payment void and default and enforcement are governed by and shall be construed in accordance with Singapore law][6] [Singapore law][7].

(b) **Jurisdiction**: The Courts of [England][5,6] [Singapore][7] are to have jurisdiction to settle any disputes that may arise out of or in connection with any Notes, Receipts, Coupons or Talons[, save that the courts of Singapore shall have jurisdiction to settle any disputes that arise out of the provisions in relation to subordination, set-off and payment void and default and enforcement][6] and accordingly any legal action or proceedings arising out of or in connection with any Notes, Receipts, Coupons or Talons ("**Proceedings**") may be brought in such courts. The Issuer irrevocably submits to the jurisdiction of the courts of [England][5] [and (with respect to Proceedings that arise out of the provisions in relation to subordination, set-off and payment void and default and enforcement) Singapore][6] [Singapore][7] and waives any objection to Proceedings in such courts on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. This submission is made for the benefit of each of the holders of the Notes, Receipts, Coupons and Talons and shall not affect the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).

(c) [**Service of Process**:

(i) DBS Bank has in the Trust Deed agreed that its branch in England shall accept service of process on its behalf in respect of any Proceedings in England. Such service shall be deemed completed on delivery to such process agent (whether or not, it is forwarded to and received by the Issuer). If for any reason such branch ceases to be able to accept service of process in England, DBS Bank shall immediately appoint a new agent to accept such service of process in England.

(ii) DBSH has in the Trust Deed agreed that DBS Bank's branch in England shall accept service of process on its behalf in respect of any proceeding in England. Such service shall be deemed completed on delivery to such process agent (whether or not it is forwarded to and received by the Issuer). If for any reason such branch ceases to be able to accept service of process in England, DBSH shall immediately appoint a new agent to accept such service of process in England.][8]

(d) **AMTNs**:

This Condition 19(d) shall only apply to AMTNs.

(i) The AMTNs, the Australian Agency Agreement and the Note (AMTN) Deed Poll shall be governed by the laws in force in New South Wales, Australia.

(ii) The courts of New South Wales, Australia and the courts of appeal from them are to have non-exclusive jurisdiction to settle any disputes which may arise out of or in connection with them and any suit, action or proceedings arising out of or in connection with the AMTNs, the Australian Agency Agreement and the Note (AMTN) Deed Poll (together referred to as "**Australian Proceedings**") may be brought in such courts.

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[5] Include for Notes governed by English law.

[6] Include for Subordinated Notes that are governed by English Law.

[7] Include for Notes governed by Singapore law.

[8] Include for Notes governed by English law.

(iii) For so long as any AMTNs are outstanding, DBS Bank agrees that its Australia Branch shall accept service of process on its behalf in New South Wales, Australia in respect of any Australian Proceedings. In the event there is no such branch the Issuer shall immediately appoint another agent to accept such service of process in Australia.

20 Headings

Headings are for convenience only and do not affect the interpretation of these Terms and Conditions.

TERMS AND CONDITIONS OF THE PERPETUAL CAPITAL SECURITIES

*The following is the text of the terms and conditions (the "**Conditions**") that, save for the words in italics and, subject to completion and amendment and as supplemented or varied in accordance with the provisions of the applicable Pricing Supplement, shall be applicable to the Perpetual Capital Securities in definitive form (if any) issued in exchange for the Global Certificate(s) representing each Series. Either (i) the full text of these terms and conditions together with the relevant provisions of the applicable Pricing Supplement or (ii) these terms and conditions as so completed, amended, supplemented or varied (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on the Certificates relating to such Perpetual Capital Securities. All capitalised terms that are not defined in these Conditions will have the meanings given to them in the applicable Pricing Supplement or the Trust Deed, as the case may be. Those definitions will be endorsed on the Certificates. References in the Conditions to "**Perpetual Capital Securities**" are to (where the Issuer is DBS Bank) the DBS Bank Perpetual Capital Securities of one Series only or (where the Issuer is DBSH) the DBSH Perpetual Capital Securities of one Series only, not to all Perpetual Capital Securities that may be issued under the Programme. References in these Conditions to the "**Issuer**" are references to: (i) DBS Bank; and (ii) DBSH as specified in the applicable Pricing Supplement.*

The Perpetual Capital Securities are constituted by an amended and restated Trust Deed (as amended or supplemented as at the date of issue of the Perpetual Capital Securities (the "**Issue Date**"), the "**Trust Deed**") dated 14 April 2016 between DBS Bank Ltd. ("**DBS Bank**"), DBS Group Holdings Ltd ("**DBSH**" and, together with DBS Bank, the "**Issuers**" and each an "**Issuer**") and The Bank of New York Mellon, London Branch (the "**Trustee**", which expression shall include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for the Securityholders (as defined below) [as supplemented by the Singapore Supplemental Trust Deed (as amended or supplemented as at the Issue Date) dated 14 April 2016 between the Issuers and the Trustee][1] and, where applicable, the Perpetual Capital Securities which are specified in the applicable Pricing Supplement to be held in and cleared through The Central Depository (Pte) Limited ("**CDP**") are issued with the benefit of a deed of covenant dated 14 April 2016 each relating to the Perpetual Capital Securities executed by the Relevant Issuer (each as amended, varied or supplemented from time to time (the "**CDP Deed of Covenant**")).

These terms and conditions (the "**Conditions**") include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Perpetual Capital Securities and Certificates referred to below. An amended and restated Agency Agreement (as amended or supplemented as at the Issue Date, the "**Agency Agreement**") dated 14 April 2016 has been entered into in relation to the Perpetual Capital Securities between the Issuers, the Trustee, The Bank of New York Mellon, London Branch as initial issuing and paying agent (except as otherwise described below), The Bank of New York Mellon, Hong Kong Branch as the lodging and paying agent for the Perpetual Capital Securities to be held in the Central Moneymarkets Unit Service operated by the Hong Kong Monetary Authority (the "**CMU Service**"), The Bank of New York Mellon, Singapore Branch as paying agent for the Perpetual Capital Securities to be cleared through the computerised system (the "**CDP System**") operated by the CDP, The Bank of New York Mellon as issuing and paying agent for the Perpetual Capital Securities to be cleared through Depository Trust Company ("**DTC**") and the other agents named in it. The issuing and paying agent, the CMU lodging and paying agent, the CDP paying agent, the other paying agents, the registrars, the transfer agents and the calculation agent(s) for the time being (if any) are referred to below respectively as the "**Issuing and Paying Agent**", the "**CMU Lodging and Paying Agent**", the "**CDP Paying Agent**", the "**Paying Agents**" (which expression shall include the Issuing and Paying Agent, the CMU Lodging and Paying Agent and the CDP Paying Agent), the "**Registrar**", the "**Transfer Agents**" (which expression shall include the Registrars) and the "**Calculation Agent(s)**". For the purposes of

[1] Include for Perpetual Capital Securities governed by Singapore law.

these Conditions, all references (other than in relation to the determination of Distribution and other amounts payable in respect of the Perpetual Capital Securities) to the Issuing and Paying Agent shall, unless provided otherwise, with respect to a Series of Perpetual Capital Securities to be held in the CMU Service, be deemed to be a reference to the CMU Lodging and Paying Agent and all such references shall be construed accordingly. References in these conditions to the "**Issuer**" are to the entity named as such in the applicable Pricing Supplement and "**subsidiary**" has the meaning given to this term under the Companies Act, Chapter 50 of Singapore. For the purposes of these Conditions, all references to the Issuing and Paying Agent shall, unless provided otherwise, with respect to a Series of Perpetual Capital Securities to be held in the CDP, be deemed to be a reference to the CDP Paying Agent and all such references shall be construed accordingly. Copies of the Trust Deed, CDP Deed of Covenant and the Agency Agreement referred to above are available for inspection free of charge during usual business hours at the principal office of the Trustee (presently at One Canada Square, London, E14 5AL, United Kingdom) and at the specified offices of the Paying Agents and the Transfer Agent.

The Securityholders are entitled to the benefit of, are bound by, and are deemed to have notice of, these Conditions, all the provisions of the Trust Deed and the applicable Pricing Supplement, and are deemed to have notice of those provisions applicable to them of the Agency Agreement. The Pricing Supplement for this Perpetual Capital Security (or the relevant provisions thereof) is attached to or endorsed on this Perpetual Capital Security. References to "**applicable Pricing Supplement**" are to the Pricing Supplement (or relevant provisions thereof) attached to or endorsed on this Perpetual Capital Security.

All capitalised terms that are not defined in these Conditions will have the meanings given to them in the applicable Pricing Supplement or the Trust Deed, as the case may be.

As used in these Conditions, "**Tranche**" means Perpetual Capital Securities which are identical in all respects.

1 Form, Denomination and Title

The Perpetual Capital Securities are issued in registered form only, in each case in the Specified Denomination(s) shown hereon.

*All Perpetual Capital Securities shall have the same Specified Denomination. Unless otherwise permitted by the then current laws and regulations, Perpetual Capital Securities which have a maturity of less than one year and in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the Financial Services and Markets Act 2000 ("**FSMA**") will have a minimum denomination of £100,000 (or its equivalent in other currencies). Perpetual Capital Securities sold in reliance on Rule 144A will be in minimum denominations of U.S.$200,000 (or its equivalent in other currencies) and integral multiples of U.S.$1,000 (or its equivalent in other currencies) in excess thereof, subject to compliance with all legal and/or regulatory requirements applicable to the relevant currency. Perpetual Capital Securities which are listed on the Singapore Stock Exchange Securities Limited or any successor thereto (the "**SGX-ST**") will be traded on the SGX-ST in a minimum board lot size of S$200,000 (or its equivalent in other currencies) or such other amount as may be allowed or required from time to time. In the case of any Perpetual Capital Securities which are to be admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under Directive 2003/71/EC (the "**Prospectus Directive**"), the minimum Specified Denomination shall be €100,000 (or its equivalent in any other currency as at the date of issue of the relevant Perpetual Capital Securities).*

Each Perpetual Capital Security may be a Fixed Rate Perpetual Capital Security or a Floating Rate Perpetual Capital Security, a combination of any of the foregoing or any other kind of Perpetual Capital Security, depending upon the Distribution and Redemption/Payment Basis shown thereon.

Perpetual Capital Securities are represented by registered certificates ("**Certificates**") and, save as provided in Condition 2(c), each Certificate shall represent the entire holding of Perpetual Capital Securities by the same holder.

Title to the Perpetual Capital Securities shall pass by registration in the register that the Issuer shall procure to be kept by the relevant Registrar (the "**Register**"). The Issuer may appoint a registrar (the "**Alternative Registrar**") in accordance with the provisions of the Agency Agreement other than the Registrar in relation to any Series. In these Conditions, "**Registrar**" includes the Registrar or, as the case may be, the Alternative Registrar, as specified hereon. Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Perpetual Capital Security shall be deemed to be and may be treated as its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on the Certificate representing it or its theft or loss or that of the related Certificate and no person shall be liable for so treating the holder.

In these Conditions, "**Securityholder**" means the person in whose name an Perpetual Capital Security is registered (as the case may be), "**holder**" (in relation to an Perpetual Capital Security) means the person in whose name an Perpetual Capital Security is registered and capitalised terms have the meanings given to them hereon, the absence of any such meaning indicating that such term is not applicable to the Perpetual Capital Securities.

2 Transfers of Perpetual Capital Securities

(a) **Transfer of Perpetual Capital Securities**: Subject to Condition 7, one or more Perpetual Capital Securities may be transferred upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate representing such Perpetual Capital Securities to be transferred, together with the form of transfer endorsed on such Certificate, (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed and any other evidence as the Registrar or Transfer Agent may reasonably require without service charge and subject to payment of any taxes, duties and other governmental charges in respect of such transfer. In the case of a transfer of part only of a holding of Perpetual Capital Securities represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. All transfers of Perpetual Capital Securities and entries on the Register will be made subject to the detailed regulations concerning transfers of Perpetual Capital Securities scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Trustee and the Registrar. A copy of the current regulations will be made available by the Registrar to any Securityholder upon request.

Transfers of interests in the Perpetual Capital Securities evidenced by the Global Certificate will be effected in accordance with the rules of the relevant clearing systems.

Transfers of interests in any DBS Bank Perpetual Capital Securities that are the subject of a DBS Bank Trigger Event Notice issued in accordance with Condition 7 shall not be permitted during any Suspension Period (as defined in Condition 2).

Transfers of interests in any DBSH Perpetual Capital Securities that are the subject of a DBSH Trigger Event Notice issued in accordance with Condition 7 shall not be permitted during any Suspension Period.

(b) **Exercise of Options or Partial Redemption or Write-off in Respect of Perpetual Capital Securities**: In the case of an exercise of an Issuer's option in respect of, or a partial redemption of or a partial DBS Bank Write-off or DBSH Write-off (as the case may be) of, a holding of Perpetual

Capital Securities represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed or Written-off, as the case may be. In the case of a partial exercise of an option resulting in Perpetual Capital Securities of the same holding having different terms, separate Certificates shall be issued in respect of those Perpetual Capital Securities of that holding that have the same terms. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any other Transfer Agent. In the case of a transfer of Perpetual Capital Securities to a person who is already a holder of Perpetual Capital Securities, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.

(c) **Delivery of New Certificates**: Each new Certificate to be issued pursuant to Condition 2(b) or (c) shall be available for delivery within five business days of receipt of the request for transfer, exercise, redemption or exchange, form of transfer and surrender of the Certificate for exchange, except (in the case of DBS Bank) for any write-off pursuant to Condition 7(a) or (in the case of DBSH) for any write-off pursuant to Condition 7(b) in which case any new Certificate to be issued shall be available for delivery as soon as reasonably practicable. Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such request for transfer, exercise, redemption or exchange, form of transfer, Exercise Notice or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Transfer Agent or the Registrar the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(c), "**business day**" means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

(d) **Transfers Free of Charge**: Transfers of Perpetual Capital Securities and Certificates on registration, transfer, exercise of an option or partial redemption or partial write-off shall be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agents, but upon payment by the relevant Securityholder of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity as the Registrar or the relevant Transfer Agent may require).

(e) **Closed Periods**: No Securityholder may require the transfer of an Perpetual Capital Security to be registered:

(i) during the period of 15 days ending on the due date for redemption of that Perpetual Capital Security;

(ii) during the period of 15 days prior to any date on which Perpetual Capital Securities may be called for redemption by the Issuer at its option pursuant to Condition 6(d);

(iii) after any such Perpetual Capital Security has been called for redemption;

(iv) during the period of 15 days ending on (and including) any date on which payment is due; or

(v) during a Suspension Period.

In these Conditions:

"**Suspension Period**" means the period commencing on the business day in Singapore immediately following the date of a DBS Bank Trigger Event Notice or a DBSH Trigger Event Notice (as the case may be) and ending on the earlier of the close of business in Singapore on:

(x) the date on which the Registrar or any other Agent has (A) reflected the relevant DBS Bank Write-off or DBSH Write-off (as the case may be) in the Register or (B) issued a new Certificate (as the case may be) to such Securityholder in respect of the related DBS Bank Write-off or DBSH Write-off (as the case may be); or

(y) with respect to the Perpetual Capital Securities represented by a Global Certificate and cleared through a clearing system, on the tenth business day in Singapore immediately following the date of receipt of any such notice by the relevant clearing system(s).

3 Status

(a) **Status of Perpetual Capital Securities**:

(i) *Status of DBS Bank Perpetual Capital Securities*: The Perpetual Capital Securities issued by DBS Bank (the "**DBS Bank Perpetual Capital Securities**") constitute direct, unsecured and subordinated obligations of DBS Bank. The rights and claims of the Securityholders are subordinated as described below.

(ii) *Status of DBSH Perpetual Capital Securities*: The Perpetual Capital Securities issued by DBSH (the "**DBSH Perpetual Capital Securities**") constitute direct, unsecured and subordinated obligations of DBSH. The rights and claims of the Securityholders are subordinated as described below.

(b) **Subordination**:

(i) *DBS Bank Subordination*: Upon the occurrence of any winding-up proceedings, the rights of the Securityholders to payment of principal of and Distributions (as described under Condition 4) on the DBS Bank Perpetual Capital Securities and any other obligations in respect of the DBS Bank Perpetual Capital Securities are expressly subordinated and subject in right of payment to the prior payment in full of all claims of DBS Bank Relevant Creditors and will rank senior to DBS Bank Junior Obligations. The DBS Bank Perpetual Capital Securities will rank *pari passu* with DBS Bank Additional Tier 1 Capital Securities. In the event that:

(A) the Securityholders do not receive payment in full of principal due and payable in respect of the DBS Bank Perpetual Capital Securities plus Distributions thereon accrued to the date of repayment in any winding-up of DBS Bank; and

(B) the winding-up order or resolution passed for the winding-up of DBS Bank or the dissolution of DBS Bank is subsequently stayed, discharged, rescinded, avoided, annulled or otherwise rendered inoperative,

then to the extent that such Securityholders did not receive payment in full of such principal of and Distributions on such DBS Bank Perpetual Capital Securities, such unpaid amounts shall remain payable in full; *provided that* payment of such unpaid amounts shall be subject to the provisions under this Condition 3 and Condition 11 and Clause 5 and Clause 7 of the Trust Deed.

All securities that qualified as DBS Bank Additional Tier 1 Capital Securities on or before December 31, 2012 shall rank pari passu with all securities issued by DBS Bank on and from January 1, 2013 that qualify as DBS Bank Additional Tier 1 Capital Securities.

The subordination provisions set out in this Condition 3(b) are effective only upon the occurrence of any winding-up proceedings of DBS Bank. In the event that a DBS Bank Trigger Event occurs the rights of holders of DBS Bank Perpetual Capital Securities shall be subject to Condition 7. This may not result in the same outcome for DBS Bank Securityholders as would otherwise occur under this Condition 3(b) upon the occurrence of any winding-up proceedings of DBS Bank.

(ii) *DBSH Subordination*: Upon the occurrence of any winding-up proceedings, the rights of the Securityholders to payment of principal of and Distributions on the DBSH Perpetual Capital Securities and any other obligations in respect of the DBSH Perpetual Capital Securities are expressly subordinated and subject in right of payment to the prior payment in full of all claims of DBSH Relevant Creditors and will rank senior to DBSH Junior Obligations. The DBSH Perpetual Capital Securities will rank *pari passu* with DBSH Additional Tier 1 Capital Securities. In the event that:

(A) the Securityholders do not receive payment in full of principal due and payable in respect of the DBSH Perpetual Capital Securities plus Distributions thereon accrued to the date of repayment in any winding-up of DBSH; and

(B) the winding-up order or resolution passed for the winding-up of DBSH or the dissolution of DBSH is subsequently stayed, discharged, rescinded, avoided, annulled or otherwise rendered inoperative,

then to the extent that such Securityholders did not receive payment in full of such principal of and Distributions on such DBSH Perpetual Capital Securities, such unpaid amounts shall remain payable in full; provided that payment of such unpaid amounts shall be subject to the provisions under this Condition 3 and Condition 11 and Clause 5 and Clause 7 of the Trust Deed.

The subordination provisions set out in this Condition 3(b) are effective only upon the occurrence of any winding-up proceedings of DBSH. In the event that a DBSH Trigger Event occurs the rights of holders of DBSH Perpetual Capital Securities shall be subject to Condition 7. This may not result in the same outcome for DBSH Securityholders as would otherwise occur under this Condition 3(b) upon the occurrence of any winding-up proceedings of DBSH.

The Issuer has agreed, pursuant to the terms of the Trust Deed, to indemnify the Securityholders against any loss incurred as a result of any judgment or order being given or made for any amount due under the Perpetual Capital Securities and such judgment or order being expressed and paid in a currency other than the Specified Currency. Any amounts due under such indemnification will be similarly subordinated in right of payment with other amounts due on the Perpetual Capital Securities and payment thereof shall be subject to the provisions under this Condition 3 and Condition 11(b) and Clause 7.3 of the Trust Deed.

On a winding-up of the Issuer, there may be no surplus assets available to meet the claims of the Securityholders after the claims of the parties ranking senior to the Securityholders (as provided in this Condition 3 and Clause 5 of the Trust Deed) have been satisfied.

In these Conditions:

"**Additional Tier 1 Capital Securities**" means the DBS Bank Additional Tier 1 Capital Securities and/or the DBSH Additional Tier 1 Capital Securities, as the context may require;

"**DBS Bank Additional Tier 1 Capital Securities**" means:

(i) any security issued by DBS Bank; or

(ii) any other similar obligation issued by any subsidiary of DBS Bank that is guaranteed by DBS Bank,

that, in each case, constitutes Additional Tier 1 capital of (x) DBS Bank, on an unconsolidated basis, (y) the DBS Bank Group, on a consolidated basis, or (z) the DBSH Group, on a consolidated basis, pursuant to the relevant requirements set out in (I) (in the case of (x) and (y) above) MAS Notice 637 or (II) (in the case of (z) above) (on the basis that DBSH is subject to the application of MAS Notice 637) MAS Notice 637 or any notice issued by MAS in respect of Designated Financial Holding Companies that is analogous to MAS Notice 637;

"**DBS Bank Group**" means DBS Bank and its subsidiaries;

"**DBS Bank Junior Obligations**" means:

(i) any DBS Bank Share; and

(ii) any class of DBS Bank's share capital and any instrument or security (including without limitation any preference shares) issued, entered into or guaranteed by DBS Bank which ranks or is expressed to rank, by its terms or by operation of law, junior to a DBS Bank Perpetual Capital Security;

"**DBS Bank Relevant Creditors**" means creditors of DBS Bank (including DBS Bank's depositors) other than those whose claims are expressed to rank *pari passu* or junior to the claims of the holders of the DBS Bank Perpetual Capital Securities;

"**DBS Bank Shares**" means the ordinary shares of DBS Bank;

"**DBSH Additional Tier 1 Capital Securities**" means:

(i) any security issued by DBSH; or

(ii) any other similar obligation issued by any subsidiary of DBSH that is guaranteed by DBSH,

that, in each case, constitutes Additional Tier 1 capital of (x) DBSH, on an unconsolidated basis, or (y) the DBSH Group, on a consolidated basis, pursuant to the relevant requirements set out in (I) (on the basis that DBSH is subject to the application of MAS Notice 637) MAS Notice 637 or (II) any notice issued by the MAS in respect of Designated Financial Holding Companies that is analogous to MAS Notice 637;

"**DBSH Group**" means DBSH and its subsidiaries;

"**DBSH Junior Obligations**" means:

(i) any DBSH Share; and

(ii) any class of DBSH share capital and any instrument or security (including without limitation any preference shares) issued, entered into or guaranteed by DBSH which ranks or is expressed to rank, by its terms or by operation of law, junior to a DBSH Perpetual Capital Security;

"**DBSH Relevant Creditors**" means creditors of DBSH other than those whose claims are expressed to rank *pari passu* or junior to the claims of the holders of DBSH Perpetual Capital Securities;

"**DBSH Shares**" means the ordinary shares of DBSH;

"**Designated Financial Holding Companies**" shall have the meaning ascribed to it in the Financial Holding Companies Act 2013;

"**MAS**" means the Monetary Authority of Singapore or such other governmental authority having primary bank supervisory authority with respect to the Issuers;

"**MAS Notice 637**" means MAS Notice 637 – "Notice on Risk Based Capital Adequacy Requirements for Banks Incorporated in Singapore" issued by MAS, as amended, replaced or supplemented from time to time; and

(c) **Set-off and Payment Void**: No Securityholder may exercise, claim or plead any right of set-off, counterclaim or retention in respect of any amount owed to it by the Issuer arising under or in connection with the Perpetual Capital Securities. Each Securityholder shall, by acceptance of any Perpetual Capital Security be deemed to have waived all such rights of set-off, counterclaim or retention to the fullest extent permitted by law. If at any time any Securityholder receives payment or benefit of any sum in respect of the Perpetual Capital Securities (including any benefit received pursuant to any such set-off, counter-claim or retention) other than in accordance with Clause 7.3.2 of the Trust Deed and the second paragraph of Condition 11(b), the payment of such sum or receipt of such benefit shall, to the fullest extent permitted by law, be deemed void for all purposes and such Securityholder, by acceptance of such Perpetual Capital Security, shall agree as a separate and independent obligation that any such sum or benefit so received shall forthwith be paid or returned in full by such Securityholder to the Issuer upon demand by the Issuer or, in the event of the winding-up of the Issuer, the liquidator of the Issuer, whether or not such payment or receipt shall have been deemed void under the Trust Deed. Any sum so paid or returned shall then be treated for purposes of the Issuer's obligations as if it had not been paid by the Issuer, and its original payment shall be deemed not to have discharged any of the obligations of the Issuer under the Perpetual Capital Securities.

4 Distributions and other Calculations

(a) **Distribution on Fixed Rate Perpetual Capital Securities**: Subject to Condition 5, each Fixed Rate Perpetual Capital Security confers a right to receive distribution (each, a "**Distribution**") on its outstanding nominal amount from and including the Distribution Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Distribution, such Distribution being payable in arrear on each Distribution Payment Date.

The Rate of Distribution in respect of a Fixed Rate Security shall be:

(i) (if no Reset Date is specified in the applicable Pricing Supplement) the Initial Distribution Rate; or

(ii) (if a Reset Date is specified in the applicable Pricing Supplement):

(A) for the period from, and including, the Distribution Commencement Date to the First Reset Date specified in the applicable Pricing Supplement, the Initial Distribution Rate; and

(B) for the period from, and including, the First Reset Date and each Reset Date (as specified in the applicable Pricing Supplement) falling thereafter to, but excluding, the immediately following Reset Date, the Reset Distribution Rate.

The amount of Distribution payable shall be determined in accordance with Condition 4(e).

For the purposes of this Condition 4(a), "**Reset Distribution Rate**" means the Relevant Rate with respect to the relevant Reset Date plus the Initial Spread.

(b) **Distribution on Floating Rate Perpetual Capital Securities**:

(i) *Distribution Payment Dates*: Subject to Condition 5, each Floating Rate Perpetual Capital Security confers a right to receive distribution (each, a "**Distribution**") on its outstanding nominal amount from and including the Distribution Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Distribution, such Distribution being payable in arrear on each Distribution Payment Date. The amount of Distribution payable shall be determined in accordance with Condition 4(e). Such Distribution Payment Date(s) is/are either shown hereon as Specified Distribution Payment Dates or, if no Specified Distribution Payment Date(s) is/are shown hereon, Distribution Payment Date shall mean each date which falls the number of months or other period shown hereon as the Distribution Period after the preceding Distribution Payment Date or, in the case of the first Distribution Payment Date, after the Distribution Commencement Date.

(ii) *Business Day Convention*: If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified is (A) the Floating Rate Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (x) such date shall be brought forward to the immediately preceding Business Day and (y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment, (B) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day, (C) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day or (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.

(iii) *Rate of Distribution for Floating Rate Perpetual Capital Securities*: The Rate of Distribution in respect of Floating Rate Perpetual Capital Securities for each Distribution Accrual Period shall be determined in the manner specified hereon and the provisions below relating to either ISDA Determination or Screen Rate Determination shall apply, depending upon which is specified hereon.

(A) ISDA Determination for Floating Rate Perpetual Capital Securities

Where ISDA Determination is specified hereon as the manner in which the Rate of Distribution is to be determined, the Rate of Distribution for each Distribution Accrual Period shall be determined by the Calculation Agent as a rate equal to the relevant ISDA Rate. For the purposes of this sub-paragraph (A), "**ISDA Rate**" for a Distribution Accrual Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

(x) the Floating Rate Option is as specified hereon;

(y) the Designated Maturity is a period specified hereon; and

(z) the relevant Reset Date is the first day of that Distribution Accrual Period unless otherwise specified hereon.

For the purposes of this sub-paragraph (A), "**Floating Rate**", "**Calculation Agent**", "**Floating Rate Option**", "**Designated Maturity**", "**Reset Date**" and "**Swap Transaction**" have the meanings given to those terms in the ISDA Definitions.

(B) Screen Rate Determination for Floating Rate Perpetual Capital Securities where the Reference Rate is not specified as being SIBOR or SOR

(x) Where Screen Rate Determination is specified hereon as the manner in which the Rate of Distribution is to be determined, the Rate of Distribution for each Distribution Accrual Period will, subject as provided below, be either:

(I) the offered quotation; or

(II) the arithmetic mean of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at either 11.00 a.m. (London time in the case of LIBOR or Brussels time in the case of EURIBOR or Hong Kong time in the case of HIBOR) on the Distribution Determination Date in question as determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean of such offered quotations.

If the Reference Rate from time to time in respect of Floating Rate Perpetual Capital Securities is specified hereon as being other than LIBOR, EURIBOR or HIBOR, the Rate of Distribution in respect of such Perpetual Capital Securities will be determined as provided hereon;

(y) If the Relevant Screen Page is not available or if, sub-paragraph (x)(I) above applies and no such offered quotation appears on the Relevant Screen Page or if sub paragraph (x)(II) above applies and fewer than three such offered quotations appear on the Relevant Screen Page in each case as at the time specified above, subject as provided below, the Calculation Agent shall request, if the Reference Rate is LIBOR, the principal London office of each of the Reference Banks or, if the Reference Rate is EURIBOR, the principal Euro-zone office of each of the Reference Banks or, if the Reference Rate is HIBOR, the principal Hong Kong office of each of the Reference Banks, to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time), or if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time), or if the Reference Rate is HIBOR, at approximately 11.00 a.m. (Hong Kong time) on the Distribution Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Distribution for such Distribution Accrual Period shall be the arithmetic mean of such offered quotations as determined by the Calculation Agent; and

(z) If sub-paragraph (y) above applies and the Calculation Agent determines that fewer than two Reference Banks are providing offered quotations, subject as provided below, the Rate of Distribution shall be the arithmetic mean of the

rates per annum (expressed as a percentage) as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time), or if the Reference Rate is HIBOR, at approximately 11.00 a.m. (Hong Kong time) on the relevant Distribution Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market or, if the Reference Rate is HIBOR, the Hong Kong inter-bank market, as the case may be, or, if fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time), or if the Reference Rate is HIBOR, at approximately 11.00 a.m. (Hong Kong time), on the relevant Distribution Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Trustee and the Issuer suitable for such purpose) informs the Calculation Agent it is quoting to leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market or, if the Reference Rate is HIBOR, the Hong Kong inter-bank market, as the case may be, *provided that*, if the Rate of Distribution cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Distribution shall be determined as at the last preceding Distribution Determination Date (though substituting, where a different Margin or Maximum or Minimum Rate of Distribution is to be applied to the relevant Distribution Accrual Period from that which applied to the last preceding Distribution Accrual Period, the Margin or Maximum or Minimum Rate of Distribution relating to the relevant Distribution Accrual Period, in place of the Margin or Maximum or Minimum Rate of Distribution relating to that last preceding Distribution Accrual Period).

(C) Screen Rate Determination for Floating Rate Perpetual Capital Securities where the Reference Rate is specified as being SIBOR or SOR

(x) Each Floating Rate Perpetual Capital Security where the Reference Rate is specified as being SIBOR (in which case such Perpetual Capital Security will be a SIBOR Perpetual Capital Security) or SOR (in which case such Perpetual Capital Security will be a Swap Rate Perpetual Capital Security) confers a right to receive Distributions at a floating rate determined by reference to a benchmark as specified hereon or in any case such other benchmark as specified hereon.

(y) The Rate of Distribution payable from time to time in respect of each Floating Rate Perpetual Capital Security under this Condition 4(b)(iii)(C) will be determined by the Calculation Agent on the basis of the following provisions:

(l) in the case of Floating Rate Perpetual Capital Securities which are SIBOR Perpetual Capital Securities:

(aa) the Calculation Agent will, at or about the Relevant Time on the relevant Distribution Determination Date in respect of each Distribution Period, determine the Rate of Distribution for such Distribution Period which shall be the offered rate for deposits in Singapore dollars for a period equal to the duration of such Distribution Period which appears on the Reuters Screen ABSIRFIX01 Page under the caption "ABS SIBOR FIX – SIBOR AND SWAP OFFER RATES – RATES AT 11.00 HRS SINGAPORE TIME" and the column headed "SGD SIBOR" (or such other Relevant Screen Page);

(bb) if no such rate appears on the Reuters Screen ABSIRFIX01 Page (or such other replacement page thereof or, if no rate appears, on such other Relevant Screen Page) or if Reuters Screen ABSIRFIX01 page (or such other replacement page thereof or such other Relevant Screen Page) is unavailable for any reason, the Calculation Agent will request the principal Singapore offices of each of the Reference Banks to provide the Calculation Agent with the rate at which deposits in Singapore dollars are offered by it at approximately the Relevant Time on the Distribution Determination Date to prime banks in the Singapore inter-bank market for a period equivalent to the duration of such Distribution Period commencing on such Distribution Payment Date in an amount comparable to the aggregate nominal amount of the relevant Floating Rate Perpetual Capital Securities. The Rate of Distribution for such Distribution Period shall be the arithmetic mean (rounded up, if necessary, to the nearest 1/16 per cent.) of such offered quotations, as determined by the Calculation Agent;

(cc) if on any Distribution Determination Date two but not all the Reference Banks provide the Calculation Agent with such quotations, the Rate of Distribution for the relevant Distribution Period shall be determined in accordance with sub-paragraph (bb) above on the basis of the quotations of those Reference Banks providing such quotations; and

(dd) if on any Distribution Determination Date one only or none of the Reference Banks provides the Calculation Agent with such quotations, the Rate of Distribution for the relevant Distribution Period shall be the rate per annum which the Calculation Agent determines to be the arithmetic mean (rounded up, if necessary, to the nearest 1/16 per cent.) of the rates quoted by the Reference Banks or those of them (being at least two in number) to the Calculation Agent at or about the Relevant Time on such Distribution Determination Date as being their cost (including the cost occasioned by or attributable to complying with reserves, liquidity, deposit or other

requirements imposed on them by any relevant authority or authorities) of funding, for the relevant Distribution Period, an amount equal to the aggregate nominal amount of the relevant Floating Rate Perpetual Capital Securities for such Distribution Period by whatever means they determine to be most appropriate or if on such Distribution Determination Date one only or none of the Reference Banks provides the Calculation Agent with such quotation, the rate per annum which the Calculation Agent determines to be arithmetic mean (rounded up, if necessary, to the nearest 1/16 per cent.) of the prime lending rates for Singapore dollars quoted by the Reference Banks at or about the Relevant Time on such Distribution Determination Date;

(II) in the case of Floating Rate Perpetual Capital Securities which are Swap Rate Perpetual Capital Securities

(aa) the Calculation Agent will, at or about the Relevant Time on the relevant Distribution Determination Date in respect of each Distribution Period, determine the Rate of Distribution for such Distribution Period as being the rate which appears on the Reuters Screen ABSFIX01 Page under the caption "SGD SOR rates as of 11:00 hrs London Time" under the column headed "SGD SOR" (or such replacement page thereof for the purpose of displaying the swap rates of leading reference banks) at or about the Relevant Time on such Distribution Determination Date and for a period equal to the duration of such Distribution Period;

(bb) if on any Distribution Determination Date no such rate is quoted on Reuters Screen ABSFIX01 Page (or such other replacement page as aforesaid) or Reuters Screen ABSFIX01 Page (or such other replacement page as aforesaid) is unavailable for any reason, such Calculation Agent will determine the Rate of Distribution for such Distribution Period as being the rate (or, if there is more than one rate which is published, the arithmetic mean of those rates (rounded up, if necessary, to the nearest 1/16 per cent.)) for a period equal to the duration of such Distribution Period published by a recognised industry body where such rate is widely used (after taking into account the industry practice at that time), or by such other relevant authority as such Calculation Agent may select; and

(cc) if on any Distribution Determination Date such Calculation Agent is otherwise unable to determine the Rate of Distribution under paragraphs (bb) and (cc) above, the Rate of Distribution shall be determined by such Calculation Agent to be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to four decimal places) of the rates quoted by the Reference Banks or those of them (being at least two in number) to such Calculation Agent at or about 11.00 a.m.

(Singapore time) on the first business day following such Distribution Determination Date as being their cost (including the cost occasioned by or attributable to complying with reserves, liquidity, deposit or other requirements imposed on them by any relevant authority or authorities) of funding, for the relevant Distribution Period, an amount equal to the aggregate principal amount of the relevant Floating Rate Perpetual Capital Securities for such Distribution Period by whatever means they determine to be most appropriate, or if on such day one only or none of the Reference Banks provides such Calculation Agent with such quotation, the Rate of Distribution for the relevant Distribution Period shall be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to four decimal places) of the prime lending rates for Singapore dollars quoted by the Reference Banks at or about 11.00 a.m. (Singapore time) on such Distribution Determination Date.

(z) On the last day of each Distribution Period, the Issuer will pay Distribution on each Floating Rate Perpetual Capital Security to which such Distribution Period relates at the Rate of Distribution for such Distribution Period.

(c) **Accrual of Distribution**: Subject to Condition 5, Distribution shall cease to accrue on each Perpetual Capital Security on the due date for redemption unless, upon due presentation, payment is improperly withheld or refused, in which event Distribution shall continue to accrue (both before and after judgment) at the Rate of Distribution in the manner provided in this Condition 4 to the Relevant Date (as defined in Condition 9).

(d) **Margin, Maximum/Minimum Rates of Distribution and Redemption Amounts and Rounding**:

(i) If any Margin is specified hereon (either (x) generally, or (y) in relation to one or more Distribution Accrual Periods), an adjustment shall be made to all Rates of Distribution, in the case of (x), or the Rates of Distribution for the specified Distribution Accrual Periods, in the case of (y), calculated in accordance with Condition 4(b) above by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin, subject always to the next paragraph.

(ii) If any Maximum or Minimum Rate of Distribution or Redemption Amount is specified hereon, then any Rate of Distribution or Redemption Amount shall be subject to such maximum or minimum, as the case may be.

(iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the fifth decimal place (with halves being rounded up), (y) all figures shall be rounded to seven significant figures (with halves being rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with halves being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes "**unit**" means the lowest amount of such currency that is available as legal tender in the country(ies) of such currency.

(e) **Calculations**: The amount of Distribution payable per calculation amount specified hereon (or, if no such amount is so specified, the Specified Denomination) (the "**Calculation Amount**") in respect of any Perpetual Capital Security for any Distribution Accrual Period shall be equal to the product of the Rate of Distribution, the Calculation Amount, and the Day Count Fraction for such Distribution Accrual Period, unless a Distribution Amount (or a formula for its calculation) is

applicable to such Distribution Accrual Period, in which case the amount of Distribution payable per Calculation Amount in respect of such Security for such Distribution Accrual Period shall equal such Distribution Amount (or be calculated in accordance with such formula). Where any Distribution Period comprises two or more Distribution Accrual Periods, the amount of Distribution payable per Calculation Amount in respect of such Distribution Period shall be the sum of the Distribution Amounts payable in respect of each of those Distribution Accrual Periods. In respect of any other period for which Distributions are required to be calculated, the provisions above shall apply save that the Day Count Fraction shall be for the period for which Distributions are required to be calculated.

(f) **Determination and Publication of Reset Distribution Rate**: The Calculation Agent shall, on the second Business Day prior to each Reset Date, calculate the applicable Reset Distribution Rate and cause the Reset Distribution Rate to be notified to the Trustee, the Issuer, each of the Paying Agents, the Securityholders, any other Calculation Agent appointed in respect of the Perpetual Capital Securities that is to make a further calculation upon receipt of such information and, if the Perpetual Capital Securities are listed on a stock exchange and the rules of such exchange or other relevant authority so require, such exchange or other relevant authority as soon as possible after their determination but in no event later than:

(i) the commencement of the relevant Distribution Period, if determined prior to such time, in the case of notification to such exchange of a Rate of Distribution and Distribution Amount; or

(ii) in all other cases, the fourth Business Day after such determination.

The determination of any rate, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties.

(g) **Determination and Publication of Rates of Distribution, Distribution Amounts, Final Redemption Amounts, Early Redemption Amounts and Optional Redemption Amounts**: The Calculation Agent shall, as soon as practicable on each Distribution Determination Date, or such other time on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, determine such rate and calculate the Distribution Amounts for the relevant Distribution Accrual Period, calculate the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, obtain such quotation or make such determination or calculation, as the case may be, and cause the Rate of Distribution and the Distribution Amounts for each Distribution Accrual Period and the relevant Distribution Payment Date and, if required to be calculated, the Final Redemption Amount, Early Redemption Amount or any Optional Redemption Amount to be notified to the Trustee, the Issuer, each of the Paying Agents, the Securityholders, any other Calculation Agent appointed in respect of the Perpetual Capital Securities that is to make a further calculation upon receipt of such information and, if the Perpetual Capital Securities are listed on a stock exchange and the rules of such exchange or other relevant authority so require, such exchange or other relevant authority as soon as possible after their determination but in no event later than (i) the commencement of the relevant Distribution Period, if determined prior to such time, in the case of notification to such exchange of a Rate of Distribution and Distribution Amount, or (ii) in all other cases, the fourth Business Day after such determination. Where any Distribution Payment Date or Distribution Period End Date is subject to adjustment pursuant to Condition 4(b)(ii), the Distribution Amounts and the Distribution Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Distribution Period. If the Perpetual Capital Securities become due and payable under Condition 10, the accrued Distribution and the Rate of Distribution payable in

respect of the Perpetual Capital Securities shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Distribution or the Distribution Amount so calculated need be made. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties.

(h) **Determination or Calculation by an agent of the Trustee**: If the Calculation Agent does not at any time for any reason determine or calculate the Rate of Distribution for a Distribution Accrual Period or any Distribution Amount, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, the Trustee shall, at the cost and expense of the Issuer, appoint an agent on its behalf to do so and such determination or calculation shall be deemed to have been made by the Calculation Agent. In doing so, the Trustee shall apply the foregoing provisions of this Condition, with any necessary consequential amendments, to the extent that, in its opinion, it can do so, and, in all other respects it shall do so in such manner as it shall deem fair and reasonable in all the circumstances. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by an agent of the Trustee pursuant to this Condition 4(h) shall (in the absence of manifest error) be final and binding upon all parties.

(i) **Definitions**: In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

"**Business Day**" means:

(i) in the case of Perpetual Capital Securities denominated in a currency other than Singapore dollars, Euro or Renminbi, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in London and in the principal financial center for such currency; and/or

(ii) in the case of Perpetual Capital Securities denominated in Euro, a day on which the TARGET System is operating (a "**TARGET Business Day**") and a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in London and the principal financial center for such currency; and/or

(iii) in the case of Perpetual Capital Securities denominated in Renminbi:

(A) if cleared through the CMU Service, a day (other than a Saturday, Sunday or public holiday) on which commercial banks in Hong Kong are generally open for business and settlement of Renminbi payments in Hong Kong;

(B) if cleared through the CDP System, a day (other than a Saturday, Sunday or gazetted public holiday) on which banks and foreign exchange markets are open for business and settlement of Renminbi payments in Singapore and Hong Kong; and

(C) if cleared through Euroclear and Clearstream, Luxembourg, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in London; and/or

(iv) in the case of Perpetual Capital Securities denominated in Singapore dollars:

(A) if cleared through the CDP, a day (other than a Saturday, Sunday or gazetted public holiday) on which commercial banks settle payments in Singapore; and

(B) if cleared through Euroclear and Clearstream, Luxembourg, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in London; and/or

(v) in the case of a currency and/or one or more Financial Centers, a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in the Financial Center(s) or, if no currency is indicated, generally in each of the Financial Centers.

"**Day Count Fraction**" means, in respect of the calculation of an amount of Distribution on any Perpetual Capital Security for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting a Distribution Period or a Distribution Accrual Period, the "**Calculation Period**"):

(i) if "**Actual/Actual**" or "**Actual/Actual – ISDA**" is specified hereon, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);

(ii) if "**Actual/365 (Fixed)**" is specified hereon, the actual number of days in the Calculation Period divided by 365;

(iii) if "**Actual/360**" is specified hereon, the actual number of days in the Calculation Period divided by 360;

(iv) if "**30/360**", "**360/360**" or "**Bond Basis**" is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D - D_1)}{360}$$

where

"**Y_1**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y_2**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M_1**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M_2**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**D_1**" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D_1 will be 30; and

"**D_2**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D_1 is greater than 29, in which case D_2 will be 30;

(v) if "**30E/360**" or "**Eurobond Basis**" is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D - D_1)}{360}$$

where

"**Y_1**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y_2**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M_1**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M_2**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**D_1**" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D_1 will be 30; and

"**D_2**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D_2 will be 30;

(vi) if "**30E/360 (ISDA)**" is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D - D_1)}{360}$$

where

"**Y_1**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y_2**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M_1**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M_2**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**D_1**" is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D_1 will be 30; and

"**D_2**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D_2 will be 30;

(vii) if "**Actual/Actual-ICMA**" is specified hereon:

(A) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and

(B) if the Calculation Period is longer than one Determination Period, the sum of:

(x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and

(y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year

where:

"**Determination Date**" means the date(s) specified as such hereon or, if none is so specified, the Distribution Payment Date(s); and "Determination Period" means the period from and including a Determination Date in any year to but excluding the next Determination Date; and

"**Distribution Accrual Period**" means the period beginning on (and including) the Distribution Commencement Date and ending on (but excluding) the first Distribution Period End Date and each successive period beginning on (and including) a Distribution Period End Date and ending on (but excluding) the next succeeding Distribution Period End Date.

"**Distribution Amount**" means:

(i) in respect of a Distribution Accrual Period, the amount of Distribution payable per Calculation Amount for that Distribution Accrual Period and which, in the case of Fixed Rate Perpetual Capital Securities, and unless otherwise specified hereon, shall mean the Fixed Distribution Amount or Broken Amount specified hereon as being payable on the Distribution Payment Date ending the Distribution Period of which such Distribution Accrual Period forms part; and

(ii) in respect of any other period, the amount of Distribution payable per Calculation Amount for that period.

"**Distribution Commencement Date**" means the Issue Date or such other date as may be specified hereon.

"**Distribution Determination Date**" means, with respect to a Rate of Distribution and Distribution Accrual Period, the date specified as such hereon or, if none is so specified, (i) the first day of such Distribution Accrual Period if the Specified Currency is Sterling or Hong Kong Dollars or Renminbi or (ii) the day falling two Business Days in the relevant Financial Centre for the Specified Currency prior to the first day of such Distribution Accrual Period if the Specified Currency is neither Sterling nor Hong Kong Dollars nor Euro nor Renminbi or (iii) the day falling two TARGET Business Days prior to the first day of such Distribution Accrual Period if the Specified Currency is Euro.

"**Distribution Period**" means the period beginning on (and including) the Distribution Commencement Date and ending on (but excluding) the first Distribution Payment Date and each successive period beginning on (and including) a Distribution Payment Date and ending on (but excluding) the next succeeding Distribution Payment Date.

"**Distribution Period End Date**" means each Distribution Payment Date unless otherwise specified hereon.

"**Euro**" means the currency of the member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended from time to time.

"**Euro-zone**" means the region comprised of member states of the European Union that adopts the single currency in accordance with the Treaty establishing the European Community, as amended.

"**HK$**" or "**Hong Kong dollars**" means the lawful currency of Hong Kong.

"**ISDA Definitions**" means the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc., (as may be updated, amended or supplemented from time to time) unless otherwise specified hereon.

"**Rate of Distribution**" means the rate of Distribution payable from time to time in respect of this Perpetual Capital Security and that is either specified or calculated in accordance with the provisions hereon.

"**Reference Banks**" means (i) in the case of a determination of LIBOR, the principal London office of four major banks in the London inter-bank market and, in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market, in each case selected by the Calculation Agent or as specified hereon, (ii) in the case of a determination of SIBOR or SOR, the principal Singapore office of three major banks in the Singapore inter-bank market, and (iii) in the case of a determination of HIBOR, the principal Hong Kong office of four major banks in the Hong Kong inter-bank market, in each case selected by the Calculation Agent or as specified hereon.

"**Reference Rate**" means the rate specified as such hereon.

"**Relevant Screen Page**" means such page, section, caption, column or other part of a particular information service as may be specified hereon.

"**Relevant Time**" means, with respect to any Distribution Determination Date, the local time in the relevant Financial Centre specified hereon or, if none is specified, the local time in the relevant Financial Centre at which it is customary to determine bid and offered rates in respect of deposits in the Relevant Currency in the interbank market in the relevant Financial Centre or, if no such customary local time exists, 11.00 a.m. in the relevant Financial Centre and, for the purpose of this definition "**local time**" means, with respect to the Euro-zone as a relevant Financial Centre, Central European Time.

"**RMB**", "**CNY**" or "**Renminbi**" means the lawful currency of the PRC.

"**Specified Currency**" means the currency specified as such hereon or, if none is specified, the currency in which the Perpetual Capital Securities are denominated.

"**Sterling**" means the lawful currency of the United Kingdom.

"**TARGET System**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET2) System which was launched on 19 November 2007 or any successor thereto.

(j) **Calculation Agent**: The Issuer shall procure that there shall at all times be one or more Calculation Agents if provision is made for them hereon and for so long as any Perpetual Capital Security is outstanding (as defined in the Trust Deed). Where more than one Calculation Agent is appointed in respect of the Perpetual Capital Securities, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under the Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Distribution for a Distribution Accrual Period or to calculate any Distribution Amount, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, or to comply with any other requirement, the Issuer shall (with the prior approval of the Trustee) appoint a leading bank or financial institution engaged in the inter-bank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal London office or any other office actively

involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

5 Distribution Restrictions

(a) **Distribution Cancellation**: The Issuer may, at its sole discretion, and must in the circumstances set out in Condition 5(c) elect to cancel any Distribution which is otherwise scheduled to be paid on a Distribution Payment Date by giving notice (such notice, a "**Distribution Cancellation Notice**") of such election to the Securityholders in accordance with Condition 16, the Trustee and the Agents at least 10 Business Days prior to the relevant Distribution Payment Date. The Issuer shall have no obligation to pay any Distribution on any Distribution Payment Date if it validly elects not to do so in accordance with this Condition 5(a) and any failure to pay such Distribution shall not constitute a Default (as described in Condition 11).

(b) **Non-cumulative Distribution**: If a Distribution is not paid in accordance with Condition 5(a), the Issuer is not under any obligation to pay that or any other Distributions that have not been paid. Such unpaid Distributions are non-cumulative and do not accrue interest. There is no limit on the number of times or the extent of the amount with respect to which the Issuer can elect not to pay Distributions pursuant to this Condition 5.

(c) **No obligation to pay**: Notwithstanding that a Distribution Cancellation Notice has not been given, the Issuer will not be obliged to pay, and will not pay, any Distribution on the relevant Distribution Payment Date (and such Distribution will not be considered to be due or payable) if:

(i) the Issuer is prevented by applicable Singapore banking regulations or other requirements of the MAS from making payment in full of dividends or other distributions when due on its Additional Tier 1 Capital Securities;

(ii) the Issuer is unable to make such payment of dividends or other distributions on its Additional Tier 1 Capital Securities without causing a breach of the MAS' consolidated or unconsolidated capital adequacy requirements set out in:

(A) (where the Issuer is DBS Bank) MAS Notice 637; or

(B) (where the Issuer is DBSH) (x) (on the basis that the Issuer is subject to the application of MAS Notice 637) MAS Notice 637 or (y) any notice issued by the MAS in respect of Designated Financial Holding Companies that is analogous to MAS Notice 637, from time to time applicable to the Issuer; or

(iii) the aggregate of the amount of the Distribution (if paid in full), together with the sum of any other dividends and other distributions originally scheduled to be paid (whether or not paid in whole or in part) during the Issuer's then-current fiscal year on the Perpetual Capital Securities or its Additional Tier 1 Capital Securities, would exceed the Distributable Reserves as of the Distributable Reserves Determination Date.

The Issuer shall have no obligation to pay any Distribution on any Distribution Payment Date if such non-payment is in accordance with this Condition 5(c) and any failure to pay such Distribution shall not constitute a Default.

For the purpose of these Conditions:

"**Distributable Reserves**" means, at any time, the amounts for the time being available to the Issuer for distribution as a dividend in compliance with Section 403 of the Companies Act, Chapter 50 of Singapore, as amended or modified from time to time ("**Available Amounts**") as of the date of the Issuer's latest audited balance sheet; provided that if the Issuer reasonably believes that the Available Amounts as of any Distributable Reserves Determination Date are lower than the

Available Amounts as of the date of the Issuer's latest audited balance sheet and are insufficient to pay the Distributions and for payments on its Additional Tier 1 Capital Securities on the relevant Distribution Payment Date, then an authorised signatory of the Issuer will be required to provide a certificate, on or prior to such Distributable Reserves Determination Date, to the Securityholders accompanied by a certificate of the Issuer's auditors for the time being of the Available Amounts as of such Distributable Reserves Determination Date (which certificate of the authorised signatory will be binding absent manifest error) and "**Distributable Reserves**" as of such Distributable Reserves Determination Date for the purposes of such Distribution will mean the Available Amounts as set forth in such certificate; and

"**Distributable Reserves Determination Date**" means, with respect to any Distribution Payment Date, the day falling two business days prior to that Distribution Payment Date.

(d) **Distributable Reserves**: Any Distribution may only be paid out of Distributable Reserves.

(e) **Restrictions in the case of Deferral**: If Distribution Stopper is specified as being applicable in the applicable Pricing Supplement and on any Distribution Payment Date, payment of Distributions scheduled to be made on such date is not made by reason of this Condition 5, the Issuer shall not:

(i) declare or pay any dividends or other distributions in respect of its Junior Obligations (or contribute any moneys to a sinking fund for the payment of any dividends or other distributions in respect of any such Junior Obligations);

(ii) declare or pay, or permit any subsidiary of the Issuer to declare or pay, any dividends or other distributions in respect of its Additional Tier 1 Capital Securities the terms of which provide that making payments of dividends or other distributions in respect thereof are fully at the discretion of the Issuer (or contribute any moneys to a sinking fund for the payment of any dividends or other distributions in respect of any such Additional Tier 1 Capital Securities); and

(iii) redeem, reduce, cancel, buy-back or acquire any of its Additional Tier 1 Capital Securities or its Junior Obligations or permit any subsidiary of the Issuer to redeem, reduce, cancel, buy-back or acquire any of its Additional Tier 1 Capital Securities or its Junior Obligations (or contribute any moneys to a sinking fund for the redemption, capital reduction, buy-back or acquisition of any such Additional Tier 1 Capital Securities or Junior Obligations),

in each case, until (x) a redemption of all the outstanding Perpetual Capital Securities has occurred; (y) the next two scheduled Distributions has been paid in full (or an amount equivalent to the next two scheduled Distribution has been paid, or irrevocably set aside in a separately designated trust account for payment to the Securityholders); or (z) the Issuer is permitted to do so by an Extraordinary Resolution.

(f) **No default**: Notwithstanding any other provision in these Conditions, the cancellation or non-payment of any Distribution in accordance with this Condition 5 shall not constitute a default for any purpose (including, without limitation, pursuant to Condition 11) on the part of the Issuer.

6 Redemption, Purchase and Options

(a) **No Fixed Redemption Date**: The Perpetual Capital Securities are perpetual securities in respect of which there is no fixed redemption date. The Perpetual Capital Securities may not be redeemed at the option of the Issuer other than in accordance with this Condition.

(b) **Early Redemption**: The Early Redemption Amount payable in respect of any Perpetual Capital Security, upon redemption of such Perpetual Capital Security pursuant to Condition 6(c) or upon it

becoming due and payable as provided in Condition 11, shall be the Final Redemption Amount unless otherwise specified hereon.

(c) **Redemption for Taxation Reasons**: Subject to Condition 6(j), the Perpetual Capital Securities may be redeemed at the option of the Issuer in whole, but not in part, (the "**Optional Tax Redemption**") on any Distribution Payment Date (if such Security is a Floating Rate Perpetual Capital Security) or at any time (if such Perpetual Capital Security is not a Floating Rate Perpetual Capital Security), on giving not less than 30 but not more than 60 days' notice to the Securityholders (which notice shall be irrevocable) at their Early Redemption Amount (as described in Condition 6(b)) together with Distributions accrued but unpaid (if any) to (but excluding) the date fixed for redemption and any Additional Amounts (as described under Condition 9) then due or which will become due on or before the date fixed for redemption or, if the Early Redemption Amount is not specified hereon, at their nominal amount, together with Distributions accrued but unpaid (if any) to (but excluding) the date fixed for redemption and any Additional Amounts then due or which will become due on or before the date fixed for redemption, if:

(A) the Issuer has or will become obliged to pay Additional Amounts; or

(B) payments of Distribution on the Perpetual Capital Securities will or would be treated as "distributions" or dividends within the meaning of the Income Tax Act, Chapter 134 of Singapore or any other act in respect of or relating to Singapore taxation or would otherwise be considered as payments of a type that are non-deductible for Singapore income tax purposes,

in each case as a result of any change in, or amendment to, the laws or regulations of the Relevant Taxing Jurisdiction (as defined in Condition 9) or any political subdivision or any authority thereof or therein having power to tax (or any taxing authority of any taxing jurisdiction in which the Issuer is a tax resident) or any change in the official application or interpretation of such laws or regulations, which change or amendment is announced and becomes effective on or after the date on which agreement is reached to issue the Perpetual Capital Securities, and the foregoing cannot be avoided by the Issuer taking reasonable measures available to it, *provided that*, where the Issuer has or will become obliged to pay Additional Amounts, no such notice of redemption shall be given earlier than (a) if such Perpetual Capital Security is a Floating Rate Perpetual Capital Security, 60 days, or (b) if such Perpetual Capital Security is not a Floating Rate Perpetual Capital Security, 90 days, in each case, prior to the earliest date on which the Issuer would be obliged to pay such Additional Amounts were a payment in respect of the Perpetual Capital Securities then due.

Before the publication of any notice of redemption pursuant to this Condition 6(c), the Issuer shall deliver to the Trustee a certificate signed by two Directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such Additional Amounts as a result of such change or amendment and the Trustee shall be entitled without further enquiry to accept such certificate and opinion as conclusive evidence of the satisfaction of the condition precedent set out above, in which event it shall be conclusive and binding on Securityholders.

Any redemption of Perpetual Capital Securities by the Issuer is subject to the Issuer obtaining the prior approval of MAS.

(d) **Redemption at the option of the Issuer**: Subject to Condition 6(j), and unless otherwise specified in the Pricing Supplement, if Call Option is specified hereon, the Issuer may, on giving

not less than 15 days irrevocable notice to the Securityholders, elect to redeem all, but not some only, of the Perpetual Capital Securities on the relevant date(s) specified hereon (which shall not be less than five years from the Issue Date) (the "**Optional Redemption Dates**") at their Optional Redemption Amount specified hereon or, if no Optional Redemption Amount is specified hereon, at their nominal amount together with Distributions accrued but unpaid (if any) to (but excluding) the date fixed for redemption in accordance with these Conditions.

All Perpetual Capital Securities in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition.

Any redemption of Securities by the Issuer is subject to the Issuer obtaining the prior approval of MAS.

(e) **Redemption for Change of Qualification Event**:

(i) *Redemption for Change of Qualification Event in respect of DBS Bank Perpetual Capital Securities*: Subject to Condition 6(j), if as a result of a change to the relevant requirements issued by MAS in relation to:

(A) the qualification of any DBS Bank Perpetual Capital Securities as DBS Bank Additional Tier 1 Capital Securities; or

(B) the inclusion of any DBS Bank Perpetual Capital Securities in the calculation of the capital adequacy ratio,

in each case of (x) DBS Bank, on an unconsolidated basis, (y) the DBS Bank Group, on a consolidated basis, or (z) the DBSH Group, on a consolidated basis ("**DBS Bank Eligible Capital**"), which change or amendment:

(x) becomes, or would become, effective on or after the Issue Date; or

(y) in the case of a change to the relevant requirements issued by MAS, if such change is issued by MAS, on or after the Issue Date,

the relevant DBS Bank Perpetual Capital Securities (in whole or in part) would not qualify as DBS Bank Eligible Capital (a "**DBS Bank Change of Qualification Event**"), then DBS Bank may, having given not less than 30 but not more than 60 days prior written notice to the Securityholders in accordance with Condition 16 (which notice shall be irrevocable), redeem in accordance with these Conditions on any Distribution Payment Date (if this DBS Bank Perpetual Capital Security is at the relevant time a Floating Rate Perpetual Capital Security) or at any time (if this DBS Bank Perpetual Capital Security is at the relevant time not a Floating Rate Perpetual Capital Security) all, but not some only, of the relevant DBS Bank Perpetual Capital Securities, at their Early Redemption Amount or, if no Early Redemption Amount is specified hereon, at their nominal amount together with Distributions accrued but unpaid (if any) to (but excluding) the date of redemption in accordance with these Conditions.

Prior to the publication of any notice of redemption pursuant to this Condition 6(e), DBS Bank shall deliver to the Trustee a certificate signed by two Directors of DBS Bank stating that a DBS Bank Change of Qualification Event has occurred and the Trustee shall accept such certificate without any further inquiry as conclusive evidence of the satisfaction of the conditions set out above without liability to any person in which event it shall be conclusive and binding on the Securityholders. Upon expiry of such notice, DBS Bank shall redeem the DBS Bank Perpetual Capital Securities in accordance with this Condition 6(e).

Any redemption of DBS Bank Perpetual Capital Securities by DBS Bank is subject to DBS Bank obtaining the prior approval of MAS.

(ii) *Redemption for Change of Qualification Event in respect of DBSH Perpetual Capital Securities*: Subject to Condition 6(j), if as a result of a change to the relevant requirements issued by MAS in relation to:

(A) the qualification of any DBSH Perpetual Capital Securities as DBSH Additional Tier 1 Capital Securities; or

(B) the inclusion of any DBSH Perpetual Capital Securities in the calculation of the capital adequacy ratio,

in each case of (x) DBSH, on an unconsolidated basis, or (y) the DBSH Group, on a consolidated basis ("**DBSH Eligible Capital**"), which change or amendment:

(x) becomes, or would become, effective on or after the Issue Date; or

(y) in the case of a change to the relevant requirements issued by MAS, if such change is issued by MAS, on or after the Issue Date,

the relevant DBSH Perpetual Capital Securities (in whole or in part) would not qualify as DBSH Eligible Capital (a "**DBSH Change of Qualification Event**"), then DBSH may, having given not less than 30 but not more than 60 days prior written notice to the Securityholders in accordance with Condition 16 (which notice shall be irrevocable), redeem in accordance with these Conditions on any Distribution Payment Date (if this DBSH Perpetual Capital Security is at the relevant time a Floating Rate Perpetual Capital Security) or at any time (if this DBSH Perpetual Capital Security is at the relevant time not a Floating Rate Perpetual Capital Security) all, but not some only, of the relevant DBSH Perpetual Capital Securities, at their Early Redemption Amount or, if no Early Redemption Amount is specified hereon, at their nominal amount together with Distributions accrued but unpaid (if any) to (but excluding) the date of redemption in accordance with these Conditions.

Prior to the publication of any notice of redemption pursuant to this Condition 6(e), DBSH shall deliver to the Trustee a certificate signed by two Directors of DBSH stating that a DBSH Change of Qualification Event has occurred and the Trustee shall accept such certificate without any further inquiry as conclusive evidence of the satisfaction of the conditions set out above without liability to any person in which event it shall be conclusive and binding on the Securityholders. Upon expiry of such notice, DBSH shall redeem the DBSH Perpetual Capital Securities in accordance with this Condition 6(e).

Any redemption of DBSH Perpetual Capital Securities by DBSH is subject to DBSH obtaining the prior approval of MAS.

(f) **Variation instead of Redemption of Perpetual Capital Securities**:

(i) *Variation instead of Redemption of DBS Bank Perpetual Capital Securities*: Where this Condition 6(f)(i) is specified as being applicable in the Pricing Supplement for the relevant DBS Bank Perpetual Capital Securities and subject to Condition 6(j), DBS Bank may at any time without any requirement for the consent or approval of the Securityholders or the Trustee and having given not less than 30 nor more than 60 days' notice to the Securityholders in accordance with Condition 16 (which notice shall be irrevocable), vary the terms of those DBS Bank Perpetual Capital Securities so that they remain or, as appropriate, become DBS Bank Qualifying Securities (as defined below) *provided that*:

(A) such variation does not itself give rise to any right of DBS Bank to redeem the varied securities that is inconsistent with the redemption provisions of those DBS Bank Perpetual Capital Securities;

(B) neither a Tax Event nor a Capital Event arises as a result of such variation; and

(C) DBS Bank is in compliance with the rules of any stock exchange on which the DBS Bank Perpetual Capital Securities are for the time being listed or admitted to trading.

If a variation has occurred pursuant to, or otherwise in accordance with, this Condition 6(f)(i), such event will not constitute a Default under these Conditions.

Any variation (to the extent that any variation would affect the eligibility of the DBS Bank Perpetual Capital Securities as DBS Bank Additional Tier 1 Capital Securities) of DBS Bank Perpetual Capital Securities by DBS Bank is subject to DBS Bank obtaining the prior approval of MAS.

(ii) *Variation instead of Redemption of DBSH Perpetual Capital Securities*: Where this Condition 6(f)(ii) is specified as being applicable in the Pricing Supplement for the relevant DBSH Perpetual Capital Securities and subject to Condition 6(j), DBSH may at any time without any requirement for the consent or approval of the Securityholders or the Trustee and having given not less than 30 nor more than 60 days' notice to the Securityholders in accordance with Condition 16 (which notice shall be irrevocable), vary the terms of those DBSH Perpetual Capital Securities so that they remain or, as appropriate, become DBSH Qualifying Securities (as defined below) *provided that*:

(A) such variation does not itself give rise to any right of DBSH to redeem the varied securities that is inconsistent with the redemption provisions of those DBSH Perpetual Capital Securities;

(B) neither a Tax Event nor a Capital Event arises as a result of such variation; and

(C) DBSH is in compliance with the rules of any stock exchange on which the DBSH Perpetual Capital Securities are for the time being listed or admitted to trading.

If a variation has occurred pursuant to, or otherwise in accordance with, this Condition 6(f)(ii), such event will not constitute a Default under these Conditions.

Any variation (to the extent that any variation would affect the eligibility of the DBSH Perpetual Capital Securities as DBSH Additional Tier 1 Capital Securities) of DBSH Perpetual Capital Securities by DBSH is subject to DBSH obtaining the prior approval of MAS.

In this Condition:

"**Additional Amounts**" means such additional amounts the Issuer shall pay as will result (after withholding or deduction) in receipt by the Securityholders of the sums which would have been receivable (in the absence of such withholding or deduction) from it in respect of their Perpetual Capital Securities;

a "**Capital Event**" will be deemed to have occurred if the Perpetual Capital Securities are not, or cease to be, eligible in their entirety to be treated, in the case of DBS Bank Perpetual Capital Securities, as DBS Bank Additional Tier 1 Capital Securities or, in the case of DBSH Perpetual Capital Securities, as DBSH Additional Tier 1 Capital Securities;

"**DBS Bank Qualifying Securities**" means securities, whether debt, equity, interests in limited partnerships or otherwise, issued directly or indirectly by DBS Bank that:

(i)

(A) qualify (in whole or in part) as Additional Tier 1 Capital Securities; or

(B) may be included (in whole or in part) in the calculation of the capital adequacy ratio,

in each case of (x) DBS Bank, on an unconsolidated basis, (y) the DBS Bank Group, on a consolidated basis, or (z) the DBSH Group, on a consolidated basis pursuant to the relevant requirements set out in (I) (in the case of (x) and (y) above) MAS Notice 637 or (II) (in the case of (z) above) (on the basis that DBSH is subject to the application of MAS Notice 637) MAS Notice 637 or any notice issued by MAS in respect of Designated Financial Holding Companies that is analogous to MAS Notice 637;

(ii)

(A) include a ranking at least equal to that of the DBS Bank Perpetual Capital Securities;

(B) have at least the same Distribution rate and the same Distribution Payment Dates as those from time to time applying to the DBS Bank Perpetual Capital Securities;

(C) have the same redemption rights as the DBS Bank Perpetual Capital Securities;

(D) preserve any existing rights under the DBS Bank Perpetual Capital Securities to any accrued Distributions which has not been paid in respect of the period from (and including) the Distribution Payment Date last preceding the date of variation; and

(E) if applicable, are assigned (or maintain) the same or higher credit ratings as were assigned to the DBS Bank Perpetual Capital Securities immediately prior to such variation; and

(iii) are listed on a Recognised Stock Exchange if the DBS Bank Perpetual Capital Securities were listed immediately prior to such variation;

"**DBSH Qualifying Securities**" means securities, whether debt, equity, interests in limited partnerships or otherwise, issued directly or indirectly by DBSH that:

(I)

(A) qualify (in whole or in part) as Additional Tier 1 Capital Securities; or

(B) may be included (in whole or in part) in the calculation of the capital adequacy ratio,

in each case of (x) DBSH, on an unconsolidated basis, or (y) the DBSH Group, on a consolidated basis pursuant to the relevant requirements set out in (on the basis that DBSH is subject to the application of MAS Notice 637) MAS Notice 637 or any notice issued by MAS in respect of Designated Financial Holding Companies that is analogous to MAS Notice 637;

(II)

(A) include a ranking at least equal to that of the DBSH Perpetual Capital Securities;

(B) have at least the same Distribution rate and the same Distribution Payment Dates as those from time to time applying to the DBSH Perpetual Capital Securities;

(C) have the same redemption rights as the DBSH Perpetual Capital Securities;

(D) preserve any existing rights under the DBSH Perpetual Capital Securities to any accrued Distributions which has not been paid in respect of the period from (and including) the Distribution Payment Date last preceding the date of variation; and

(E) if applicable, are assigned (or maintain) the same or higher credit ratings as were assigned to the DBSH Perpetual Capital Securities immediately prior to such variation; and

(III) are listed on a Recognised Stock Exchange if the DBSH Perpetual Capital Securities were listed immediately prior to such variation;

"**Recognised Stock Exchange**" means such stock exchange as the relevant Perpetual Capital Securities were listed;

a "**Tax Event**" is deemed to have occurred if, in making any payments on the Perpetual Capital Securities, the Issuer has paid or will or would on the next payment date be required to pay any Additional Amounts or payments of Distribution on the Perpetual Capital Securities will or would be treated as "distributions" or dividends within the meaning of the Income Tax Act, Chapter 134 of Singapore or any other act in respect of or relating to Singapore taxation or would otherwise be considered as payments of a type that are non-deductible for Singapore income tax purposes, in each case under the laws or regulations of a Relevant Taxing Jurisdiction or any political subdivision or authority therein or thereof having the power to tax, including any treaty to which a Relevant Taxing Jurisdiction is a party, or any generally published application or interpretation of such laws, including a decision of any court or tribunal, or the generally published application or interpretation of such laws by any relevant tax authority or any generally published pronouncement by any tax authority, and the Issuer cannot avoid the foregoing by taking measures reasonably available to it.

(g) **Purchases**: The Issuer and any of its subsidiaries (with the prior approval of MAS, for so long as the Issuer is required to obtain such approval) may at any time purchase Perpetual Capital Securities in the open market or otherwise at any price in accordance with all relevant laws and regulations and, for so long as the Perpetual Capital Securities are listed, the requirements of the relevant stock exchange. The Relevant Issuer or any such subsidiary may, at its option (with the consent of MAS), retain such purchased Perpetual Capital Securities for its own account and/or resell or cancel or otherwise deal with them at its discretion.

(h) **Cancellation**: All Perpetual Capital Securities purchased by or on behalf of the Issuer or any of its subsidiaries may be surrendered for cancellation by surrendering the Certificate representing such Perpetual Capital Securities to the Registrar and, in each case, if so surrendered, shall, together with all Perpetual Capital Securities redeemed by the Issuer, be cancelled forthwith. Any Perpetual Capital Securities so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Perpetual Capital Securities shall be discharged. Any Perpetual Capital Security that is Written-off in full in accordance with Condition 7 shall be automatically cancelled.

(i) **No Obligation to Monitor**: The Trustee shall not be under any duty to monitor whether any event or circumstance has happened or exists within this Condition 6 and will not be responsible to the

Securityholders for any loss arising from any failure by it to do so. Unless and until the Trustee has notice in writing of the occurrence of any event or circumstance within this Condition 6, it shall be entitled to assume that no such event or circumstance exists.

(j) **Redemption or Variation Conditions of Perpetual Capital Securities**: Any redemption under Condition 6(c), 6(d) or 6(e) or variation under Condition 6(f) (to the extent that any variation would affect the eligibility of the Perpetual Capital Securities as DBS Bank Additional Tier 1 Capital Securities or DBSH Additional Tier 1 Capital Securities, as the case may be) of the Perpetual Capital Securities by the Issuer is subject to the Issuer obtaining the prior approval of MAS.

7 Loss Absorption upon a Trigger Event

Any Write-off of any Perpetual Capital Securities under this Condition 7 with respect to the clearing and/or settlement of any Perpetual Capital Securities is subject to the availability of procedures to effect any such Write-off in the relevant clearing system(s). For the avoidance of doubt, however, any Write-off of any Perpetual Capital Securities with respect to the Issuer under this Condition 7 will be effective upon the date that the Issuer specifies in the Trigger Event Notice (or as may otherwise be notified in writing to Securityholders, the Trustee and Agents by the Issuer) notwithstanding any inability to operationally effect any such Write-off in the relevant clearing system(s).

The Trust Deed and Agency Agreement may contain certain protections and disclaimers as applicable to the Trustee and Agents in relation to Condition 7. Each Securityholder shall be deemed to have authorised, directed and requested the Trustee, the Registrar and the other Agents, as the case may be, to take any and all necessary action to give effect to any DBS Bank Loss Absorption Option or DBSH Loss Absorption Option, as the case may be, and any DBS Bank Write-off or a DBSH Write-off, as the case may be, following the occurrence of the DBS Bank Trigger Event or DBSH Trigger Event, respectively.

(a) **Loss Absorption upon a DBS Bank Trigger Event**:

(i) *DBS Bank Write-off on a DBS Bank Trigger Event*:

(A) If this Condition 7(a) and "**Write-off**" is specified as the DBS Bank Loss Absorption Option in the applicable Pricing Supplement for any DBS Bank Perpetual Capital Securities, if a DBS Bank Trigger Event occurs DBS Bank shall, upon the issue of a DBS Bank Trigger Event Notice, irrevocably and without the need for the consent of the Trustee or the holders of any DBS Bank Perpetual Capital Securities, reduce the principal amount and cancel any accrued but unpaid Distribution of each DBS Bank Perpetual Capital Security (in whole or in part) by an amount equal to the DBS Bank Trigger Event Write-off Amount per DBS Bank Perpetual Capital Security (a "**DBS Bank Write-off**", and "**Written-off**" shall be construed accordingly). Once any principal or Distribution under a DBS Bank Perpetual Capital Security has been Written-off, it will be extinguished and will not be restored in any circumstances, including where the relevant DBS Bank Trigger Event ceases to continue. No Securityholder may exercise, claim or plead any right to any DBS Bank Trigger Event Write-off Amount, and each Securityholder shall be deemed to have waived all such rights to such DBS Bank Trigger Event Write-off Amount.

(B) If a DBS Bank Trigger Event Notice has been given in respect of any DBS Bank Perpetual Capital Securities in accordance with this Condition 7(a), transfers of any such DBS Bank Perpetual Capital Securities that are the subject of such notice shall not be permitted during the Suspension Period (as defined in Condition 2). From the date on which a DBS Bank Trigger Event Notice in respect of any DBS Bank Perpetual Capital Securities in accordance with this Condition 7(a) is issued by DBS

Bank to the end of the Suspension Period, the Trustee and the Registrar, if applicable, shall not register any attempted transfer of any DBS Bank Perpetual Capital Securities. As a result, such an attempted transfer will not be effective.

(C) Any reference in these Conditions to principal in respect of the DBS Bank Perpetual Capital Securities shall refer to the principal amount of the DBS Bank Perpetual Capital Security(ies), reduced by any applicable DBS Bank Write-off(s).

(ii) *Multiple DBS Bank Trigger Events and DBS Bank Write-offs in part*:

(A) Where only part of the principal or Distribution of DBS Bank Additional Tier 1 Capital Securities is to be Written-off, DBS Bank shall use reasonable endeavors to conduct any DBS Bank Write-off such that:

(x) holders of any Series of DBS Bank Perpetual Capital Securities are treated ratably and equally; and

(y) the DBS Bank Write-off of any DBS Bank Perpetual Capital Securities is conducted on a *pro rata* and proportionate basis with all other DBS Bank Additional Tier 1 Capital Securities, to the extent that such DBS Bank Additional Tier 1 Capital Securities are capable of being converted or written-off under any applicable laws and/or their terms of issue analogous to these Conditions.:

A write-off or conversion (if applicable) of any DBS Bank Common Equity Tier 1 Capital shall not be required before a DBS Bank Write-off of any DBS Bank Perpetual Capital Securities can be effected in accordance with these Conditions.

(B) Any Series of DBS Bank Perpetual Capital Securities may be subject to one or more DBS Bank Write-offs in part (as the case may be), except where such Series of DBS Bank Perpetual Capital Securities has been Written-off in its entirety.

(iii) *Definitions*:

In this Condition:

"**DBS Bank Common Equity Tier 1 Capital**" means:

(A) any security issued by DBS Bank; or

(B) any other similar obligation issued by any subsidiary of DBS Bank, that, in each case, constitutes Common Equity Tier 1 Capital of:

(x) DBS Bank, on an unconsolidated basis;

(y) the DBS Bank Group, on a consolidated basis; or

(z) the DBSH Group, on a consolidated basis,

pursuant to the relevant requirements set out in (I) (in the case of (x) and (y) above) MAS Notice 637 or (II) (in the case of (z) above) (on the basis that DBSH is subject to the application of MAS Notice 637) MAS Notice 637 or any notice issued by MAS in respect of Designated Financial Holding Companies that is analogous to MAS Notice 637;

"**DBS Bank Loss Absorption Option**" means such loss absorption option as may be specified in the applicable Pricing Supplement in respect of any DBS Bank Perpetual Capital Securities;

"**DBS Bank Trigger Event**" means the earlier of:

(A) the MAS notifying DBS Bank in writing that it is of the opinion that a write-off or conversion, is necessary, without which the DBS Bank Group or the DBSH Group would become non-viable; and

(B) a decision by the MAS to make a public sector injection of capital, or equivalent support, without which the DBS Bank Group or DBSH Group would have become non-viable, as determined by the MAS;

"**DBS Bank Trigger Event Notice**" means the notice specifying that a DBS Bank Trigger Event has occurred, which shall be issued by DBS Bank not more than two Business Days after the occurrence of a DBS Bank Trigger Event to the holders of the DBS Bank Perpetual Capital Securities in accordance with Condition 16, the Trustee and the Agents and which shall state with reasonable detail the nature of the relevant DBS Bank Trigger Event and, if applicable, specify the DBS Bank Trigger Event Write-off Amount per DBS Bank Perpetual Capital Security to be Written-off; and

"**DBS Bank Trigger Event Write-off Amount**" means the amount of Distribution and/or principal to be Written-off as the MAS may direct, or as DBS Bank shall determine in accordance with the MAS, which is required to be Written-off for the DBS Bank Trigger Event to cease to continue. For the avoidance of doubt, the write-off will be effected in full even in the event that the amount written-off is not sufficient for the DBS Bank Trigger Event to cease to continue.

(b) **Loss Absorption upon a DBSH Trigger Event in respect of DBSH Perpetual Capital Securities**:

(i) *DBSH Write-off on a DBSH Trigger Event*:

(A) If this Condition 7(b) and "**Write-off**" is specified as the DBSH Loss Absorption Option in the applicable Pricing Supplement for any DBSH Perpetual Capital Securities, if a DBSH Trigger Event occurs DBSH shall, upon the issue of a DBSH Trigger Event Notice, irrevocably and without the need for the consent of the Trustee or the holders of any DBSH Perpetual Capital Securities, reduce the principal amount and cancel any accrued but unpaid Distribution of each DBSH Perpetual Capital Security (in whole or in part) by an amount equal to the DBSH Trigger Event Write-off Amount per DBSH Perpetual Capital Security (a "**DBSH Write-off**", and "**Written-off**" shall be construed accordingly). Once any principal or Distribution under a DBSH Perpetual Capital Security has been Written-off, it will be extinguished and will not be restored in any circumstances, including where the relevant DBSH Trigger Event ceases to continue. No Securityholder may exercise, claim or plead any right to any DBSH Trigger Event Write-off Amount, and each Securityholder shall be deemed to have waived all such rights to such DBSH Trigger Event Write-off Amount.

(B) If a DBSH Trigger Event Notice has been given in respect of any DBSH Perpetual Capital Securities in accordance with this Condition 7(b), transfers of any such DBSH Perpetual Capital Securities that are the subject of such notice shall not be permitted during the Suspension Period (as defined in Condition 2). From the date on which a DBSH Trigger Event Notice in respect of any DBSH Perpetual Capital Securities in accordance with this Condition 7(b) is issued by DBSH to the end of the Suspension Period, the Trustee and the Registrar, if applicable, shall not register

any attempted transfer of any DBSH Perpetual Capital Securities. As a result, such an attempted transfer will not be effective.

(C) Any reference in these Conditions to principal in respect of the DBSH Perpetual Capital Securities shall refer to the principal amount of the DBSH Perpetual Capital Security(ies), reduced by any applicable DBSH Write-off(s).

(ii) *Multiple DBSH Trigger Events and DBSH Write-offs in part*:

(A) Where only part of the principal or Distribution of DBSH Additional Tier 1 Capital Securities is to be Written-off, DBSH shall use reasonable endeavors to conduct any DBSH Write-off such that:

(x) holders of any Series of DBSH Perpetual Capital Securities are treated rateably and equally; and

(y) the DBSH Write-off of any DBSH Perpetual Capital Securities is conducted on a *pro rata* and proportionate basis with all other DBSH Additional Tier 1 Capital Securities, to the extent that such DBSH Additional Tier 1 Capital Securities are capable of being converted or written-off under any applicable laws and/or their terms of issue analogous to these Conditions.

A write-off or conversion (if applicable) of any DBSH Common Equity Tier 1 Capital shall not be required before a DBSH Write-off of any DBSH Perpetual Capital Securities can be effected in accordance with these Conditions.

(B) Any Series of DBSH Perpetual Capital Securities may be subject to one or more DBSH Write-offs in part (as the case may be), except where such Series of DBSH Perpetual Capital Securities has been Written-off in its entirety.

(iii) *Definitions*:

In this Condition:

"**DBSH Common Equity Tier 1 Capital**" means:

(A) any security issued by DBSH; or

(B) any other similar obligation issued by any subsidiary of DBSH, that, in each case, constitutes Common Equity Tier 1 Capital of:

(x) DBSH, on an unconsolidated basis;

(y) the DBSH Group, on a consolidated basis,

pursuant to the relevant requirements set out in (I) (on the basis that DBSH is subject to the application of MAS Notice 637) MAS Notice 637 or (II) any notice issued by the MAS in respect of Designated Financial Holding Companies that is analogous to MAS Notice 637.

"**DBSH Loss Absorption Option**" means such loss absorption option as may be specified in the applicable Pricing Supplement in respect of any DBSH Perpetual Capital Securities;

"**DBSH Trigger Event**" means the earlier of:

(A) the MAS notifying DBSH in writing that it is of the opinion that a write-off or conversion, is necessary, without which DBSH or the DBSH Group would become non-viable; and

(B) a decision by the MAS to make a public sector injection of capital, or equivalent support, without which DBSH or DBSH Group would have become non-viable, as determined by the MAS;

"**DBSH Trigger Event Notice**" means the notice specifying that a DBSH Trigger Event has occurred, which shall be issued by DBSH not more than two Business Days after the occurrence of a DBSH Trigger Event to the holders of the DBSH Perpetual Capital Securities in accordance with Condition 16, the Trustee and the Agents and which shall state with reasonable detail the nature of the relevant DBSH Trigger Event and, if applicable, specify the DBSH Trigger Event Write-off Amount per DBSH Perpetual Capital Security to be Written-off; and

"**DBSH Trigger Event Write-off Amount**" means the amount of Distribution and/or principal to be Written-off as the MAS may direct, or as DBSH shall determine in accordance with the MAS, which is required to be Written-off for the DBSH Trigger Event to cease to continue. For the avoidance of doubt, the write-off will be effected in full even in the event that the amount written-off is not sufficient for the DBSH Trigger Event to cease to continue.

8 Payments

(a) **Perpetual Capital Securities not held in the CMU**:

(i) Payments of principal in respect of Perpetual Capital Securities shall be made against presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in paragraph (ii) below.

(ii) Distributions on Perpetual Capital Securities shall be paid to the person shown on the Register at the close of business: (A) in the case of a currency other than Renminbi, on the 15th day before the due date for payment thereof; and (B) in the case of Perpetual Capital Securities denominated in Renminbi, on the 5th business day before the due date for payment (the "**Record Date**"). Payments of Distribution on each Perpetual Capital Security shall be made:

(A) in the case of a currency other than Renminbi, in the relevant currency by cheque drawn on a Bank and mailed to the holder (or to the first named of joint holders) of such Perpetual Capital Security at its address appearing in the Register. Upon application by the holder to the specified office of the Registrar or any other Transfer Agent before the Record Date, such payment of Distribution may be made by transfer to an account in the relevant currency maintained by the payee with a Bank; and

(B) in the case of Renminbi, by transfer to the registered account of the Securityholder. If a holder does not maintain a registered account in respect of a payment to be made under the Perpetual Capital Securities, the Issuer reserves the right, in its sole discretion and upon such terms as it may determine, to make arrangements to pay such amount to that holder by another means, *provided that* the Issuer shall not have any obligation to make any such arrangements.

In this Condition 8(a):

"**registered account**" means the Renminbi account maintained by or on behalf of the Securityholder with:

(x) in the case of Perpetual Capital Securities cleared through the CMU Service, a bank in Hong Kong; or

(y) in the case of Perpetual Capital Securities cleared through the CDP System or Perpetual Capital Securities in definitive form, a bank in Singapore or Hong Kong,

details of which appear on the Register at the close of business on the fifth Business Day before the due date for payment.

(b) **Perpetual Capital Securities held in the CMU**: Payments of principal and Distributions in respect of Perpetual Capital Securities held in the CMU will be made to the person(s) for whose account(s) interests in the relevant Perpetual Capital Security are credited as being held with the CMU in accordance with the CMU Rules (as defined in the Agency Agreement) at the relevant time as notified to the CMU Lodging and Paying Agent by the CMU in a relevant CMU Instrument Position Report (as defined in the Agency Agreement) or any other relevant notification by the CMU, which notification shall be conclusive evidence of the records of the CMU (save in the case of manifest error) and payment made in accordance thereof shall discharge the obligations of the Issuer in respect of that payment.

For so long as any of the Perpetual Capital Securities that are cleared through the CMU are represented by a Global Certificate, payments of Distribution or principal will be made to the persons for whose account a relevant interest in that Global Certificate is credited as being held by the operator of the CMU Service at the relevant time, as notified to the CMU Lodging and Paying Agent by the operator of the CMU Service in a relevant CMU instrument position report (as defined in the rules of the CMU) or in any other relevant notification by the operator of the CMU Service. Such payment will discharge the Issuer's obligations in respect of that payment. Any payments by the CMU participants to indirect participants will be governed by arrangements agreed between the CMU participants and the indirect participants and will continue to depend on the inter-bank clearing system and traditional payment methods. Such payments will be the sole responsibility of such CMU participants.

(c) **Payments subject to fiscal laws**: Save as provided in Condition 9, payments will be subject in all cases to any applicable fiscal or other laws, regulations and directives in the place of payment or other laws to which the Issuer agrees to be subject and the Issuer will not be liable for any taxes or duties of whatever nature imposed or levied by such laws, regulations, directives or agreements. No commission or expenses shall be charged to the Securityholders in respect of such payments.

(d) **Appointment of Agents**: The Issuing and Paying Agent, the CMU Lodging and Paying Agent, the CDP Paying Agent, the Paying Agents, the Registrars, the Transfer Agents and the Calculation Agent initially appointed by the Issuer and their respective specified offices are listed below. The Issuing and Paying Agent, the CMU Lodging and Paying Agent, the CDP Paying Agent, the Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Securityholder. The Issuer reserves the right at any time, with the approval of the Trustee to vary or terminate the appointment of the Issuing and Paying Agent, the CMU Lodging and Paying Agent, the CDP Paying Agent, any other Paying Agent, the Registrar, any Transfer Agent or the Calculation Agent(s) and to appoint additional or other Paying Agents or Transfer Agents, *provided that* the Issuer shall at all times maintain:

(i) an Issuing and Paying Agent;

(ii) a Registrar;

(iii) a Transfer Agent;

(iv) a CMU Lodging and Paying Agent in relation to Perpetual Capital Securities accepted for clearance through the CMU Service;

(v) a CDP Paying Agent in relation to Perpetual Capital Securities accepted for clearance through the CDP System;

(vi) one or more Calculation Agent(s) where the Conditions so require;

(vii) a Paying Agent in Singapore, where the Perpetual Capital Securities may be presented or surrendered for payment or redemption, in the event that the Global Certificates are exchanged for Definitive Certificates, for so long as the Perpetual Capital Securities are listed on the Singapore Stock Exchange Securities Limited or any successor thereto (the "**SGX-ST**") and the rules of the SGX-ST so require; and

(viii) such other agents as may be required by any other stock exchange on which the Perpetual Capital Securities may be listed, in each case as approved by the Trustee.

Notice of any such change or any change of any specified office shall promptly be given to the Securityholders.

(e) **Non-Business Days**: If any date for payment in respect of any Perpetual Capital Security is not a business day, the holder shall not be entitled to payment until the next following business day nor to any Distribution or other sum in respect of such postponed payment. In this paragraph, "**business day**" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in the relevant place of presentation, in such other jurisdictions as shall be specified as "**Financial Centers**" hereon and:

(i) (in the case of a payment in a currency other than Euro or Renminbi) where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign exchange transactions may be carried on in the relevant currency in the principal financial center of the country of such currency; or

(ii) (in the case of a payment in Euro) which is a TARGET Business Day; or

(iii) (in the case of Renminbi where the Perpetual Capital Securities are cleared through the CMU Service) on which banks and foreign exchange markets are open for business and settlement of Renminbi payments in Hong Kong; or

(iv) (in the case of Renminbi where the Perpetual Capital Securities are cleared through the CDP System or where the Perpetual Capital Securities are in definitive form) on which banks and foreign exchange markets are open for business and settlement of Renminbi payments in Singapore and Hong Kong.

(f) **Renminbi fallback**: Notwithstanding the foregoing, if by reason of Inconvertibility, Non-transferability or Illiquidity, the Issuer is not, in its sole and absolute discretion, able to satisfy payments of principal or Distribution in respect of the Perpetual Capital Securities when due in Renminbi (in the case of Perpetual Capital Securities cleared through the CMU Service) in Hong Kong, or (in the case of Perpetual Capital Securities cleared through the CDP System) in Singapore, the Issuer shall, on giving not less than five nor more than 30 days irrevocable notice to the Securityholders prior to the due date for payment, settle any such payment (in the case of Perpetual Capital Securities cleared through the CMU Service) in U.S. dollars, or (in the case of Perpetual Capital Securities cleared through the CDP System) in Singapore dollars, on the due date at (in the case of Perpetual Capital Securities cleared through the CMU Service) the U.S. Dollar Equivalent, or (in the case of Perpetual Capital Securities cleared through the CDP System) the Singapore Dollar Equivalent, of any such Renminbi denominated amount. The due date for payment shall be the originally scheduled due date or such postponed due date as shall be

specified in the notice referred to above, which postponed due date may not fall more than 20 days after the originally scheduled due date. Distributions on the Perpetual Capital Securities will continue to accrue up to but excluding any such date for payment of principal.

In such event, payments of the U.S. Dollar Equivalent or the Singapore Dollar Equivalent (as applicable) of the relevant principal or Distribution in respect of the Perpetual Capital Securities shall be made by:

(i) in the case of Perpetual Capital Securities cleared through the CMU Service, transfer to a U.S. dollar denominated account maintained by the payee with, or by a U.S. dollar denominated cheque drawn on, or, at the option of the holder, by transfer to a U.S. dollar account maintained by the holder with, a bank in New York City; and the definition of "**business day**" for the purpose of this Condition 8(f) shall mean any day on which banks and foreign exchange markets are open for general business in the relevant place of presentation, and New York City; or

(ii) in the case of Perpetual Capital Securities cleared through the CDP System, transfer to a Singapore dollar denominated account maintained by the payee with, or by a Singapore dollar denominated cheque drawn on, a bank in Singapore.

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 8(f) by the Calculation Agent will (in the absence of willful default, bad faith or manifest error) be binding on the Issuer, the Agents and all Securityholders.

In this Condition:

"**Determination Business Day**" means a day (other than a Saturday or Sunday) on which commercial banks are open for general business (including dealings in foreign exchange):

(i) in the case of Perpetual Capital Securities cleared through the CMU Service, in Hong Kong, in Singapore and New York City; or

(ii) in the case of Perpetual Capital Securities cleared through the CDP System, in Singapore;

"**Determination Date**" means the day which:

(i) in the case of Perpetual Capital Securities cleared through the CMU Service, is two Determination Business Days before the due date for payment of the relevant amount under these Conditions; or

(ii) in the case of Perpetual Capital Securities cleared through the CDP System, is seven Determination Business Days before the due date of the relevant amount under these Conditions;

"**Governmental Authority**" means:

(i) in the case of Perpetual Capital Securities cleared through the CMU Service, any *de facto* or *de jure* government (or any agency or instrumentality thereof), court, tribunal, administrative or other governmental authority or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) of Hong Kong; or

(ii) in the case of Perpetual Capital Securities cleared through the CDP System, the MAS or any other governmental authority or any other entity (private or public) charged with the regulation of the financial markets of Singapore;

"**Illiquidity**" means:

(i) in the case of Perpetual Capital Securities cleared through the CMU Service, the general Renminbi exchange market in Hong Kong becomes illiquid as a result of which the Issuer cannot obtain sufficient Renminbi in order to satisfy its obligation to pay Distribution or principal in respect of the Perpetual Capital Securities as determined by the Issuer in good faith and in a commercially reasonable manner following consultation with two Renminbi Dealers; or

(ii) in the case of Perpetual Capital Securities cleared through the CDP System, the general Renminbi exchange market in Singapore becomes illiquid as a result of which the Issuer cannot obtain sufficient Renminbi in order to satisfy its obligation to pay Distribution or principal in respect of the Perpetual Capital Securities as determined by the Issuer in good faith and in a commercially reasonable manner following consultation with two Renminbi Dealers selected by the Issuer;

"**Inconvertibility**" means the occurrence of any event that makes it impossible (where it had been previously possible) for the Issuer to convert any amount due in respect of the Perpetual Capital Securities in the general Renminbi exchange market in, in the case of Perpetual Capital Securities cleared through the CMU Service, Hong Kong, or, in the case of Perpetual Capital Securities cleared through the CDP System, Singapore, other than where such impossibility is due solely to the failure of the Issuer to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Issue Date and it is impossible for the Issuer, due to an event beyond its control, to comply with such law, rule or regulation);

"**Non-transferability**" means the occurrence of any event that makes it impossible for the Issuer to transfer Renminbi between accounts:

(i) in the case of Perpetual Capital Securities cleared through the CMU Service, inside Hong Kong or from an account inside Hong Kong to an account outside Hong Kong, other than where such impossibility is due solely to the failure of the Issuer to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Issue Date and it is impossible for the Issuer, due to an event beyond its control, to comply with such law, rule or regulation) in Hong Kong and in New York City; or

(ii) in the case of Perpetual Capital Securities cleared through the CDP System, inside Singapore or from an account inside Singapore to an account outside Singapore and outside the PRC or from an account outside Singapore and outside the PRC to an account inside Singapore, other than where such impossibility is due solely to the failure of the Issuer to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Issue Date and it is impossible for the Issuer, due to an event beyond its control, to comply with such law, rule or regulation);

"**PRC**" means the People's Republic of China (excluding the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan); "**Renminbi Dealer**" means an independent foreign exchange dealer of international repute active in the Renminbi exchange market in:

(i) in the case of Perpetual Capital Securities cleared through the CMU Service, Hong Kong; and

(ii) in the case of Perpetual Capital Securities cleared through the CDP System, in Singapore;

"**Singapore Dollar Equivalent**" means the Renminbi amount converted into Singapore dollars using the relevant Spot Rate for the relevant Determination Date;

"**Spot Rate**" means:

(i) in the case of Perpetual Capital Securities cleared through the CMU Service, the spot CNY/U.S. dollar exchange rate for the purchase of U.S. dollars with Renminbi in the over-the-counter Renminbi exchange market in Hong Kong for settlement in two Determination Business Days, as determined by the Calculation Agent at or around 11.00 a.m. (Hong Kong time) on the Determination Date, on a deliverable basis by reference to Reuters Screen Page TRADCNY3, or if no such rate is available, on a non-deliverable basis by reference to Reuters Screen Page TRADNDF;

If such rate is not available, the Calculation Agent will determine the Spot Rate at or around 11.00 a.m. (Hong Kong time) on the Determination Date as the most recently available CNY/U.S. dollar official fixing rate for settlement in two Determination Business Days reported by The State Administration of Foreign Exchange of the PRC, which is reported on the Reuters Screen Page CNY=SAEC. Reference to a page on the Reuters Screen means the display page so designated on the Reuter Monitor Money Rates Service (or any successor service) or such other page as may replace that page for the purpose of displaying a comparable currency exchange rate;

(ii) in the case of Perpetual Capital Securities cleared through the CDP System, for a Determination Date, means the spot Renminbi/Singapore dollar exchange rate as determined by the Issuer at or around 11.00 a.m. (Singapore time) on such date in good faith and in a reasonable commercial manner, and if a spot rate is not readily available, the Issuer may determine the rate taking into consideration all available information which the Issuer deems relevant, including pricing information obtained from the Renminbi non-deliverable exchange market in Singapore or elsewhere and the PRC domestic foreign exchange market in Singapore.

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 8(f) by the Calculation Agent, will (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Guarantor, the Agents and all Securityholders; and

"**U.S. Dollar Equivalent**" means the Renminbi amount converted into U.S. dollars using the Spot Rate for the relevant Determination Date as promptly notified to the Issuer and the Paying Agents.

9 Taxation

All payments of principal and Distributions by or on behalf of the Issuer in respect of the Perpetual Capital Securities shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Singapore or, if different, the jurisdiction of tax residency of the Issuer (each such jurisdiction, a "**Relevant Taxing Jurisdiction**") or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event, the Issuer shall pay such additional amounts (the "**Additional Amounts**") as shall result in receipt by the Securityholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such Additional Amounts shall be payable with respect to any Perpetual Capital Security:

(a) **Other connection**: to, or to a third party on behalf of, a holder who is (i) treated as a resident of or as having a permanent establishment in the Relevant Taxing Jurisdiction for tax purposes or (ii) liable to such taxes, duties, assessments or governmental charges in respect of such Perpetual Capital Security by reason of his having some connection with the Relevant Taxing Jurisdiction

other than the holding or ownership of the Perpetual Capital Security or receiving income therefrom, or the enforcement thereof; or

(b) **Lawful avoidance of withholding**: to, or to a third party on behalf of, a holder who could lawfully avoid (but has not so avoided) such deduction or withholding by complying or procuring that any third party complies with any statutory requirements concerning the nationality, residence, identity or other attributes of the holder or beneficial owner or by making or procuring that any third party makes a declaration of non-residence or other similar claim for exemption to any tax authority in the place where the relevant Certificate representing the Perpetual Capital Security is presented for payment; or

(c) **Presentation more than 30 days after the Relevant Date**: where presentation is required or has occurred, presented (or in respect of which the Certificate representing it is presented) for payment more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such Additional Amounts on presenting it for payment on or before the 30th such day.

As used in these Conditions, "**Relevant Date**" in respect of any Perpetual Capital Security means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Securityholders that, upon further presentation of the Certificate representing the Perpetual Capital Security being made in accordance with the Conditions, such payment will be made, *provided that* payment is in fact made upon such presentation. References in these Conditions to (i) "**principal**" shall be deemed to include any premium payable in respect of the Perpetual Capital Securities, all Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts and all other amounts in the nature of principal payable pursuant to Condition 6 or any amendment or supplement to it, (ii) "**Distribution**" shall be deemed to include all Distribution Amounts and all other amounts payable pursuant to Condition 4 or any amendment or supplement to it and (iii) "**principal**" and/or "**Distribution**" shall be deemed to include any Additional Amounts that may be payable under this Condition or any undertaking given in addition to or in substitution for it under the Trust Deed.

Notwithstanding any other provision of the Conditions, any amounts to be paid on the Perpetual Capital Securities by or on behalf of the Issuer will be paid net of any deduction or withholding imposed or required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations thereunder or official interpretations thereof) or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any fiscal or regulatory legislation, rules or practices implementing such an intergovernmental agreement) (any such withholding or deduction, a "**FATCA Withholding**"). Neither the Issuer nor any other person will be required to pay any additional amounts in respect of FATCA Withholding.

*Where interest, discount income, prepayment fee, redemption premium or break cost is derived from any of the Perpetual Capital Securities by any person who is not resident in Singapore and who carries on any operations in Singapore through a permanent establishment in Singapore, the tax exemption available for qualifying debt securities (subject to certain conditions) under the Income Tax Act, Chapter 134 of Singapore (the "**Income Tax Act**"), shall not apply if such person acquires such Perpetual Capital Securities using the funds and profits of such person's operations through a permanent establishment in Singapore. Any person whose interest, discount income, prepayment fee, redemption premium or break cost derived from the Perpetual Capital Securities is not exempt from tax (including for the reasons described above) shall include such income in a return of income made under the Income Tax Act.*

10 Prescription

Claims against the Issuer for payment in respect of the Perpetual Capital Securities shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of Distribution) from the appropriate Relevant Date in respect of them.

11 Default

(a) *Default*: "**Default**", wherever used in this Condition 11, means (except as expressly provided below, whatever the reason for such Default and whether or not it shall be voluntary or involuntary or be effected by the operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body) failure to pay principal of or Distribution on any Perpetual Capital Security (which default in the case of principal continues for seven Business Days and in the case of Distribution continues for 14 Business Days) after the due date for such payment.

If a DBS Bank Write-off or a DBSH Write-off (as the case may be) has occurred pursuant to, or otherwise in accordance with, Condition 7, such event will not constitute a Default under these Conditions.

(b) *Enforcement*: If a Default occurs in relation to the Perpetual Capital Securities and is continuing, the Trustee may institute proceedings in Singapore (but not elsewhere) for the winding-up of the Issuer. The Trustee shall have no right to enforce payment under or accelerate payment of any Perpetual Capital Security in the case of such Default in payment on such Perpetual Capital Security or a default in the performance of any other covenant of the Issuer in such Perpetual Capital Security or in the Trust Deed except as provided for in this Condition 11 and Clause 7 of the Trust Deed.

Subject to the subordination provisions as set out in Condition 3 and in Clause 5 and Clause 7 of the Trust Deed, if a court order is made or an effective resolution is passed for the winding-up of the Issuer, there shall be payable on the relevant Perpetual Capital Securities, after the payment in full of all claims of all DBS Bank Relevant Creditors (in the case of DBS Bank) or DBSH Relevant Creditors (in the case of DBSH), but in priority to holders of Junior Obligations of the Relevant Issuer, such amount remaining after the payment in full of all claims of all DBS Bank Relevant Creditors (in the case of DBS Bank) or DBSH Relevant Creditors (in the case of DBSH) up to, but not exceeding, the nominal amount of the relevant Perpetual Capital Securities together with Distribution accrued to the date of repayment.

(c) *Rights and Remedies upon Default*: If a Default in respect of the payment of principal of or Distribution on the Perpetual Capital Securities occurs and is continuing, the sole remedy available to the Trustee shall be the right to institute proceedings in Singapore (but not elsewhere) for the winding-up of the Issuer. If the Issuer shall default in the performance of any obligation contained in the Trust Deed, the relevant Perpetual Capital Securities other than a Default specified in Condition 11(a) above, the Trustee and the Securityholders shall be entitled to every right and remedy given hereunder or thereunder or now or hereafter existing at law or in equity or otherwise, provided, however, that the Trustee shall have no right to enforce payment under or accelerate payment of any Perpetual Capital Security except as provided in this Condition 11 and Clause 7 of the Trust Deed. If any court awards money damages or other restitution for any default with respect to the performance by the Issuer of its obligations contained in the Trust Deed, the relevant Perpetual Capital Securities, the payment of such money damages or other restitution shall be subject to the subordination provisions set out herein and in Clause 5 and Clause 7 of the Trust Deed.

(d) *Entitlement of the Trustee*: The Trustee shall not be bound to take any of the actions referred to in Condition 11(b) and Condition 11(c) above or Clause 7.3 of the Trust Deed or any other action under the Trust Deed unless (i) it shall have been so requested by an Extraordinary Resolution (as defined in the Trust Deed) of the Securityholders or in writing by the holders of at least one-quarter in nominal amount of the relevant Perpetual Capital Securities then outstanding and (ii) it shall have been indemnified and/or secured and/or pre-funded to its satisfaction in its sole discretion.

(e) *Rights of Holders*: No Securityholder shall be entitled to proceed directly against the Issuer or to institute proceedings for the winding-up of the Issuer in Singapore or to prove in any winding-up of the Issuer unless the Trustee, having become so bound to proceed (in accordance with the terms of the Trust Deed and the Conditions) or being able to prove in such winding-up, fails to do so within a reasonable period and such failure shall be continuing, in which case the Securityholder shall have only such rights against the Issuer as those which the Trustee is entitled to exercise. No remedy against the Issuer, other than as referred to in this Condition 11 and Clause 7 of the Trust Deed, shall be available to the Trustee or any Securityholder whether for the recovery of amounts owing in relation to or arising from the relevant Perpetual Capital Securities and/or the Trust Deed or in respect of any breach by the Issuer of any of its other obligations relating to or arising from the relevant Perpetual Capital Securities and/or the Trust Deed.

12 Meetings of Securityholders, Modification and Waiver

(a) **Meetings of Securityholders**: The Trust Deed contains provisions for convening meetings of Securityholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Trust Deed) of a modification of any of these Conditions or any provision of the Trust Deed. Such a meeting may be convened by Securityholders holding not less than 10 per cent. in nominal amount of the Perpetual Capital Securities for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution shall be two or more persons holding or representing a clear majority in nominal amount of the Perpetual Capital Securities for the time being outstanding, or at any adjourned meeting two or more persons being or representing Securityholders whatever the nominal amount of the Perpetual Capital Securities held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to amend the dates of redemption of the Perpetual Capital Securities or any date for payment of Distribution or Distribution Amounts on the Perpetual Capital Securities, (ii) to reduce or cancel the nominal amount of, or any premium payable on redemption of, the Perpetual Capital Securities, (iii) to reduce the rate or rates of Distribution in respect of the Perpetual Capital Securities or to vary the method or basis of calculating the rate or rates or amount of Distribution or the basis for calculating any Distribution Amount in respect of the Perpetual Capital Securities, (iv) if a Minimum and/or a Maximum Rate of Distribution, or Redemption Amount is shown hereon, to reduce any such Minimum and/or Maximum, (v) to vary any method of, or basis for, calculating the Final Redemption Amount, the Early Redemption Amount or the Optional Redemption Amount, (vi) to vary the currency or currencies of payment or denomination of the Perpetual Capital Securities, (vii) to take any steps that as specified hereon may only be taken following approval by an Extraordinary Resolution to which the special quorum provisions apply, (viii) to modify the provisions concerning the quorum required at any meeting of Securityholders or the majority required to pass the Extraordinary Resolution or (ix) to modify Condition 3 in respect of the Perpetual Capital Securities, in which case the necessary quorum shall be two or more persons holding or representing not less than 75 per cent., or at any adjourned meeting not less than 25 per cent., in nominal amount of the Perpetual Capital Securities for the time being outstanding. Any Extraordinary Resolution duly

passed shall be binding on all Securityholders (whether or not they were present at the meeting at which such resolution was passed).

The Trust Deed provides that a resolution in writing signed by or on behalf of the holders of not less than 90 per cent. in nominal amount of the Perpetual Capital Securities outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Securityholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Securityholders.

These Conditions may be amended, modified or varied in relation to any Series of Perpetual Capital Securities by the terms of the applicable Pricing Supplement in relation to such Series.

(b) **Modification of the Trust Deed and waiver**: The Trustee may agree, without the consent of the Securityholders to (i) any modification of any of the provisions of the Trust Deed which is, in its opinion, of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of applicable law or as required by Euroclear and/or Clearstream, Luxembourg and/or CMU and/or CDP, and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed that is in the opinion of the Trustee not materially prejudicial to the interests of the Securityholders. Notwithstanding any other provision of these Conditions or the Trust Deed, no modification to any Condition or any provision of the Trust Deed may be made without the approval of MAS to the extent that such modification changes or otherwise affects the eligibility of the Perpetual Capital Securities as Additional Tier 1 Capital Securities. Any such modification, authorisation or waiver shall be binding on the Securityholders and, if the Trustee so requires, such waiver or authorisation shall be notified to the Securityholders as soon as practicable.

(c) **Entitlement of the Trustee**: In connection with the exercise of its functions (including but not limited to those referred to in this Condition) the Trustee shall have regard to the interests of the Securityholders as a class and shall not have regard to the consequences of such exercise for individual Securityholders and the Trustee shall not be entitled to require, nor shall any Securityholder be entitled to claim, from the Issuer any indemnification or payment in respect of any tax consequence of any such exercise upon individual Securityholders.

13 Indemnification of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility. The Trustee is entitled to enter into business transactions with the Issuer and any entity related to the Issuer without accounting for any profit.

The Trustee may accept and rely without liability to Securityholders on a report, confirmation or certificate or any advice of any accountants, financial advisers, financial institution or any other expert, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee may conclusively (without liability) accept and shall be entitled to rely on such report, confirmation, certificate or advice and such report, confirmation, certificate or advice shall be binding on the Issuer, the Trustee, the Securityholders.

14 Replacement of Certificates

If a Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority regulations, at the specified office of the

Registrar or such other Paying Agent or Transfer Agent, as the case may be, as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Securityholders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Certificate is subsequently presented for payment, there shall be paid to the Issuer on demand the amount payable by the Issuer in respect of such Certificates) and otherwise as the Issuer and/or Agent may require in their sole discretion. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

15 Further Issues

The Issuer may from time to time without the consent of the Securityholders create and issue further securities either having the same terms and conditions as the Perpetual Capital Securities in all respects (or in all respects except for the first payment of Distribution on them) and so that such further issue shall be consolidated and form a single series with the outstanding securities of any series (including the Perpetual Capital Securities) or upon such terms as the Issuer may determine at the time of their issue. References in these Conditions to the Perpetual Capital Securities include (unless the context requires otherwise) any other securities issued pursuant to this Condition and forming a single series with the Perpetual Capital Securities. Any further securities forming a single series with the outstanding securities of any series (including the Perpetual Capital Securities) constituted by the Trust Deed or any deed supplemental to it shall, and any other securities may (with the consent of the Trustee), be constituted by the Trust Deed. The Trust Deed contains provisions for convening a single meeting of the Securityholders and the holders of securities of other series where the Trustee so decides.

16 Notices

Notices to the holders of Perpetual Capital Securities shall be mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing.

(a) So long as the Perpetual Capital Securities are represented by the Global Certificate and the Global Certificate is held on behalf of:

(i) DTC, Euroclear or Clearstream, the Alternative Clearing System (as defined in the form of the Global Certificate) or CDP, notices to Securityholders shall be given by delivery of the relevant notice to DTC, Euroclear or Clearstream, the Alternative Clearing System or (subject to the agreement of CDP) CDP, for communication by it to entitled accountholders in substitution for notification as required by the Conditions; or

(ii) the CMU, notices to the holders of Perpetual Capital Securities of that Series may be given by delivery of the relevant notice to the persons shown in a CMU Instrument Position Report issued by the Hong Kong Monetary Authority on the business day preceding the date of despatch of such notice,

except that if the Perpetual Capital Securities are listed on the SGX-ST, and the rules of the SGX-ST so require, notice will in any event be published as provided above.

(b) A DBS Bank Trigger Event Notice or a DBSH Trigger Event Notice (as the case may be) to the holders of the relevant Perpetual Capital Securities shall be deemed to have been validly given on the date on which such notice is published in a daily newspaper of general circulation in Singapore (which is expected to be The Business Times) or, so long as Perpetual Capital Securities are listed on the SGX-ST, published on the website of the SGX-ST www.sgx.com. If any such publication is not practicable, notice shall be validly given if published in another leading

daily English language newspaper with general circulation in Singapore. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made, as provided above.

17 Currency Indemnity

Any amount received or recovered in a currency other than the currency in which payment under the relevant Perpetual Capital Security is due (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction, in the insolvency, winding-up or dissolution of the Issuer or otherwise) by any Securityholder in respect of any sum expressed to be due to it from the Issuer shall only constitute a discharge to the Issuer to the extent of the amount in the currency of payment under the relevant Perpetual Capital Security that the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If the amount received or recovered is less than the amount expressed to be due to the recipient under any Perpetual Capital Security, the Issuer shall indemnify it against any loss sustained by it as a result. In any event, the Issuer shall indemnify the recipient against the cost of making any such purchase. For the purposes of this Condition, it shall be sufficient for the Securityholder, as the case may be, to demonstrate that it would have suffered a loss had an actual purchase been made. These indemnities constitute a separate and independent obligation from the Issuer's other obligations, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Securityholder and shall continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Perpetual Capital Security or any other judgment or order.

18 Contracts (Rights of Third Parties) Act

[No person shall have any right to enforce any term or condition of the Perpetual Capital Securities under the Contracts (Rights of Third Parties) Act 1999 except and to the extent (if any) that the Perpetual Capital Securities expressly provide for such Act to apply to any of their terms.][2]

[No person shall have the right to enforce any term or condition of the Perpetual Capital Securities under the Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore.][3]

19 Governing Law and Jurisdiction

(a) **Governing Law**: The Trust Deed, the Perpetual Capital Securities and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, [English law, save that the provisions in relation to subordination, set-off and payment void and default and enforcement are governed by and shall be construed in accordance with Singapore law][4] [Singapore law][5].

(b) **Jurisdiction**: The Courts of [England][4] [Singapore][5] are to have jurisdiction to settle any disputes that may arise out of or in connection with any Perpetual Capital Securities[, save that the courts of Singapore shall have jurisdiction to settle any disputes that arise out of the provisions in relation to subordination, set-off and payment void and default and enforcement][4] and accordingly any legal action or proceedings arising out of or in connection with any Perpetual Capital Securities ("**Proceedings**") may be brought in such courts. The Issuer irrevocably submits to the jurisdiction of the courts of [England and (with respect to Proceedings that arise out of the provisions in

[2] Include for Perpetual Capital Securities governed by English law.

[3] Include for Perpetual Capital Securities governed by Singapore law.

[4] Include for Perpetual Capital Securities governed by English Law.

[5] Include for Perpetual Capital Securities governed by Singapore law.

relation to subordination, set-off and payment void and default and enforcement) Singapore][4] [Singapore][5] and waives any objection to Proceedings in such courts on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. This submission is made for the benefit of each of the holders of the Perpetual Capital Securities and shall not affect the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).

(c) [**Service of Process**:

(i) DBS Bank has in the Trust Deed agreed that its branch in England shall accept service of process on its behalf in respect of any Proceedings in England. Such service shall be deemed completed on delivery to such process agent (whether or not, it is forwarded to and received by the Issuer). If for any reason such branch ceases to be able to accept service of process in England, DBS Bank shall immediately appoint a new agent to accept such service of process in England.

(ii) DBSH has in the Trust Deed agreed that DBS Bank's branch in England shall accept service of process on its behalf in respect of any proceeding in England. Such service shall be deemed completed on delivery to such process agent (whether or not it is forwarded to and received by the Issuer). If for any reason such branch ceases to be able to accept service of process in England, DBSH shall immediately appoint a new agent to accept such service of process in England.][6]

20 Headings

Headings are for convenience only and do not affect the interpretation of these Terms and Conditions.

[6] Include for Perpetual Capital Securities governed by English law.

SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

The following section does not apply to AMTNs.

Initial Issue of Notes

The Notes will be issued in series (each a "**Series**") having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest (in respect of Notes other than Perpetual Capital Securities) or Distributions (in respect of Perpetual Capital Securities only), as applicable), the Notes of each Series being intended to be interchangeable with all other Notes of that Series. Each Series may be issued in tranches (each a "**Tranche**") on the same or different issue dates. The specific terms of each Tranche (which will be supplemented, where necessary, with supplemental terms and conditions and, save in respect of the issue date, issue price, first payment of interest (in respect of Notes other than Perpetual Capital Securities) or Distributions (in respect of Perpetual Capital Securities only), as applicable, and nominal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be set out in a Pricing Supplement to this Offering Circular.

Global Notes and Certificates may be delivered on or prior to the original issue date of the Tranche to a Common Depositary or CDP.

Upon the initial deposit of a Global Note with a Common Depositary, CDP or a sub-custodian of the CMU or registration of Registered Notes in the name of any nominee for Euroclear and Clearstream, Luxembourg, CDP or the HKMA as operator of the CMU and delivery of the relative Global Certificate to the Common Depositary, CDP or the CMU (as the case may be) will credit each subscriber with a nominal amount of Notes equal to the nominal amount thereof for which it has subscribed and paid. Upon the initial deposit of a Global Certificate in respect of, and registration of, Registered Notes in the name of a nominee for DTC and delivery of the relevant Global Certificate to the Custodian for DTC, DTC will credit each participant with a nominal amount of Notes equal to the nominal amount thereof for which it has subscribed and paid.

Notes that are initially deposited with the Common Depositary may also be credited to the accounts of subscribers with (if indicated in the relevant Pricing Supplement) other clearing systems through direct or indirect accounts with CDP and/or the CMU and/or Euroclear and Clearstream, Luxembourg held by such other clearing systems. Conversely, Notes that are initially deposited with any other clearing system may similarly be credited to the accounts of subscribers with CDP, the CMU, Euroclear, Clearstream, Luxembourg or other clearing systems.

While any Note is represented by a Temporary Global Note, payments of principal, interest (if any) and any other amount payable in respect of the Notes due prior to the Exchange Date will be made against presentation of the Temporary Global Note only to the extent that certification (in a form to be provided) to the effect that the beneficial owners of interests in such Note are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by U.S. Treasury regulations, has been received by the CMU Lodging and Paying Agent and/or CDP and/or Euroclear and/or Clearstream, Luxembourg and (in the case of a Temporary Global Note delivered to a Common Depositary, Euroclear and/or Clearstream, Luxembourg, as applicable, has given a like certification (based on the certifications it has received) to the Agent or (in the case of Notes cleared through CDP) CDP have given a like certificate (based on the certification it has received) to the CDP Paying Agent.

Relationship of Accountholders with Clearing Systems

Each of the persons shown in the records of CDP, Euroclear, Clearstream, Luxembourg, DTC or any other permitted clearing system ("**Alternative Clearing System**") as the holder of a Note represented by

a Global Note or a Global Certificate must look solely to CDP, Euroclear, Clearstream, Luxembourg, DTC or any such Alternative Clearing System (as the case may be) for his share of each payment made by the Relevant Issuer to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, and in relation to all other rights arising under the Global Notes or Global Certificates, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream, Luxembourg, DTC or such Alternative Clearing System (as the case may be). Such persons shall have no claim directly against the Relevant Issuer in respect of payments due on the Notes for so long as the Notes are represented by such Global Note or Global Certificate and such obligations of the Relevant Issuer will be discharged by payment to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, in respect of each amount so paid.

If a Global Note or Global Certificate is lodged with a sub-custodian for or registered with the CMU, the person(s) for whose account(s) interests in such Global Note or Global Certificate are credited as being held in the CMU in accordance with the CMU Rules as notified by the CMU to the CMU Lodging and Paying Agent in a relevant CMU Instrument Position Report (as defined in the rules of the CMU) or any other relevant notification by the CMU (which notification, in either case, shall be conclusive evidence of the records of the CMU save in the case of manifest error) shall be the only person(s) entitled or in the case of Registered Notes, directed or deemed by the CMU as entitled to receive payments in respect of Notes represented by such Global Note or Global Certificate and the Relevant Issuer will be discharged by payment to, or to the order of, such person(s) for whose account(s) interests in such Global Note or Global Certificate are credited as being held in the CMU in respect of each amount so paid. Each of the persons shown in the records of the CMU as the beneficial holder of a particular nominal amount of Notes represented by such Global Note or Global Certificate must look solely to the CMU Lodging and Paying Agent for his share of each payment so made by the Relevant Issuer in respect of such Global Note or Global Certificate.

Exchange

1 Temporary Global Notes

Each Temporary Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date:

(i) if the relevant Pricing Supplement indicates that such Global Note is issued in compliance with the C Rules or in a transaction to which TEFRA is not applicable (as to which, see “Summary of the Programme – Selling Restrictions”), in whole, but not in part, for the Definitive Notes defined and described below; and

(ii) otherwise, in whole or in part, upon certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement for interests in a Permanent Global Note or, if so provided in the relevant Pricing Supplement, for Definitive Notes.

The CMU may require that any such exchange for a Permanent Global Note is made in whole and not in part and, in such event, no such exchange will be effected until all relevant account holders (as set out in a CMU Instrument Position Report or any other relevant notification supplied to the CMU Lodging and Paying Agent by the CMU) have so certified.

2 Permanent Global Notes

Each Permanent Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date in whole but not, except as provided under “Partial Exchange of Permanent Global Notes” below, in part for Definitive Notes:

(i) if the Permanent Global Note is held on behalf of Euroclear or Clearstream, Luxembourg or the CMU or an Alternative Clearing System and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or in fact does so; or

(ii) if the Permanent Global Note is held on behalf of CDP, (a) an Event of Default or Default, enforcement event or analogous event entitling an accountholder or the Trustee to declare the Notes due and payable as provided in the relevant Conditions has occurred and is continuing, (b) CDP is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise), (c) CDP announces an intention permanently to cease business and no Alternative Clearing System is available or (d) CDP has notified the Relevant Issuer that it is unable or unwilling to act as depository for the Notes and to continue performing its duties as set out in the terms and conditions for the provision of depository services and no Alternative Clearing System is available; or

(iii) if principal in respect of any Notes is not paid when due, by the holder giving notice to the Issuing and Paying Agent of its election for such exchange.

In the event that a Global Note is exchanged for Definitive Notes, such Definitive Notes shall be issued in Specified Denomination(s) only. A Noteholder who holds a nominal amount of less than the minimum Specified Denomination will not receive a Definitive Note in respect of such holding and would need to purchase a nominal amount of Notes such that it holds an amount equal to one or more Specified Denominations.

Notes which are represented by a Global Note will only be transferable in accordance with the rules and procedures for the time being of CDP, the CMU, Euroclear or Clearstream, Luxembourg.

3 Global Certificates

Unrestricted Global Certificates

If the Pricing Supplement states that the Notes are to be represented by an Unrestricted Global Certificate on issue, the following will apply in respect of transfers of Notes held in CDP, the CMU, Euroclear or Clearstream, Luxembourg or an Alternative Clearing System. These provisions will not prevent the trading of interests in the Notes within a clearing system while they are held on behalf of such clearing system, but will limit the circumstances in which the Notes may be withdrawn from the relevant clearing system. Transfers of the holding of Notes represented by any Unrestricted Global Certificate pursuant to Note Condition 2(b) (in respect of Notes other than Perpetual Capital Securities) and Perpetual Capital Securities Condition 2(a) (in respect of Perpetual Capital Securities) may be made:

(i) in whole or in part, if the Unrestricted Global Certificate is held on behalf of Euroclear or Clearstream, Luxembourg, the CMU or an Alternative Clearing System and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or in fact does so; or

(ii) in whole or in part, if the Unrestricted Global Certificate is held on behalf of CDP, (a) an Event of Default or Default, enforcement event or analogous event entitling an accountholder or the Trustee to declare the Notes due and payable as provided in the Conditions has occurred and is continuing, (b) CDP is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise), (c) CDP announces an intention permanently to cease business and no Alternative Clearing System is available or (d) CDP has notified the Relevant Issuer that it is unable or unwilling to act as depository for the Notes and to continue performing its

duties as set out in the terms and conditions for the provision of depository services and no Alternative Clearing System is available; or

(iii) in whole but not in part, if such Notes are held on behalf of a Custodian for DTC and if DTC notifies the Relevant Issuer that it is no longer willing or able to discharge properly its responsibilities as depositary with respect to that Unrestricted Global Certificate or DTC ceases to be a "clearing agency" registered under the Exchange Act or is at any time no longer eligible to act as such, and the Relevant Issuer is unable to locate a qualified successor within 90 days of receiving notice of such ineligibility on the part of DTC; or

(iv) in whole or in part, with the consent of the Relevant Issuer,

provided that, in the case of the first transfer of part of a holding pursuant to paragraph (i) above, the Registered Holder has given the Registrar not less than 30 days' notice at its specified office of the Registered Holder's intention to effect such transfer.

Restricted Global Certificates

If the Pricing Supplement states that the Restricted Notes are to be represented by a Restricted Global Certificate on issue, the following will apply in respect of transfers of Notes held in DTC. These provisions will not prevent the trading of interests in the Notes within a clearing system whilst they are held on behalf of DTC, but will limit the circumstances in which the Notes may be withdrawn from DTC. Transfers of the holding of Notes represented by that Restricted Global Certificate pursuant to Note Condition 2(b) (in respect of Notes other than Perpetual Capital Securities) and Perpetual Capital Securities Condition 2(a) (in respect of Perpetual Capital Securities) may only be made:

(i) in whole but not in part, if such Notes are held on behalf of a Custodian for DTC and if DTC notifies the Relevant Issuer that it is no longer willing or able to discharge properly its responsibilities as depositary with respect to that Restricted Global Certificate or DTC ceases to be a "clearing agency" registered under the Exchange Act or is at any time no longer eligible to act as such, and the Relevant Issuer is unable to locate a qualified successor within 90 days of receiving notice of such ineligibility on the part of DTC; or

(ii) in whole or in part, with the Relevant Issuer's consent,

provided that, in the case of any transfer pursuant to (i) above, the relevant Registered Holder has given the relevant Registrar not less than 30 days' notice at its specified office of the Registered Holder's intention to effect such transfer. Individual Certificates issued in exchange for a beneficial interest in a Restricted Global Certificate shall bear the legend applicable to such Notes as set out in "Transfer Restrictions".

Partial Exchange of Permanent Global Notes

For so long as a Permanent Global Note is held on behalf of a clearing system and the rules of that clearing system permit, such Permanent Global Note will be exchangeable in part on one or more occasions for Definitive Notes if so provided in, and in accordance with, the Note Conditions (which will be set out in the relevant Pricing Supplement) relating to Partly-paid Notes.

4 Delivery of Notes

On or after any due date for exchange, the holder of a Global Note may surrender such Global Note or, in the case of a partial exchange, present it for endorsement to or to the order of the Issuing and Paying Agent. In exchange for any Global Note, or the part thereof to be exchanged, the Relevant Issuer will:

(i) in the case of a Temporary Global Note exchangeable for a Permanent Global Note, deliver, or procure the delivery of, a Permanent Global Note in an aggregate nominal amount equal to that of

the whole or that part of a Temporary Global Note that is being exchanged or, in the case of a subsequent exchange, endorse, or procure the endorsement of, a Permanent Global Note to reflect such exchange; or

(ii) in the case of a Global Note exchangeable for Definitive Notes, deliver, or procure the delivery of, an equal aggregate nominal amount of duly executed and authenticated Definitive Notes. Global Notes and Definitive Notes will be delivered outside the United States and its possessions. In this Offering Circular, "Definitive Notes" means, in relation to any Global Note, the definitive Bearer Notes for which such Global Note may be exchanged (if appropriate, having attached to them all Coupons and Receipts in respect of interest (in respect of Notes other than Perpetual Capital Securities) or Instalment Amounts that have not already been paid on the Global Note and, if applicable, a Talon). Definitive Notes will be security printed in accordance with any applicable legal and stock exchange requirements in or substantially in the form set out in the Schedules to the Trust Deed. On exchange in full of each Permanent Global Note, the Relevant Issuer will, if the holder so requests, procure that it is cancelled and returned to the holder together with the relevant Definitive Notes.

5 Exchange Date

"Exchange Date" means, in relation to a Temporary Global Note, the day falling after the expiry of 40 days after its issue date and, in relation to a Permanent Global Note, a day falling not less than 60 days after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Issuing and Paying Agent is located and in the city in which the relevant clearing system is located.

Amendment to Conditions

The Global Notes and Global Certificates contain provisions that apply to the Notes that they represent, some of which modify the effect of the terms and conditions of the Notes set out in this Offering Circular. The following is a summary of certain of those provisions:

1. Payments

No payment falling due after the Exchange Date will be made on any Global Note unless exchange for an interest in a Permanent Global Note or for Definitive Notes is improperly withheld or refused. Payments on any Temporary Global Note issued in compliance with the D Rules before the Exchange Date will only be made against presentation of certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement. All payments in respect of Notes represented by a Global Note will be made, against presentation for endorsement and, if no further payment falls to be made in respect of the Notes, surrender of that Global Note to or to the order of the Issuing and Paying Agent or such other Paying Agent as shall have been notified to the Noteholders for such purpose. A record of each payment so made will be endorsed on each Global Note, which endorsement will be prima facie evidence that such payment has been made in respect of the Notes. For the purpose of any payments made in respect of a Global Note, the relevant place of presentation shall be disregarded in the definition of "business day" set out in Note Condition 7(a)(i) (in respect of Notes other than Perpetual Capital Securities).

All payments made in respect of Notes represented by a Global Certificate held on behalf of Euroclear or Clearstream, Luxembourg will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the Clearing System Business Day immediately prior to the date for payment, where "Clearing System Business Day" means Monday to Friday inclusive except 25 December and 1 January.

All payments made in respect of Notes represented by a Global Certificate held by CDP will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the fifth business day prior to the date of payment.

2. Prescription

Claims against the Relevant Issuer in respect of Notes that are represented by a Permanent Global Note will become void unless presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest (in respect of Notes other than Perpetual Capital Securities)) from the appropriate Relevant Date (as defined in Note Condition 8 (in respect of the Notes other than Perpetual Capital Securities)).

3. Meetings

The holder of a Permanent Global Note or of the Notes represented by a Global Certificate shall (unless such Permanent Global Note or Global Certificate represents only one Note) be treated as being two persons for the purposes of any quorum requirements of a meeting of Noteholders and, at any such meeting, the holder of a Permanent Global Note shall be treated as having one vote in respect of each minimum integral currency unit of the Specified Currency of the Notes. (All holders of Registered Notes are entitled to one vote in respect of each integral currency unit of the Specified Currency of the Notes comprising such Noteholder's holding, whether or not represented by a Global Certificate.)

4. Cancellation

Cancellation of any Note represented by a Permanent Global Note that is required by the Note Conditions to be cancelled (other than upon its redemption) will be effected by reduction in the nominal amount of the relevant Permanent Global Note.

5. Purchase

Notes represented by a Permanent Global Note may, at any time, only be purchased by the Relevant Issuer or any of its subsidiaries if they are purchased together with the right to receive all future payments of interest (in respect of Notes other than Perpetual Capital Securities) and Instalment Amounts (if any) thereon.

6. Issuers' Option

Any option of the Relevant Issuer provided for in the Conditions of any Notes while such Notes are represented by a Permanent Global Note shall be exercised by the Relevant Issuer giving notice to the Noteholders within the time limits set out in and containing the information required by the Note Conditions, except that the notice shall not be required to contain the serial numbers of Bearer Notes drawn. In the event that any option of the Relevant Issuer is exercised in respect of some but not all of the Notes of any Series, the rights of accountholders with a clearing system in respect of the Notes will be governed by the standard procedures of Euroclear and/or Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion), DTC, CDP, the CMU or any other clearing system (as the case may be).

7. Noteholders' Options

Any option of the Noteholders provided for in the relevant Conditions of any Notes while such Notes are represented by a Permanent Global Note or a Global Certificate may be exercised by the holder of the Permanent Global Note or Global Certificate giving notice to the Issuing and Paying Agent (or, in the case of Notes lodged with the CMU, the CMU Lodging and Paying Agent and, in the case of Notes cleared through CDP, the CDP Paying Agent) within the time limits

relating to the deposit of Notes with a Paying Agent set out in the relevant Conditions substantially in the form of the notice available from any Paying Agent, except that the notice shall not be required to contain the serial numbers of the Bearer Notes, or in the case of Registered Notes shall not be required to specify the nominal amount of Registered Notes and the holder(s) of such Registered Notes, in respect of which the option has been exercised, and stating the nominal amount of Notes in respect of which the option is exercised and at the same time presenting the Permanent Global Note or a Global Certificate to the Issuing and Paying Agent, or, in the case of Notes lodged with the CMU, the CMU Lodging and Paying Agent and, in the case of Notes cleared through CDP, the CDP Paying Agent or to a Paying Agent acting on behalf of the Issuing and Paying Agent, for notation.

8. Trustee's Powers

In considering the interests of Noteholders while any Global Note is held on behalf of, or Registered Notes are registered in the name of any nominee for, a clearing system, the Trustee may have regard to any information provided to it by such clearing system or its operator as to the identity (either individually or by category) of its accountholders with entitlements to such Global Note or Global Certificate and may consider such interests as if such accountholders were the holders of the Notes represented by such Global Note or Global Certificate.

9. Direct Rights in respect of Notes cleared through CDP

If any Event of Default or Default has occurred and is continuing, the Trustee may state in a notice given to the Issuing and Paying Agent and the Relevant Issuer (the "**default notice**") the nominal amount of Notes (which may be less than the outstanding nominal amount of the Global Note or Global Certificate) which is being declared due and payable. Following the giving of the default notice, the holder of the Notes represented by the Global Note or Global Certificate, as the case may be, cleared through CDP may (subject as provided below) elect that direct rights ("**Direct Rights**") under the provisions of the relevant deed of covenant executed as a deed by DBS Bank on 26 March 2014 or DBSH on 26 March 2014, each as amended and supplemented on 14 April 2016, (and as further amended, restated or supplemented from time to time, the "**CDP Deed of Covenant**") shall come into effect in respect of a nominal amount of Notes up to the aggregate nominal amount in respect of which such default notice has been given. Such election shall be made by notice to the Issuing and Paying Agent and the Registrar in the case of the Global Certificate and presentation of the Global Note or Global Certificate, as the case may be, to or to the order of the Issuing and Paying Agent for reduction of the nominal amount of Notes represented by the Global Note or Global Certificate, as the case may be, by such amount as may be stated in such notice and by endorsement of the appropriate Schedule hereto of the nominal amount of Notes in respect of which Direct Rights have arisen under the relevant CDP Deed of Covenant. Upon each such notice being given, the Global Note or Global Certificate, as the case may be, shall become void to the extent of the nominal amount stated in such notice, save to the extent that the appropriate Direct Rights shall fail to take effect. No such election may however be made on or before the Exchange Date or the date of transfer in respect of a Global Certificate unless the holder elects in such notice that the exchange for such Notes shall no longer take place.

10. Notices

So long as any Notes are represented by a Global Note or Global Certificate and such Global Note or Global Certificate is held on behalf of a clearing system, notices to the holders of Notes of that Series may be given by delivery of the relevant notice to that clearing system (subject, in the case of the Global Note or Global Certificate held by CDP, to the agreement of CDP) for communication by it to entitled accountholders in substitution for publication as required by the

relevant Conditions or by delivery of the relevant notice to the holder of the Global Note or Global Certificate except that if the Notes are listed on the SGX-ST, and the rules of the SGX-ST so require, notice will in any event be published in accordance with the relevant Conditions.

11. Partly-paid Notes

The provisions relating to Partly-paid Notes are not set out in this Offering Circular, but will be contained in the relevant Pricing Supplement and thereby in the Global Notes or Global Certificate. While any instalments of the subscription monies due from the holder of Partly-paid Notes are overdue, no interest in a Global Note representing such Notes may be exchanged for an interest in a Permanent Global Note or for Definitive Notes (as the case may be). If any Noteholder fails to pay any instalment due on any Partly-paid Notes within the time specified, the Issuers may forfeit such Notes and shall have no further obligation to their holder in respect of them.

USE OF PROCEEDS

The net proceeds from the issue of each Tranche of Notes will be used for:

(i) the general business purposes of the DBS Group; or

(ii) the finance and treasury activities of DBSH, including the provision of intercompany loans (or other forms of financing) to DBS Bank Group.

CAPITALISATION AND INDEBTEDNESS OF THE DBS GROUP

The following table sets forth the capitalisation and indebtedness of the DBS Group as at 31 December 2015, based on or derived from the audited consolidated financial statements of the DBS Group unless otherwise indicated.

	As at 31 December 2015
	(S$ in millions)
Short-term liabilities	
Customer deposits	320,134
Interbank liabilities	18,251
Other debt securities	26,839
Subordinated term debts[(1)]	613
Other liabilities	34,549
Total short-term liabilities	400,386
Long-term liabilities	
Other debt securities	11,239
Non-controlling interests	
Preference shares and non-controlling interests in subsidiaries[(2)]	2,422
Loan capital	
Subordinated term debts[(3)]	3,413
Shareholders' funds	
Share capital	10,114
Other equity instruments[(4)]	803
Other reserves	6,705
Revenue reserves	22,752
Total shareholders' funds	40,374
Total capitalisation[(5)]	457,834
Contingent liabilities	19,901

Notes:

(1) On 11 January 2016, DBSH completed the purchase of S$134.25 million in principal amount of the DBS Bank S$1,000 million 3.30% subordinated notes callable in 2017 and S$491.75 million in principal amount of the DBS Bank S$1,000 million 3.10% subordinated notes callable in 2018.

(2) Includes S$1,500 million 5.75% non-cumulative, non-convertible, non-voting, guaranteed preference shares callable with step-up in 2018 issued by DBS Capital Funding II Corporation and S$800 million 4.70% non-cumulative, non-convertible, non-voting preference shares callable in 2020 issued by DBS Bank. These partially qualify for Tier 1 capital treatment.

(3) Includes U.S.$900 million floating rate subordinated notes callable with step-up in 2016, of which U.S.$550 million was repurchased and cancelled by DBS Bank on 8 January 2015, S$500 million 4.47% subordinated notes callable with step-up in 2016, S$1,000 million 3.30% subordinated notes callable in 2017, of which DBSH

purchased S$134.25 million on 11 January 2016, U.S.$750 million 3.625% subordinated notes callable in 2017 and S$1,000 million 3.10% subordinated notes callable in 2018, of which DBSH purchased S$491.75 million on 11 January 2016. These partially qualify for Tier 2 capital treatment. On 13 April 2016, DBS Bank announced the redemption of the outstanding amounts of the U.S.$900 million floating rate subordinated notes callable with step-up in 2016 and the S$500 million 4.47% subordinated notes callable with step-up in 2016. DBS Bank has elected to redeem the outstanding notes on 15 July 2016.

(4) Comprised of S$805 million 4.70% non-cumulative, non-convertible perpetual capital securities first callable in 2019. These qualify for Additional Tier 1 capital treatment.

(5) Includes short-term liabilities, long-term liabilities, non-controlling interests, loan capital, and shareholders' funds.

CAPITALISATION AND INDEBTEDNESS OF THE DBS BANK GROUP

The following table sets forth the capitalisation and indebtedness of the DBS Bank Group as at 31 December 2015, based on or derived from the audited consolidated financial statements of the DBS Bank Group unless otherwise indicated.

	As at 31 December 2015
	(S$ in millions)
Short-term liabilities	
Customer deposits	320,134
Interbank liabilities	18,251
Other debt securities	26,736
Other liabilities	36,687
Total short-term liabilities	401,808
Long-term liabilities	
Other debt securities	9,458
Non-controlling interests	
Preference shares and non-controlling interests in subsidiaries[(1)]	2,308
Loan capital	
Subordinated term debts[(2)]	4,026
Shareholders' funds	
Share capital	23,496
Other reserves	2,265
Revenue reserves	14,486
Total shareholders' funds	40,247
Total capitalisation[(3)]	457,847
Contingent liabilities	19,901

Note:

(1) Includes S$1,500 million 5.75% non-cumulative, non-convertible, non-voting, guaranteed preference shares callable with step-up in 2018 issued by DBS Capital Funding II Corporation, which partially qualify for Tier 1 capital treatment, S$344 million 1.6% perpetual subordinated loan issued by Heedum Pte Ltd and TWD8,000 million 4% non-cumulative and perpetual preferred shares issued by DBS Bank (Taiwan) Ltd.

(2) Includes U.S.$900 million floating rate subordinated notes callable with step-up in 2016, of which U.S.$550 million was repurchased and cancelled by DBS Bank on 8 January 2015, S$500 million 4.47% subordinated notes callable with step-up in 2016, S$1,000 million 3.30% subordinated notes callable in 2017, U.S.$750 million 3.625% subordinated notes callable in 2017 and S$1,000 million 3.10% subordinated notes callable in 2018. These partially qualify for Tier 2 capital treatment. On 13 April 2016, DBS Bank announced the redemption of the outstanding amounts of the U.S.$900 million floating rate subordinated notes callable with step-up in 2016 and the S$500 million 4.47% subordinated notes callable with step-up in 2016. DBS Bank has elected to redeem the outstanding notes on 15 July 2016.

(3) Includes short-term liabilities, long-term liabilities, non-controlling interests, loan capital, and shareholders' funds.

DESCRIPTION OF THE BUSINESS OF THE DBS GROUP

The DBS Group is the largest banking group in Southeast Asia by total assets and is engaged in a range of commercial banking and financial services, principally in Asia. As at 31 December 2015, the DBS Group had S$458 billion in total assets, S$283 billion in customer loans and advances, S$320 billion in customer deposits and S$40 billion in total shareholders' funds.

The DBS Group is headquartered and listed in Singapore and has a growing presence in the three key Asian axes of growth: Greater China, South Asia and Southeast Asia. In Singapore, the DBS Group has leading positions in consumer banking, wealth management, institutional banking, treasury and capital markets. As at, and for the year ended, 31 December 2015, Singapore accounted for 67% and 62% of the DBS Group's assets (excluding goodwill and intangibles) and total income (excluding one-time items).

The DBS Group's Greater China presence is anchored in Hong Kong and also encompasses China and Taiwan, where it operates locally-incorporated subsidiaries. The DBS Group also operates a locally-incorporated subsidiary in Indonesia and has 12 branches in India. Its diversification in the Asia Pacific region has resulted in a more balanced geographical distribution of its assets and total operating income.

Substantially all of the assets, liabilities and income of the DBS Group are derived from the DBS Bank Group. As at 31 December 2015, DBS Bank Group accounted for nearly 100% of the DBS Group's consolidated total assets and net profit. DBSH has long-term issuer ratings of "AA-" from Fitch and "Aa2" from Moody's. DBS Bank is one of the highest rated commercial banks in Asia with long-term issuer ratings of "AA-" from Fitch, "Aa1" from Moody's and "AA-" from Standard & Poor's. DBSH's and DBS Bank's credit ratings have a stable outlook from Fitch and Standard & Poor's. On 31 March 2016, Moody's revised DBSH's and DBS Bank's credit rating outlook to negative.

DBS Bank was incorporated in July 1968 by the Singapore government as a financial institution to support Singapore's economic development and industrialisation. In June 1969, DBS Bank began commercial banking operations. In September 1999, DBS Bank was restructured to become a wholly-owned subsidiary of DBSH, which is listed on the SGX-ST. DBS Bank's parent company, DBSH, is one of the largest listed companies in Singapore, with a market capitalisation of approximately S$38.5 billion based on the closing price per ordinary share on the Main Board of the SGX-ST, as at 31 March 2016. On 21 July 2003, DBS Bank changed its legal name from The Development Bank of Singapore Limited to DBS Bank Ltd.

Strengths

Strong credit profile and resilient capital base

The DBS Group has consistently maintained robust capital ratios and as at 31 December 2015, had a CET1 CAR of 13.5%, a Tier 1 CAR of 13.5% and a total CAR of 15.4%. The DBS Group's capital position is above the MAS Basel III capital requirements that have been effective from 1 January 2013. The DBS Group has adopted a prudent dividend policy – paying sustainable dividends – to ensure that strong capital ratios are maintained while it executes its strategy.

The DBS Group was awarded "Safest Bank in Asia" for seven consecutive years from 2009 to 2015 by Global Finance. Singapore, the DBS Group's core market, is the only sovereign in Asia with a "Aaa" credit rating from Moody's, and a "AAA" credit rating from Standard & Poor's and Fitch.

Diversified loan and earnings mix supported by stable deposits and diversified funding sources

The DBS Group has a diversified loan portfolio and earnings mix that is not overly concentrated in any particular industry, country or business segment. As at 31 December 2015, no single industry contributed more than 25% of the DBS Group's gross loans and, outside of Singapore, no single country contributed more than 20% of the DBS Group's gross loans. The DBS Group also has a balanced mix between interest and non-interest income, with non-interest income derived from diversified sources such as loan-related activities, trade and transaction services, wealth management and treasury product sales.

In terms of funding, the DBS Group has a strong domestic deposit base and leading market position in low cost Singapore dollar deposits. The DBS Group has grown its transactional accounts with corporate customers and institutional investors, in line with its strategy. In addition, the DBS Group diversifies its funding sources through its wholesale funding business. In 2015, DBS Bank was the inaugural issuer of covered bonds in Singapore.

Strong core banking business with proven earnings generation capability and exposure to key growth geographies in Asia

The DBS Group is the largest banking group in Southeast Asia by total assets. Over the past three years, the DBS Group has delivered consistent financial performance underpinned by increased strategic clarity and disciplined execution of its strategy. Total income (excluding one-time item) grew at a CAGR of 10% between 2013 and 2015 while net profit (excluding one-time items) recorded CAGR of 11% over the same period.

Prudent and comprehensive risk management framework focused on asset quality

The DBS Group has a robust risk management framework in place to address key risk areas. Its risk management approach is based on (i) strong risk governance, (ii) robust and comprehensive processes to identify, measure, monitor, control and report risks, (iii) sound assessments of capital adequacy relative to risks, and (iv) a rigorous system of internal control reviews involving internal and external auditors. The DBS Group's prudent approach to risk management has enabled it to maintain low NPL ratios and high coverage ratios, even during economic downturns. The DBS Group's NPL ratio was 0.9%, 0.9% and 1.1% as at 31 December 2015, 2014 and 2013, respectively, and the DBS Group's allowance coverage ratio (defined as total allowances as a percentage of NPAs) was 148%, 163% and 135% as at 31 December 2015, 2014 and 2013, respectively.

Strategy

The DBS Group's strategy is predicated on Asia's megatrends, including the rising middle class, growing intra-regional trade, urbanisation, and the rapid adoption of technology that is fuelling new innovations.

The DBS Group seeks to intermediate trade and investment flows as well as support wealth creation to capitalise on Asia's long-term ascendancy. It is a regional bank with sufficiently-deep roots in key markets, making it a compelling Asian bank of choice. The strategy is encapsulated in the following four points:

- The DBS Group is an Asian-focused bank, seeking to make banking joyful for its customers.
- The DBS Group intermediates trade and investment flows across Greater China, South Asia and Southeast Asia.
- In Singapore, the DBS Group is a universal bank serving all customer segments.

- In other markets, the DBS Group has traditionally focused on affluent individuals, large corporates, SMEs and institutional investors. It intends to leverage digital technologies to extend its reach to individual customers in the future.

Key Businesses

The DBS Group's key business units are Consumer Banking/Wealth Management, Institutional Banking and Treasury and Markets business units.

Consumer Banking/Wealth Management ("CBGWM")

The DBS Group serves over 6 million retail customers in Singapore, Hong Kong, China, Taiwan, Indonesia and India. It offers a comprehensive range of financial products and services, including savings and current accounts, fixed deposits, payment services, credit and debit cards, home loans and auto finance, wealth management, investment and insurance products. In the years ended 31 December 2015, 2014 and 2013, CBGWM contributed 23%, 19% and 16%, respectively, of the DBS Group's profit before tax.

CBGWM has built a differentiated wealth proposition across its six key markets with its Treasures platform, where dedicated relationship managers and specialists deliver personalised products and services to affluent customers. In Singapore and Hong Kong, the wealth offering reflects a greater segmentation of affluent customers with specific offerings such as Treasures, Treasures Private Clients and Private Bank. In Treasures Private Client and Private Bank, more personalised services and bespoke solutions are tailored to specific client needs.

In Singapore, the DBS Group holds leading positions in savings and deposits, investments and insurance distribution. As at 31 December 2015, it had over 4.8 million retail customers in Singapore and more than 50% share of the market in Singapore-dollar denominated savings accounts. It also had the country's largest retail distribution network with 98 branches (including branches, service and enterprise banking centres) and more than 1,500 self-service banking facilities such as ATMs, cash and check deposit machines as at 31 December 2015. DBS Bank has also entered into an agreement with Singapore Post Limited to provide basic banking services to DBS Bank's customers at its outlets. Additionally, DBS has agreements with key retail stores, including 7-Eleven, Guardian, Cold Storage, Market Place, Jasons, Giant stores and Sheng Shiong Supermarket, to enable DBS Bank's customers to make cash withdrawals at their stores island-wide for a more convenient banking experience. The DBS Group is one of the largest mortgage lenders for public and private housing in Singapore.

In Hong Kong, the DBS Group provides wealth management services to the affluent segments and is also a key player in retail deposits and unsecured loans. As at 31 December 2015, it had 49 branches (including dedicated Treasures Centres, retail and consumer finance branches) and 69 ATMs in Hong Kong and served almost one million retail customers.

In China, Taiwan, India and Indonesia, the DBS Group's consumer banking operations are focused on serving the affluent segments.

Digital Channels

The DBS Group's internet platform, DBS iBanking, and mobile banking platform, mBanking, offer a wide range of online services in its key markets. In Singapore, DBS iBanking had over 2.5 million users and mBanking had 1.25 million users as at 31 December 2015. The DBS Group's mobile activity continued to lead the industry in Singapore. In 2015, approximately 70% of CBGWM's financial transactions took place through digital channels across the region.

Credit Cards

As at 31 December 2015, the DBS Group has approximately 2.8 million credit cards in circulation in Singapore and Hong Kong. The DBS Group charges fees for the use of its credit cards, earns interest from customers and earns commissions from merchants for transactions processed. The DBS Group believes it is one of the market leaders in the credit card business for Singapore and Hong Kong.

Consumer Lending

The DBS Group offers housing loans, automobile loans and other consumer lending services. Other consumer lending products offered by the DBS Group include standby credit lines, personal loans, education loans and renovation loans. In Singapore, the DBS Group is one of the largest mortgage lenders for public and private housing.

Investments, Insurance and Treasury Products

The DBS Group offers a wide range of investment, insurance and treasury products, including structured deposits, unit trusts, insurance products, structured notes, treasury products such as bonds, currency linked investments, and equity linked notes. In the bancassurance business, the DBS Group grew by 20%, making it one of the top players in the market. From 1 January 2016, the DBS Group commenced its 15-year bancassurance partnership with Manulife Financial Asia Limited to distribute Manulife's life insurance products in Singapore, Hong Kong, China and Indonesia. In Singapore and Hong Kong, the DBS Group distributes general insurance products from its general insurance partner, MSIG Insurance (Singapore) Pte. Ltd and MSIG Insurance (Hong Kong) Limited.

Wealth Management

The DBS Group believes that wealth is being created at a rapid pace in Asia and has made becoming a leading wealth manager in Asia a key strategic priority. Rated the "Safest Bank in Asia" by Global Finance for seven consecutive years from 2009 to 2015, the DBS Group is recognised for its financial strength and stability. The DBS Group offers distinct wealth management platforms (i.e., Treasures, Treasures Private Clients and Private Bank) to cater to a full range of affluent clients with various wealth management needs. The segmentation of clients helps the DBS Group to target and manage customer relationships effectively. As at 31 December 2015, the DBS Group's total wealth customer assets under management ("**AUM**") was S$146 billion. During 2015, the key awards that DBS Bank received in the wealth management space included *Best Private Bank for Innovation, Global* from The Banker, *Most Innovative Private Bank in the World* from Global Finance, *Most Innovative Business Model, Global* from Private Banker International, *Best Asian Private Bank* from Finance Asia, and *Best Wealth Manager, Asia* from The Asset.

Institutional Banking ("IBG")

The DBS Group serves over 200,000 corporate and institutional and SME clients across Asia and provides a comprehensive selection of products and services including a full range of credit facilities from short-term working capital financing to specialised lending. It also provides global transactional services such as cash management, trade finance and securities and fiduciary services, treasury and markets products, corporate finance and advisory banking as well as capital markets solutions. The DBS Group utilises its regional network, product expertise and local market knowledge to connect corporate, institutional and SME clients with opportunities in Asia to help them expand across borders. In the years ended 31 December 2015, 2014 and 2013, IBG contributed 58%, 62% and 64%, respectively, of the DBS Group's profit before tax.

Lending to corporate, institutional and SME clients

The DBS Group provides financing to corporate, institutional and SME clients. The DBS Group originates, arranges, underwrites and distributes loan and loan-related products for corporate and institutional clients across the region to support a diverse range of financing needs including leveraged

finance, acquisition finance and project finance. The Syndicated Finance team has been ranked consistently by Thomson Reuters LPC among the top five arrangers in Asia (excluding Japan and Australia) for the past several years including 2015. The DBS Group also provides financing to SMEs across the region, in line with its strategy. In Singapore, the DBS Group participates in government programmes to extend loans to small newly-formed companies.

Transaction Services

The DBS Group provides cash management, trade finance services, securities services and fiduciary services, enabling its clients to create cash flow for their operations, reduce balance sheet and counter party risk, and realise operational efficiencies. These activities carry high returns on equity and provide a high degree of recurring income.

During 2015, the DBS Group received 86 awards that recognised its achievements in transaction services, including *Best Transaction Services House in Asia* from Euromoney 2015 and global awards for *Best Transaction Bank for Trade Finance* from The Banker 2015 and *Best Regional Supply Chain Solution Specialists* from The Asset 2015.

Capital Markets

Through its Capital Markets unit, the DBS Group advises and enables its corporate clients across the region to raise equity funds through initial public offerings ("**IPOs**"), rights issues and share placements.

In Singapore, the DBS Group has been a leader in managing equity issuances over the past five years. For 2015, it lead-managed or joint-lead-managed equity offerings amounting to S$2.0 billion, representing over 72% of the total equity funds raised in underwritten public offerings in Singapore during the year.

Strategic Advisory

The DBS Group's Strategic Advisory unit supports key corporate clients by rendering advice on corporate strategy, corporate structure, capital structure design and shareholder value creation. In addition, the Strategic Advisory unit is responsible for originating, structuring and executing merger and acquisition transactions, including leveraged buy-outs, demergers and divestitures. Strategic Advisory advises clients across Southeast Asia, North Asia and West Asia.

Treasury and Markets ("T&M")

The DBS Group offers foreign exchange, money market and fixed income products, including derivative and structured products in foreign exchange, interest rates, equity, credit and commodities, as well as structured financing solutions. The DBS Group has a leading market share in Singapore dollar treasury products by volume and is an active market marker in regional currencies. As a primary dealer of Singapore government securities, the DBS Group is one of the largest participants in the Singapore government securities market and an active market maker in Singapore dollar swaps. The DBS Group is a specialist and a leading provider of Asian currency treasury products. In Hong Kong, it is an active market maker in Hong Kong dollar and offshore RMB derivatives. T&M works closely with CBGWM and IBG to structure and cross sell treasury products to corporate and individual customers. T&M also helps customers raise funds through debt issuances.

Fixed Income Group ("FI Group")

The DBS Group is a key player in the Asian debt capital markets. Its FI Group provides corporates, financial institutions, supranationals and sovereigns with customised solutions involving debt products, including straight and equity-linked debt capital, structured debt products, hybrid capital, ratings advisory services and liability management and debt advisory services.

The DBS Group is a market leader in the Singapore dollar-denominated bond market, and has consistently led the league tables in this market. In 2015, DBS Bank acted as bookrunner on

74 transactions, representing a 40% share of over S$22.8 billion in total market issuances. The DBS Group is also active in the G3 straight investment grade, high yield bond and certificate of deposit markets. The number of Asian ex-Japan G3 bond issues arranged by the DBS Bank increased from 45 transactions in 2014 to 52 transactions in 2015.

Others

DBS Vickers Securities

The DBS Group provides brokerage services for individual, corporate and institutional clients through DBS Vickers Securities, which has stockbroking licenses in Singapore, Hong Kong, Thailand and Indonesia, as well as sales offices in London and New York. DBS Vickers Securities and DBS Bank work together on equity research to cover 500 listed companies across Asia.

Regional Presence

As at 31 December 2015, the DBS Group had more than 280 branches, sub-branches, service, enterprise banking and loan centres and representative offices across Asia, including key markets in Singapore, Hong Kong, China, Taiwan, India and Indonesia. In addition, it has operations in other locations such as Australia, the Middle East, and the UK. The DBS Group has fully-owned subsidiaries in Hong Kong, China and Taiwan and a 99%-owned subsidiary in Indonesia. In addition, it has affiliates in Malaysia and China through its 27.7%-owned Hwang Capital (Malaysia) Berhad and 33%-owned Changsheng Fund Management Company.

The number of branches, sub-branches, service, enterprise banking and loan centres, representative offices and agencies operated by the DBS Group as at 31 December 2015 are set forth below.

Australia	1
Bahrain	1
China	36
Hong Kong	49
India	12
Indonesia	44
Japan	1
Korea	1
Macau	1
Malaysia	2
Myanmar	1
Singapore	98
The Philippines	1
Taiwan	43
Thailand	1
United Arab Emirates	1
United Kingdom	1
United States	1
Vietnam	2

As at 31 December 2015, gross loans booked in overseas branches and subsidiaries accounted for approximately 34% of the DBS Group's total customer loans and advances. The DBS Group's main overseas operations are in Hong Kong, China, Taiwan, India and Indonesia.

Hong Kong

Hong Kong, the anchor of the DBS Group's Greater China franchise, is the largest of the DBS Group's operations outside Singapore, accounting for approximately 25% of the DBS Group's earnings in 2015. The DBS Group had 49 branches and loan centres in Hong Kong as at 31 December 2015. A large part of the DBS Group's Hong Kong operations is conducted through DBSHK, a wholly-owned subsidiary of DBS Bank. DBSHK provides a wide range of banking services to corporate, SME and affluent individuals, including wealth management, investment banking, foreign exchange and treasury services. DBS Bank also operates a branch in Hong Kong. The DBS Group's Hong Kong operations seek to leverage on innovation and digital technologies to grow its market position across large corporate, SME and wealth segments, and intermediate Greater China investment and capital flows

As at 31 December 2015, the DBS Group's Hong Kong operations had total assets (excluding goodwill and intangibles) of S$73.0 billion, gross customer loans and advances of S$53.3 billion, and customer deposits of S$55.0 billion.

China

The DBS Group was the first Singapore bank to incorporate a wholly-owned subsidiary in China, DBS Bank (China) Limited ("**DBS China**"). DBS China was incorporated in May 2007 and is headquartered in Shanghai.

The DBS Group has 35 branches and a representative office in China, of which 12 branches and 23 sub-branches of DBS China were in Beijing, Chongqing, Dongguan, Guangzhou, Hangzhou, Nanning, Qingdao, Shanghai, Shenzhen, Suzhou, Tianjin and Xi'an as at 31 December 2015. DBS China offers RMB and foreign currency banking products and services to large corporates, SMEs and affluent individuals.

As at 31 December 2015, DBS China had total assets of S$22.1 billion, gross customer loans and advances of S$11.5 billion and customer deposits of S$10.3 billion. The DBS Group also holds a 33% interest in Changsheng Fund Management Company, a sizable fund management company in China, through DBS Bank Ltd.

Taiwan

As at 31 December 2015, the DBS Group had 43 branches in Taiwan. A large part of the DBS Group's Taiwan operations are conducted through DBS Bank (Taiwan) Ltd ("**DBS Taiwan**"), a wholly-owned subsidiary of DBS Bank. DBS Taiwan offers a wide range of banking products and services to large corporates, SMEs and affluent individuals. DBS Bank also operates a branch in Taiwan. As at 31 December 2015, the DBS Group's Taiwan operations had total assets of S$20.7 billion, gross customer loans and advances of S$9.9 billion and customer deposits of S$11.3 billion.

India

As at 31 December 2015, the DBS Group had 12 branches across India in Bengaluru, Chennai, Cuddalore, Kolhapur, Kolkata, Moradabad, Mumbai, Nasik, New Delhi, Pune, Salem and Surat (collectively "**DBS India**").

DBS India offers a comprehensive suite of banking products and services to corporate, SMEs and affluent individuals. As at 31 December 2015, DBS India had total assets of S$7.35 billion, gross customer loans and advances of S$3.98 billion and customer deposits of S$3.40 billion.

Indonesia

As at 31 December 2015, DBS Bank owned 99% of PT Bank DBS Indonesia ("**DBS Indonesia**"). DBS Indonesia offers a wide range of banking products and services to large corporates, SMEs and affluent individuals. As at 31 December 2015, DBS Indonesia was a leading foreign bank in trade finance and wealth management, with 44 branches, sub-branches and loan centres in 11 major cities in Indonesia.

As at 31 December 2015, DBS Indonesia had total assets of S$6.45 billion, gross customer loans and advances of S$4.30 billion and customer deposits of S$4.04 billion.

Australia

DBS Bank established a branch office in Sydney in June 2015 to better facilitate business and investment flows between Australia and Asia. The branch offers institutional banking services, such as corporate finance, trade finance, cash management and treasury solutions.

Technology and Operations Unit ("T&O") and Information Technology

T&O's key areas of responsibility include technology strategy, architecture and engineering, technology delivery services, business process reengineering, strategic sourcing, call centre and processing operations for loans, custodial services, payments, cards, treasury and trade. T&O is organised to provide in-depth support to the DBS Group's key businesses, as well as to ensure group-wide consistency, best practice and efficiency.

The DBS Group has significantly increased its investment in T&O in recent years to enhance stability and resiliency of its systems and processes as it expands in the region. T&O has played a major role in the DBS Group's strategic cost management initiatives to achieve optimisation of processes and resources.

The DBS Group's information technology ("**IT**") systems are critical to its business operations and are essential to supporting effectively the expansion of its business operations, increasing efficiencies, coordinating and enhancing risk management and control systems, and meeting the needs of its customers. With the DBS Group's growing business across Asia, it recognises the need for a strong technology and infrastructure platform. To increase consistency and efficiency in its IT systems, the DBS Group has put in place a business-driven technology roadmap and is rolling out standardised software applications across the DBS Group. The DBS Group is implementing a resiliency improvement plan to enhance the availability of services to its customers.

All of the DBS Group's IT systems comply with stringent business and continuity planning standards and undergo periodic testing.

Additional Information about the DBS Group

Competition

In Singapore, the DBS Group believes it has captured leading market shares in loans, mortgages and customer deposits. It competes with other Singapore banks across the full range of banking activities and customer segments. Foreign banks have been able to operate in corporate banking, investment banking and capital market activities over the years. Selected foreign banks, in particular those with QFB licenses, are able to compete in the consumer banking segment. In Hong Kong, the DBS Group competes with local and foreign banks in the corporate, SME and affluent retail banking segments.

In other markets, where the DBS Group is building up its presence, it competes with local and foreign banks in the full range of corporate banking and treasury market activities. In the consumer banking segment, the DBS Group is focused on the affluent segment and competes with other banks operating in this space.

Properties

The DBS Group owns some of the properties used for carrying out its banking business. These properties are located mainly in Singapore, Hong Kong and Taiwan and include office and retail branch premises. For some of these properties, surplus space is leased to third-party tenants for additional income.

Employees

The DBS Group had 22,017, 21,096 and 19,393 employees, as at 31 December 2015, 2014 and 2013, respectively.

Employees' remuneration is based on total compensation. An employee's total compensation is benchmarked to the market and consists of three components: fixed pay, cash bonuses and long-term incentives such as share grants.

Insurance

The DBS Group has taken out a group insurance policy that is customary for financial institutions of a comparable size and scope. Management is of the opinion that this insurance, including banker's blanket and professional indemnity, is of an adequate level.

Legal Proceedings

The DBS Group is involved in litigation and arbitration proceedings in Singapore and in foreign jurisdictions involving claims by and against the DBS Group which arise in the ordinary course of its business. While it is not feasible to predict or determine the ultimate outcome of all pending or threatened litigation and arbitration proceedings, the DBS Group believes that the ultimate outcome of the various litigation and arbitration proceedings already commenced will not have a material adverse effect on the DBS Group's financial condition, liquidity or profitability.

DESCRIPTION OF DBS BANK

DBS Bank was incorporated in July 1968 by the Singapore government as a financial institution to support Singapore's economic development and industrialisation. In June 1969, DBS Bank began commercial banking operations. DBS Bank is incorporated in Singapore under the Singapore Companies Act as a limited liability company with registration number 196800306E. In September 1999, DBS Bank was restructured to become a wholly-owned subsidiary of DBSH, which is listed on the SGX-ST. DBS Bank and its subsidiaries carry out the operations of the DBS Bank Group in Singapore and elsewhere.

DESCRIPTION OF DBS BANK'S AUSTRALIA BRANCH

DBS Bank is registered in Australia as a foreign company (Australian Registered Body Number 601 105 373) and as a registered business on 1 October 2014 (Australian Business Number 46 601 105 373) under the Australian Corporations Act 2001("**Corporations Act**"). DBS Bank was granted authority to carry on banking business in Australia by the Australian Prudential Regulation Authority on 1 June 2015 and is an authorised deposit-taking institution within the meaning of the Australian Banking Act 1959. DBS Bank was granted an Australian financial services licence by the Australian Securities and Investments Commission on 15 July 2015 under the Corporations Act (License number 475946). This licence authorises DBS Bank to provide financial product advice, to make a market and to deal in financial products for certain classes of financial products to wholesale clients. DBS Bank conducts its business through its Australia Branch located at Suite 1901, Level 19, Chifley Tower, 2 Chifley Square, Sydney, New South Wales 2000, Australia. The Australia Branch offers institutional banking services, such as corporate finance, trade finance, cash management and treasury solutions.

DESCRIPTION OF DBS BANK'S DUBAI (DIFC) BRANCH

DBS Bank Ltd., Dubai (DIFC) branch was registered in the United Arab Emirates as a Foreign Recognised Company on 16 March 2006 (Company number 0156) under the Companies Law, DIFC Law No. 2 of 2004, with its principal place of business in the United Arab Emirates at Dubai International Financial Centre. DBS Bank Ltd., Dubai (DIFC) branch obtained a license under Article 48(1) of the Regulatory Law 2004 from Dubai Financial Services Authority (License number F000164) and conducts its banking business through its branch in Dubai. The Dubai (DIFC) branch of DBS Bank Ltd. carries out the institutional banking business and private banking business of the DBS Group in the United Arab Emirates.

DESCRIPTION OF DBS BANK'S HONG KONG BRANCH

DBS Bank Ltd., Hong Kong branch was registered in Hong Kong as a non-Hong Kong company on 6 March 1991 (Company number F4920) under the Hong Kong Companies Ordinance, with its principal place of business in Hong Kong at 18th floor, The Centre, 99 Queen's Road Central, Hong Kong. DBS Bank Ltd. obtained a license under the Banking Ordinance of Hong Kong on 23 October 1990 (License number 199) and conducts its banking business through its branch in Hong Kong. DBS Bank Ltd. is an authorised institution under the Banking Ordinance of Hong Kong. The Hong Kong branch of DBS Bank Ltd. carries out the Institutional Banking business and Treasury and Market business of the DBS Group in Hong Kong.

DESCRIPTION OF DBS BANK'S LONDON BRANCH

DBS Bank Ltd., London branch was established in 1981 and registered as an overseas company at Companies House in England and Wales with company number FC010036, branch number BR000664. Its registered office in the United Kingdom is at 4th Floor, Paternoster House, 65 St. Paul's Churchyard, London EC4M 8AB. It is authorised by the UK Prudential Regulation Authority to conduct banking and regulated activities in the United Kingdom, and is subject to regulation by the UK Financial Conduct Authority and the Prudential Regulation Authority. The London branch of DBS Bank Ltd. provides banking and certain regulated activities to clients based in the United Kingdom.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF THE DBS GROUP

The following discussion and analysis should be read in conjunction with, and is qualified in its entirety by reference to, the audited consolidated financial statements of the DBS Group as at and for the year ended 31 December 2015, including the notes thereto, which are set forth beginning on page F-2 of this Offering Circular and as at and for the years ended 31 December 2014 and 2013, including the notes thereto, which are incorporated by reference in this Offering Circular. These financial statements have been prepared in accordance with Singapore FRS, which differs in certain material respects from U.S. GAAP and IFRS. Investors should consult their own professional advisors for an understanding of the differences between Singapore FRS, U.S. GAAP, IFRS and the generally accepted accounting principles of other jurisdictions and how those differences might affect the financial information contained in this Offering Circular.

The presentation of certain financial statement line items in this document has been aligned to the presentation used by key management personnel to analyse and assess the business performance of the DBS Group from period to period. Such presentation may differ in certain respects from the audited consolidated financial statements of the DBS Group as at and for the year ended 31 December 2015, including the notes thereto, which are set forth beginning on page F-2 of this Offering Circular and as at and for the years ended 31 December 2014 and 2013 incorporated by reference in this Offering Circular and may also differ in certain respects from Singapore FRS.

Except as otherwise noted, financial and statistical information presented in this Offering Circular is presented for the DBS Group on a consolidated basis.

Overview

The DBS Group is headquartered and listed in Singapore and has a growing presence in the three key Asian axes of growth: Greater China, South Asia and Southeast Asia. In Singapore, the DBS Group has leading positions in consumer banking, wealth management, institutional banking, treasury and capital markets.

As at 31 December 2015, the DBS Group had S$458 billion in total assets, S$283 billion in customer loans and advances, S$320 billion in customer deposits and S$40 billion in total shareholders' funds. As at 31 December 2015, approximately 67% of the DBS Group's total assets (excluding goodwill and intangibles) and 66% of gross customer loans were accounted for in Singapore. As at 31 December 2014 and 2013, 66% and 65%, respectively, of the DBS Group's total assets (excluding goodwill and intangibles) were accounted for in Singapore.

Singapore

The DBS Group is one of the largest banking and financial services providers in Singapore by total assets and is a market leader in Singapore dollar-denominated customer loans and advances, housing loans, internet banking services and Singapore dollar-denominated customer deposits. As at 31 December 2015, the DBS Group had 98 branches (including branches, service and enterprise banking centres) and more than 1,500 self-service banking facilities such as ATMs, cash and check deposit machines in Singapore, serving over 4.8 million retail customers. As at 31 December 2015, the DBS Group in Singapore had total assets (excluding goodwill and intangibles) of S$304 billion, gross customer loans and advances of S$191 billion, and customer deposits of S$225 billion. The DBS Group recorded net profit (before one-time items) for its Singapore operations of S$2.96 billion in 2015, S$2.57 billion in 2014 and S$2.26 billion in 2013.

Hong Kong

Hong Kong, the anchor of the DBS Group's Greater China franchise, is the second principal operation of the DBS Group after Singapore. A large part of the DBS Group's Hong Kong operations is conducted through DBSHK, a wholly-owned subsidiary of DBS Bank. DBS Bank also operates a branch in Hong Kong. As at 31 December 2015, the DBS Group had 49 branches in Hong Kong. As at 31 December 2015, the DBS Group's Hong Kong operations had total assets (excluding goodwill and intangibles) of S$73.0 billion, gross customer loans and advances of S$53.3 billion, and customer deposits of S$55.0 billion. The DBS Group recorded net profit for its Hong Kong operations of S$1.09 billion in 2015, S$882 million in 2014 and S$851 million in 2013.

International Presence Outside of Singapore and Hong Kong

Outside of its primary markets, the DBS Group has a growing presence in China, Taiwan, India and Indonesia. The DBS Group seeks to build its franchises in these growth markets to achieve a more balanced geographic mix. The DBS Group also leverages the growth and network of these countries to drive connectivity, supporting its customers as they expand across Asia.

In 2015, the DBS Group's operations in Rest of Greater China, which includes China and Taiwan, reported net profit of S$167 million and total income of S$1.02 billion. In 2014, the DBS Group's operations in Rest of Greater China recorded net profit of S$237 million and total income of S$950 million. In 2013, the DBS Group's operations in Rest of Greater China reported net profit of S$92 million and total income of S$743 million.

In 2015, the DBS Group's operations in South and Southeast Asia, which includes its India and Indonesia franchises, recorded net profit of S$32 million and total income of S$557 million. In 2014, the DBS Group's operations in South and Southeast Asia reported net profit of S$44 million and total income of S$552 million. In 2013, the DBS Group's operations in South and Southeast Asia recorded net profit of S$198 million and total income of S$600 million.

Factors Affecting Financial Condition and Results of Operations

The DBS Group's financial condition and results of operations are affected by various factors including the ones described below.

Economic Conditions in Singapore and Hong Kong

The DBS Group's financial performance is dependent on the general economic and political developments in Singapore and Hong Kong.

In 2015, economies across Asia, including both Singapore and Hong Kong, experienced lower growth against a backdrop of slowing regional growth due to increased economic uncertainties. According to the Singapore Department of Statistics, Singapore's real GDP growth was 2.0% in 2015, lower than 3.3% in 2014, as the manufacturing sector contracted and the construction sector slowed primarily due to a lower volume of private industrial and residential building activities. According to the MAS, Domestic Banking Unit ("**DBU**") loans in Singapore contracted 1% in 2015, as compared to the growth of 6% in 2014. According to the Census and Statistics Department of Hong Kong, the preliminary estimate of Hong Kong's real GDP growth was 2.4% in 2015, down from 2.6% in 2014 and according to the Hong Kong Monetary Authority, loan growth in Hong Kong was 3% in 2015 down from 15% in 2014.

In 2014, economies across Asia, including both Singapore and Hong Kong, experienced lower growth against a backdrop of slower regional growth caused by increased economic uncertainties and lower commodity prices. According to the Singapore Department of Statistics, Singapore's real GDP growth was 3.3% in 2014, slower than 4.7% in 2013, due to lower growth in services-producing industries, and according to the MAS, DBU loan growth in Singapore was 6% in 2014, slower than the 17% growth in 2013. According to the Census and Statistics Department of Hong Kong, Hong Kong's revised real GDP

growth was 2.6% in 2014, down from 3.1% in 2013 and according to the Hong Kong Monetary Authority, loan growth in Hong Kong was 15% in 2014 down from 22% in 2013.

Interest Rate Environment

Interest rate movements have a significant impact on the DBS Group's results of operations. The magnitude and timing of interest rate changes, as well as differences in the magnitude of such interest rate changes between the DBS Group's assets and liabilities, have a significant impact on its net interest margins and its profitability. Movements in short and long-term interest rates affect the DBS Group's interest income and interest expense as well as the level of gains and losses on its securities portfolio.

The DBS Group's net interest income accounted for 66%, 66% and 62% of its total income in the years ended 31 December 2015, 2014 and 2013, respectively. Net interest income is principally affected by yields on interest earning assets, costs of interest bearing liabilities and the volumes of interest earning assets and interest bearing liabilities. The DBS Group's yields and costs are functions of its lending and deposit rates, interbank rates, yields on government and other debt securities, and costs of term debts and other borrowings, which are generally linked to the interest rate environment. In addition, lending and deposit rates are significantly influenced by competition in the markets in which the DBS Group operates.

Liquidity

Liquidity obligations arise from withdrawals of deposits, repayments of purchased funds at maturity, and extensions of credit and working capital needs. The DBS Group seeks to project, monitor and manage its liquidity needs under normal as well as adverse circumstances. Adverse market and economic conditions may limit or adversely affect the DBS Group's access to funding.

Adverse economic conditions may also limit or negatively affect the DBS Group's ability to attract deposits, replace maturing liabilities in a timely manner and at commercially acceptable rates, satisfy statutory liquidity requirements and access the capital markets.

Approximately 77%, 79% and 80% of the DBS Group's total liabilities were attributable to customer deposits and 4% were attributable to interbank liabilities as at each of 31 December 2015, 2014 and 2013. As at 31 December 2015, 2014 and 2013, the DBS Group had total customer deposits and interbank liabilities of S$338 billion, S$333 billion and S$306 billion respectively, and a loan-to-deposit ratio of 88%, 87% and 85%, respectively. The DBS Group's funding is also supplemented by debt issuances including medium term notes, commercial papers, certificates of deposit, covered bonds and subordinated term debts. As at 31 December 2015, 2014 and 2013, the DBS Group had total debt issuances of S$42.1 billion, S$36.6 billion and S$28.7 billion, respectively representing 10%, 9% and 8% of total liabilities, respectively. The DBS Group's liquidity coverage ratio in the fourth quarter of 2015 was 122%, well above the final regulatory requirement of 100% effective 2019. As at 31 December 2015, the DBS Group also met the requirement for net stable funding ratio effective 2018.

Critical Accounting Estimates

The DBS Group's accounting policies and use of estimates are integral to the reported amounts in the financial statements. Certain accounting estimates require management's judgment in determining the appropriate methodology for valuation of assets and liabilities. Procedures are in place to ensure that methodologies are reviewed and revised as appropriate. The DBS Group believes its estimates for determining the valuation of its assets and liabilities are appropriate. The following is a brief description of the DBS Group's critical accounting estimates involving management's valuation judgment. The DBS Group's significant accounting policies are described in more detail in Note 2 to the DBS Group's audited consolidated financial statements for the year ended 31 December 2015, which are set forth beginning on page F-2 of this Offering Circular.

Impairment Allowances

It is the DBS Group's policy to recognise, through charges against profit, specific and general allowances in respect of estimated and inherent credit losses in its portfolio.

In estimating specific allowances, the DBS Group assesses the gap between borrowers' obligations to the DBS Group and their repayment ability. The assessment takes into account various factors, including the economic or business outlook, the future profitability of the borrowers and the liquidation value of collateral. Such assessment requires considerable judgment.

Another area requiring judgment is the calculation of general allowances, which are determined after taking into account historical data and management's assessment of the current economic and credit environment, country and portfolio risks, as well as industry practices.

Fair Value of Financial Instruments

The majority of the DBS Group's financial instruments reported at fair value are based on quoted and observable market prices or on internally developed models that are based on independently sourced market parameters.

The fair value of financial instruments without an observable market price in an active market may be determined using valuation models. The choice of model requires significant judgment for complex products especially those in the "Treasury" segment.

Policies and procedures have been established to facilitate the exercise of judgment in determining the risk characteristics of various financial instruments, discount rates, estimates of future cash flows and other factors used in the valuation process.

Goodwill

The DBS Group performs an impairment review to ensure that the carrying amount of the cash-generating unit ("**CGU**") to which goodwill is allocated does not exceed the recoverable amount of the CGU.

The recoverable amount represents the present value of the estimated future cash flows expected to arise from continuing operations. Therefore, in arriving at the recoverable amount, management exercises judgment in estimating the future cash flows, growth rate and discount rate.

Income Taxes

The DBS Group has exposure to income taxes in numerous jurisdictions. Significant judgment is involved in determining the DBS Group's provision for income taxes. The DBS Group recognises liabilities for expected tax issues based on reasonable estimates of whether additional taxes will be due. Where uncertainty exists around the DBS Group's tax position including resolution of any related appeals or litigation processes, appropriate provisions are provided based on the technical merits of the positions with the same tax authority.

Results of Operations for 2015, 2014 and 2013

The DBS Group's net profit (excluding one-time items) increased by 12% to S$4.32 billion in 2015 from S$3.85 billion in 2014 and by 10% in 2014 from S$3.50 billion in 2013.

Return on assets was 0.96%, 0.91% and 0.91% as at 31 December 2015, 2014 and 2013, respectively. The DBS Group's CAR was 15.4%, 15.3% and 16.3% as at 31 December 2015, 2014 and 2013, respectively. The DBS Group's Tier 1 CAR was 13.5%, 13.1% and 13.7% as at 31 December 2015, 2014 and 2013, respectively.

Net Interest Income and Net Interest Margin

The DBS Group's net interest income increased by 12% to S$7.10 billion in 2015 from S$6.32 billion in 2014, as net interest margin was higher, in line with higher Singapore dollar interest rates. Asset volumes were also higher, partly due to currency effects. Net interest income represented 66% of total income in 2015 and 2014. The DBS Group's net interest margin increased nine basis points to 1.77% in 2015 from 1.68% in 2014.

The DBS Group's net interest income increased by 14% to S$6.32 billion in 2014, from S$5.57 billion in 2013, as both loan volumes and net interest margin increased. Net interest income represented 66% of total income in 2014, compared to 62% in 2013. The DBS Group's net interest margin increased 6 basis points to 1.68% in 2014 from 1.62% in 2013.

Average Balance Sheets and Interest Rates

The following table sets forth the average balances of the DBS Group's interest earning assets and interest bearing liabilities, the related interest income or expense and average interest rates for the periods indicated.

	Years ended 31 December								
	2013			2014			2015		
	Average Balance	Interest	Average Rate	Average Balance	Interest	Average Rate	Average Balance	Interest	Average Rate
	(S$ in millions, except percentages)								
Interest earning assets									
Customer non-trade loans	186,661	4,710	2.52%	209,743	5,256	2.51%	234,748	6,126	2.61%
Trade assets	58,796	1,458	2.48%	61,977	1,583	2.55%	54,597	1,294	2.37%
Interbank assets	34,720	460	1.32%	37,958	577	1.52%	37,577	466	1.24%
Securities	64,392	1,358	2.11%	66,613	1,532	2.30%	75,081	1,758	2.34%
Total	**344,569**	**7,986**	**2.32%**	**376,291**	**8,948**	**2.38%**	**402,003**	**9,644**	**2.40%**
Interest bearing liabilities									
Customer deposits	272,901	1,926	0.71%	298,659	2,086	0.70%	315,942	1,940	0.61%
Other borrowings	48,216	491	1.02%	51,866	541	1.04%	59,720	604	1.01%
Total	**321,117**	**2,417**	**0.75%**	**350,525**	**2,627**	**0.75%**	**375,662**	**2,544**	**0.68%**
Net interest income		5,569			6,321			7,100	
Net interest spread(1)			1.57%			1.63%			1.72%
Net interest margin(2)			1.62%			1.68%			1.77%

Notes:

(1) The difference between the rate earned on average interest earning assets and the rate paid/payable on average interest bearing liabilities.

(2) Net interest income expressed as a percentage of average interest earning assets.

Volume and Rate Analysis

The following table allocates changes in interest income and interest expense between changes in volume and changes in rate for 2015 compared with 2014, and 2014 compared with 2013. Information is provided with respect to (i) effects attributable to changes in volume (changes in volume multiplied by prior rate) and (ii) effects attributable to changes in rate (changes in rate multiplied by current volume). Volume and rate variances have been calculated based on movements in average balances over the period indicated and changes in interest rates based on average interest bearing assets and liabilities. Variances caused by changes in both volume and rate have been allocated to both volume and rate based on the proportional change in either volume or rate.

	2014 vs 2013			2015 vs 2014		
	Volume	**Rate**	**Net Change**	**Volume**	**Rate**	**Net Change**
			(S$ in millions)			
Interest Income						
Customer non-trade loans	583	(37)	546	627	243	870
Trade assets	79	46	125	(188)	(101)	(289)
Interbank assets	43	74	117	(6)	(105)	(111)
Securities	46	128	174	195	31	226
Total	**751**	**211**	**962**	**628**	**68**	**696**
Interest expense						
Customer deposits	181	(21)	160	121	(267)	(146)
Other borrowings	38	12	50	82	(19)	63
Total	**219**	**(9)**	**210**	**203**	**(286)**	**(83)**
Net impact on net interest income	532	220	752	425	354	779
Due to change in number of days			-			-
Net Interest income			**752**			**779**

Non-Interest Income

The following table shows information with respect to the DBS Group's non-interest income for the periods indicated:

	Years ended 31 December		
	2013	**2014**	**2015**
		(S$ in millions)	
Net fee and commission income	1,885	2,027	2,144
Other non-interest income			
Net trading income[1]	1,095	901	1,204
Net income from investment securities[2][3]	276	274	203
Net gain from fixed assets	44	43	90
Others[3][4]	58	52	46
Total	**3,358**	**3,297**	**3,687**

Notes:

(1) Includes income from trading businesses through foreign exchange, interest rates, credit and equities and other businesses and gains or losses from changes in the value of financial assets and financial liabilities designated at fair value.

(2) Income from securities classified as available-for-sale and loans and receivables.

(3) Excludes one-time items.

(4) Includes rental income and others.

Total non-interest income increased by 12% to S$3.69 billion in 2015 from S$3.30 billion in 2014. Total non-interest income decreased by 2% to S$3.30 billion in 2014 from S$3.36 billion in 2013. In 2015, 2014 and 2013, total non-interest income accounted for 34%, 34% and 38% respectively, of the DBS Group's total income. The increase in 2015 was mainly due to higher trading income and net fee and commission income. The decrease in 2014 was mainly due to lower trading income, which was partially offset by higher net fee and commission income.

Net Fee and Commission Income

The following table shows information with respect to the DBS Group's net fee and commission income for the periods indicated:

	Years ended 31 December		
	2013	**2014**	**2015**
		(S$ in millions)	
Brokerage	214	173	180
Investment banking[(1)]	171	219	165
Trade and transaction services[(1) (2)]	551	539	556
Loan-related	367	385	442
Cards[(3)]	337	369	434
Wealth management	412	507	599
Others	69	83	76
Fee and commission income	2,121	2,275	2,452
Less: Fee commission expense	(236)	(248)	(308)
Net fee and commission income	1,885	2,027	2,144

Notes:

(1) Fees for fiduciary services for 2013 and 2014 are reclassified from investment banking to trade and transaction services.

(2) Include trade & remittances, guarantees and deposit-related fees.

(3) Card fees are net of interchange fees paid.

In 2015, net fee and commission income increased by 6% to S$2.14 billion from S$2.03 billion in 2014. Fee and commission income growth was broad-based, led by higher wealth management, cards and loan-related fees.

In 2014, net fee and commission income increased by 8% to S$2.03 billion from S$1.89 billion in 2013. Fee and commission income growth was broad-based, led by higher wealth management and investment banking fees.

Net fee and commission income accounted for 20%, 21% and 21% of the DBS Group's total income in 2015, 2014 and 2013, respectively.

Other Non-interest Income

Other non-interest income increased by 21% to S$1.54 billion in 2015 from S$1.27 billion in 2014, after a 14% decrease in 2014 from S$1.47 billion in 2013. In 2015, one-third of the increase in other non-interest income was due to higher treasury customer flows, while the remainder was mainly due to interest income from funding swaps. In 2014, the decrease from 2013 was primarily due to a decline in trading gains, which was partially offset by higher customer income for treasury products.

Expenses

The following table shows information with respect to the DBS Group's expenses for the periods indicated:

	Years ended 31 December		
	2013	**2014**	**2015**
	(S$ in millions, except percentages)		
Staff[1]	2,065	2,294	2,651
Computerisation	678	777	883
Occupancy	365	369	398
Revenue-related	231	240	301
Others	579	650	667
Total	3,918	4,330	4,900
Cost-to-income ratio[2]	43.9%	45.0%	45.4%

Notes:

(1) Includes salary and bonus expenses, contributions to defined contribution plans, share-based expenses and other staff-related expenses.

(2) Expenses expressed as a percentage of total income.

In 2015, expenses increased 13% to S$4.90 billion from S$4.33 billion in 2014, mainly due to higher staff costs from headcount growth and higher computerisation costs. Excluding exchange translation effects and the one-time effect of consolidating new business portfolios, expenses were 9% higher in 2015 than in 2014.

In 2014, expenses increased 11% to S$4.33 billion from S$3.92 billion in 2013, mainly due to higher staff costs from headcount growth and higher computerisation costs.

Allowances for Credit and Other Losses

The following table shows information with respect to the DBS Group's allowances for credit and other losses for the periods indicated:

	Years ended 31 December		
	2013	**2014**	**2015**
		(S$ in millions)	
General allowances	340	160	121
Specific allowances for loans[1]	416	478	551
Singapore	77	80	99
Hong Kong	45	54	70
Rest of Greater China	39	70	123
South and Southeast Asia	148	343	234
Rest of the World	107	(69)	25
Specific allowances for securities, properties and other assets	14	29	71
Total	770	667	743

Note:

(1) Specific allowances for loans are classified according to where the borrower is incorporated.

In 2015, total allowances increased by 11% to S$743 million from S$667 million in 2014 as the decline in general allowances, which was in line with slower loan growth, was more than offset by an increase in specific allowances. Specific allowances for loans increased 15% to S$551 million with Rest of the World and Rest of Greater China leading the increase.

In 2014, total allowances decreased by 13% to S$667 million from S$770 million in 2013 as general allowances decreased 53% to S$160 million as full-year loan growth was less than the previous year. Specific allowances for loans rose 15% to S$478 million with India accounting for a significant portion of the increase.

Profit before Tax (excluding one-time items)

Profit before tax (excluding one-time items) increased by 10% to S$5.16 billion in 2015, from S$4.70 billion in 2014, after a 9% increase in 2014 from S$4.32 billion in 2013.

Taxation

The DBS Group's taxation expense was S$727 million in 2015, S$713 million in 2014 and S$615 million in 2013. This resulted in effective tax rates ('taxation expenses' divided by 'profit before tax' (excluding one-off items and share of profits of associates)) of 14% in 2015 and 15% in each of 2014 and 2013. Taxation for the DBS Group is determined on an entity by entity basis. The statutory corporate income tax rate in Singapore was 17% from 2013 to 2015.

Net Profit (excluding one-time items)

The following table shows the reconciliation of management's view of net profit (excluding one-time items) with the presentation of "net profit for the year attributable to shareholders" in the DBS Group's audited consolidated financial statements.

	Years ended 31 December		
	2013	**2014**	**2015**
		(S$ in millions)	
Net Profit	3,501	3,848	4,318
One-time items	171	198	136
Net Profit for the year attributable to shareholders[1]	3,672	4,046	4,454

Note:

(1) As shown in the DBS Group's audited consolidated income statements which are set forth beginning on page F-2 of this Offering Circular.

The DBS Group's net profit (excluding one-time items) increased by 12% to S$4.32 billion in 2015 from S$3.85 billion in 2014 as total income increased by 12% to S$10.8 billion due to higher net interest margin, fee and trading income. Including a one-time item of S$136 million relating to gain from disposal of a property investment, DBS Group's net profit was S$4.45 billion in 2015.

The DBS Group's net profit (excluding one-time items) increased by 10% to S$3.85 billion in 2014 from S$3.50 billion in 2013 as total income grew 8% to S$9.62 billion from higher net interest margin, loan volumes and fee income. Including one-time items, comprising a gain of S$223 million from the divestment of a stake in the Bank of the Philippine Islands less a donation of S$25 million to the National Gallery Singapore, net profit was $4.05 billion.

In Singapore, the DBS Group's net profit increased 15% to S$2.96 billion in 2015, from S$2.57 billion in 2014, after a 14% increase in 2014 from S$2.26 billion in 2013. The income increase in 2015 of 12% to S$6.68 billion from 2014 was due to higher loan volumes, improved net interest margin, higher wealth management, card and loan-related fees as well as stronger trading gains and treasury customer activities. In 2014, income rose 10% to S$5.95 billion from higher loan volumes and margins, increased fee contributions from wealth management, investment banking and cards, partially offset by lower trading income.

In Hong Kong, the DBS Group's net profit increased by 24% to S$1.09 billion in 2015 from S$882 million in 2014, after a 4% increase in 2014 from S$851 million in 2013. The increase in 2015 was due to higher net interest margin and higher non-interest income, resulting in total income increasing by 20% to S$2.29 billion, partially offset by higher expenses which increased by 21% to S$951 million. In constant-currency terms, both total income and expenses in Hong Kong increased by 11%, and net profit increased by 14%. Allowances remained largely unchanged as higher specific allowances were partially offset by lower general allowances. In 2014, total income was 2% higher at S$1.90 billion compared to S$1.86 billion in 2013 as net interest income rose from higher average loan volumes and net interest margin. Non-interest income (excluding property disposal gains) was flat as a broad-based increase in fee income was more than offset by lower trading and treasury customer income. Expenses were higher from the acquisition of Société Générale's private banking business in Asia, the consolidation of a credit card joint venture and the increase in headcount to support business growth. General allowances were lower as total loan growth moderated from the previous year.

Outside of Singapore and Hong Kong, the DBS Group's net profit in Rest of Greater China decreased by 30% to S$167 million in 2015 from S$237 million in 2014, after an increase of $145 million in 2014 from S$92 million in 2013. The decrease in 2015 was due to lower net interest income, higher expenses and specific allowances, partially offset by higher non-interest income. The increase in 2014 was largely due

to higher total income as both net interest and non-interest income increased, which was partially offset by higher expenses. Allowances declined as lower general allowances were partially offset by higher specific allowances.

In South and Southeast Asia, the DBS Group's net profit decreased by 27% to S$32 million in 2015 from S$44 million in 2014, after a 78% decrease in 2014 from S$198 million in 2013. In 2015, the decrease in net profit was due to higher taxes on account of tax write-backs in the previous year. Income was higher and allowances were lower, partially offset by higher expenses. In 2014, the decline in net profit was mainly due to lower trading income, higher allowances which more than doubled from specific allowances, and higher expenses.

In the Rest of the World, the DBS Group's net profit decreased by 38% to S$73 million in 2015 from S$117 million in 2014, after a 17% increase in 2014 from S$100 million in 2013. The decrease in 2015 was mainly due to lower net interest income and higher specific and general allowances. The decline in performance was partly due to the conversion of the Los Angeles agency to a representative office with the consequent transfer of its business to Singapore in 2015. The increase in 2014 was mainly due to lower allowances which fell to S$21 million from S$91 million from lower specific allowances, partially offset by higher general allowances. Total income declined as non-interest income fell due to lower trading income, while expenses rose 7% to S$88 million.

Financial Condition

Total Assets

The DBS Group's total assets as at 31 December 2015 were S$458 billion compared to S$441 billion as at 31 December 2014 and S$402 billion as at 31 December 2013. The increase in total assets between 31 December 2015 and 31 December 2014 was primarily due to higher customer loans from currency effects, derivatives and government securities. The increase in total assets between 31 December 2014 and 31 December 2013 was primarily due to customer loan growth.

The following table sets forth the principal components of the DBS Group's total assets as at the dates indicated.

	As at 31 December		
	2013	**2014**	**2015**
		(S$ in millions)	
Cash and balances with central banks	18,726	19,517	18,829
Government securities and treasury bills	27,497	29,694	34,501
Due from banks	39,817	42,263	38,285
Derivatives.	17,426	16,995	23,631
Bank and corporate securities .	33,546	37,763	40,073
Loans and advances to customers	248,654	275,588	283,289
Other assets[(1)]	8,925	11,249	11,562
Associates	1,166	995	1,000
Properties and other fixed assets	1,449	1,485	1,547
Goodwill and intangibles	4,802	5,117	5,117
Total	402,008	440,666	457,834

Note:

(1) Includes accrued interest receivable, deposits and prepayments, clients' monies receivable from securities business, cash collateral placed, deferred tax assets and sundry debtors and others.

Customer Loans

Customer loans are the largest component of the DBS Group's total assets, having accounted for 62%, 63% and 62% of total assets as at 31 December 2015, 2014 and 2013, respectively. The DBS Group's customer loans net of allowances for loan impairment were S$283 billion as at 31 December 2015, a 3% increase from S$276 billion as at 31 December 2014. The DBS Group's customer loans net of allowances for loan impairment as at 31 December 2014 represented an 11% increase from S$249 billion as at 31 December 2013.

The following table sets forth customer loans and advances, net of allowances for loan impairment, as at the dates indicated.

	As at 31 December		
	2013	**2014**	**2015**
		(S$ in millions)	
Gross customer loans	252,181	279,154	286,871
Specific allowances	(1,129)	(983)	(821)
General allowances	(2,398)	(2,583)	(2,761)
Net total customer loans	248,654	275,588	283,289
Gross customer loans by geography[1]			
Singapore	119,463	129,167	135,860
Hong Kong	41,418	49,881	50,976
Rest of Greater China	47,910	50,865	45,129
South and Southeast Asia	23,004	25,446	26,443
Rest of the World	20,386	23,795	28,463
Gross customer loans	252,181	279,154	286,871
Gross customer loans by currency			
Singapore dollar	101,456	109,493	117,587
U.S. dollar.	84,998	96,552	89,283
Hong Kong dollar	29,463	32,476	34,386
Renminbi	18,401	20,399	19,516
Others	17,863	20,234	26,099
Gross customer loans	252,181	279,154	286,871

Note:

(1) Based on the country of incorporation of the borrower or the issuing bank in the case of bank backed export financing.

Gross customer loans increased by 3% to S$287 billion as at 31 December 2015 from S$279 billion as at 31 December 2014. The increase in customer loans of S$8 billion from 31 December 2014 to 31 December 2015 was primarily due to currency effects. A decline in trade loans in 2015 was offset by growth in other corporate loans and Singapore housing loans. The decline in trade loans contributed to the decline in reported U.S. dollar and Renminbi loans which was partly offset by an increase in Singapore dollar loans during the year. The increase in customer loans of S$27 billion from 31 December 2013 to 31 December 2014 was primarily due to broad-based growth across regional corporate loans and secured consumer loans. Excluding currency effects, gross customer loans decreased by 1% from 31 December 2014 to 31 December 2015.

Cash and Balances with Central Banks

Cash and balances with central banks (excluding cash on hand) was S$15.8 billion as at 31 December 2015, a S$1.8 billion decrease from S$17.6 billion as at 31 December 2014. Cash and cash balances with central banks (excluding cash on hand) as at 31 December 2014 increased by S$0.7 billion from S$16.9 billion as at 31 December 2013. The DBS Group's cash on hand was S$3.1 billion as at 31 December 2015, S$1.9 billion as at 31 December 2014 and S$1.8 billion as at 31 December 2013. The DBS Group's restricted balances with central banks were S$6.8 billion, S$7.7 billion and S$7.8 billion as at 31 December 2015, 2014 and 2013, respectively. The DBS Group's non-restricted balances with central banks were S$9.0 billion, S$9.9 billion and S$9.1 billion as at 31 December 2015, 2014 and 2013, respectively.

Government securities and treasury bills

As at 31 December 2015, the DBS Group had S$34.5 billion in government securities and treasury bills, a 16% increase from S$29.7 billion as at 31 December 2014. As at 31 December 2015, S$25.3 billion of the DBS Group's government securities and treasury bills were classified as available-for-sale, representing a 17% increase from 2014 and S$7.6 billion were classified as held for trading, which represented a 9% increase from 2014 and S$1.6 billion classified as held to maturity.

As at 31 December 2014, the DBS Group had S$29.7 billion in government securities and treasury bills, an 8% increase from S$27.5 billion as at 31 December 2013. As at 31 December 2014, S$21.6 billion of the DBS Group's government securities and treasury bills were classified as available-for-sale, representing a 4% increase from 2013 and S$6.9 billion were classified as held for trading, which represented a 12% increase from 2013 and S$1.2 billion classified as loans and receivables and held to maturity.

Bank and corporate securities

The DBS Group's bank and corporate securities were S$40.1 billion, S$37.8 billion and S$33.5 billion as at 31 December 2015, 2014 and 2013, respectively.

Total Liabilities

The DBS Group's total liabilities as at 31 December 2015 of S$415 billion represented a 4% increase from S$400 billion as at 31 December 2014. The increase in total liabilities in 2015 was primarily due to higher other debt securities, derivatives and customer deposits. The DBS Group's total liabilities as at 31 December 2014 of S$400 billion represented a 10% increase from S$364 billion as at 31 December 2013. The increase in total liabilities in 2014 was primarily due to higher customer deposits and other debt securities.

The following table sets forth the principal components of the DBS Group's total liabilities as at the dates indicated.

	As at 31 December		
	2013	2014	2015
		(S$ in millions)	
Due to banks	13,572	16,176	18,251
Deposits and balances from customers	292,365	317,173	320,134
Derivatives.	18,132	18,755	22,145
Other liabilities[1]	11,594	11,728	12,404
Other debt securities	23,115	31,963	38,078
Subordinated term debts	5,544	4,665	4,026
Total	364,322	400,460	415,038

Note:

(1) Includes sundry creditors and others, cash collaterals received, accrued interest payable current tax liabilities, deferred tax liabilities, provision for loss in respect of off-balance sheet credit exposures and clients' monies payable in respect of securities business.

Due to Banks

The DBS Group's due to banks were S$18.3 billion, S$16.2 billion and S$13.6 billion as at 31 December 2015, 2014 and 2013, respectively.

Deposits and balances from customers

Customer deposits were the largest component of the DBS Group's total liabilities, having accounted for 77%, 79% and 80% of total liabilities as at 31 December 2015, 2014 and 2013, respectively. The DBS Group's customer deposits were S$320 billion as at 31 December 2015, representing an increase of 1% from S$317 billion as at 31 December 2014. This increase was primarily due to higher U.S. dollar and Singapore dollar deposits, which was partially offset by lower RMB deposits. By deposit type, the increase was primarily due to higher savings and current accounts, which was partially offset by lower fixed deposits. As at 31 December 2014, the DBS Group's customer deposits increased by 8% from S$292 billion as at 31 December 2013. This increase was primarily due to U.S. dollar deposits. By deposit type, the increase was primarily due to fixed deposits, savings accounts and current accounts which increased by 7%, 7% and 25%, respectively, between 31 December 2014 and 31 December 2013.

The loan-to-deposit ratio was 88%, 87% and 85% as at 31 December 2015, 2014 and 2013, respectively.

The following table sets forth customer deposits as at the dates indicated.

	As at 31 December		
	2013	2014	2015
		(S$ in millions)	
Customer deposits	292,365	317,173	320,134
Customer deposits by currency			
Singapore dollar	134,758	138,332	140,772
U.S. dollar	75,023	93,445	101,298

	As at 31 December		
	2013	**2014**	**2015**
		(S$ in millions)	
Hong Kong dollar	29,840	31,450	31,849
Renminbi	22,647	20,463	14,500
Others	30,097	33,483	31,715
Customer deposits	292,365	317,173	320,134
Customer deposits by product			
Fixed deposits	122,500	130,904	120,269
Savings accounts	112,429	119,753	131,065
Current accounts	48,809	60,876	65,989
Others	8,627	5,640	2,811
Customer deposits	292,365	317,173	320,134

Other Debt Securities

As at 31 December 2015, the DBS Group's other debt securities, which consisted of negotiable certificates of deposit issued by subsidiaries and other debt securities issued by DBSH and its subsidiaries, totalled S$38.1 billion, as compared with S$32.0 billion and S$23.1 billion as at 31 December 2014 and 2013 respectively. Of the DBS Group's other debt securities in issue as at 31 December 2015, 2014 and 2013, S$26.8 billion, S$23.2 billion and S$17.1 billion, respectively, were due within one year.

Subordinated Term Debts

As at 31 December 2015, 2014 and 2013, the DBS Group's subordinated term debts issued by DBS Bank totalled S$4.02 billion, S$4.67 billion and S$5.54 billion, respectively. As at 31 December 2015, subordinated term debts due within one year amounted to S$613 million, compared to S$726 million as at 31 December 2014 and nil as at 31 December 2013.

Non-controlling Interests

Non-controlling interests mainly comprised preference shares issued by DBS Bank and its subsidiaries. As at 31 December 2015, the non-controlling interests of the DBS Group amounted to S$2.42 billion, as compared with S$2.50 billion as at 31 December 2014 and S$3.45 billion as at 31 December 2013. On 3 December 2013, DBSH purchased S$805 million of DBS Bank's 4.7% Non-Cumulative, Non-Convertible, Non-Voting Preference Shares. On 21 March 2014, DBS Bank redeemed its 4.7% Non-Cumulative, Non-Convertible, Non-Voting Preference Shares amounting to S$1.7 billion. Further details regarding the assets and liabilities of the DBS Group are set forth under the heading "Description of the Assets and Liabilities of the DBS Group".

Off Balance Sheet Items

As at 31 December 2015, the DBS Group's contingent liabilities, commitments and financial derivatives notional were S$20 billion, S$220 billion and S$2,070 billion respectively, of which commitments that were unconditionally cancellable at any time amounted to S$183 billion. As at 31 December 2014 and 2013, the DBS Group's contingent liabilities and commitments were S$210 billion and S$180 billion respectively, of which commitments that were unconditionally cancellable at any time amounted to S$152

billion and S$124 billion respectively, and financial derivatives notional of S$1,877 billion and S$1,559 billion respectively.

Business Segment Analysis

The following table sets out the DBS Group's results, total assets and total liabilities by business segments for the periods indicated.

	Consumer Banking/ Wealth Management	Institutional Banking	Treasury	Others	Total
			(S$ in millions)		
As at and for the year ended 31 December 2015					
Net interest income	2,157	3,538	694	711	7,100
Non-interest income	1,390	1,752	446	99	3,687
Total income	3,547	5,290	1,140	810	10,787
Total expenses	2,261	1,722	572	345	4,900
Allowances for credit and other losses	116	558	(38)	107	743
Share of profits of associates	—	—	—	14	14
Profit before tax	1,170	3,010	606	372	5,158
Total assets before goodwill and intangibles	90,685	224,196	91,257	46,579	452,717
Goodwill and intangibles					5,117
Total assets					457,834
Total liabilities	172,723	155,231	43,354	43,730	415,038
As at and for the year ended 31 December 2014					
Net interest income	1,689	3,258	996	378	6,321
Non-interest income	1,193	1,709	106	289	3,297
Total income	2,882	4,967	1,102	667	9,618
Total expenses	1,920	1,536	510	364	4,330
Allowances for credit and other losses	89	540	(1)	39	667
Share of profits of associates	3	—	—	76	79
Profit before tax	876	2,891	593	340	4,700
Total assets before goodwill and intangibles	84,451	225,504	90,586	35,008	435,549
Goodwill and intangibles					5,117
Total assets					440,666
Total liabilities	162,146	164,788	36,229	37,297	400,460
As at and for the year ended 31 December 2013					
Net interest income	1,500	3,024	694	351	5,569
Non-interest income	1,038	1,652	340	328	3,358

	Consumer Banking/ Wealth Management	Institutional Banking	Treasury	Others	Total
			(S$ in millions)		
Total income	2,538	4,676	1,034	679	8,927
Total expenses	1,740	1,377	478	323	3,918
Allowances for credit and other losses	88	544	(3)	141	770
Share of profits of associates	—	—	—	79	79
Profit before tax	710	2,755	559	294	4,318
Total assets before goodwill and intangibles	72,887	207,264	83,049	34,006	397,206
Goodwill and intangibles					4,802
Total assets					402,008
Total liabilities	143,325	147,171	60,384	13,442	354,322

The business segment results are prepared based on the DBS Group's internal management reporting which reflects the organisation management structure. As the activities of the DBS Group are highly integrated, internal allocation has been made in preparing the segment information. Amounts for each business segment are shown after the allocation of certain centralised costs, funding income and the application of transfer pricing, where appropriate.

Transactions between segments are recorded within the segment as if they are third party transactions and are eliminated on consolidation.

Consumer Banking/Wealth Management

Consumer Banking/Wealth Management provides individual customers with a diverse range of banking and related financial services. The products and services available to customers include current and savings accounts, fixed deposits, loans and home finance, cards, payments, investment and insurance products.

Institutional Banking

Institutional Banking provides financial services and products to institutional clients including bank and non-bank financial institutions, government linked companies, large corporates and small and medium-sized businesses. The business focuses on broadening and deepening customer relationships. Products and services comprise the full range of credit facilities from short term working capital financing to specialised lending. It also provides global transactional services such as cash management, trade finance and securities and fiduciary services; treasury and markets products; corporate finance and advisory banking as well as capital markets solutions.

Treasury

Treasury provides treasury services to corporations, institutional and private investors, financial institutions and other market participants. It is primarily involved in sales, structuring, market making and trading across a broad range of financial products including foreign exchange, interest rate, debt, credit, equity and other structured derivatives. Income from these financial products and services offered to the customer of other business segments, such as Consumer Banking/Wealth Management and Institutional Banking, is reflected in the respective segments. Treasury is also responsible for managing surplus funds.

Others

Others encompasses a range of activities and corporate decisions not attributed to the three business segments, including capital and balance sheet management, funding and liquidity activities. DBS Vickers Securities and Islamic Bank of Asia Limited are also included in this segment.

DBS Bank Group

Substantially all of the assets, liabilities and income of the DBS Group are derived from the DBS Bank Group. As at 31 December 2015, DBS Bank Group accounted for nearly 100% of the DBS Group's consolidated total assets and net profit.

Capital Management and Planning

The Board of Directors (the "**Board**" or "**Board of Directors**") is responsible for setting the DBS Group's capital management objective, which is to maintain a strong capital position consistent with regulatory requirements under the MAS Notice 637 and the expectations of various stakeholders such as customers, investors and rating agencies. The Board articulates this objective in the form of capital targets. This objective is pursued while delivering returns to shareholders and ensuring that adequate capital resources are available for business growth and investment opportunities as well as adverse situations, taking into consideration the DBS Group's strategic plans and risk appetite. The DBS Group's dividend policy is to pay sustainable dividends over time, consistent with its capital management objective, long-term growth prospects and the need to maintain prudent capital levels in view of forthcoming regulatory changes.

Process

The DBS Group's capital management objective is implemented via a capital management and planning process that is overseen by the Capital Committee. The Chief Financial Officer chairs the Capital Committee. The Capital Committee receives regular updates on the DBS Group's current and projected capital position. A key tool for capital planning is the annual Internal Capital Adequacy Assessment Process ("**ICAAP**") through which the DBS Group assesses its forecast capital supply and demand relative to regulatory requirements and internal capital targets. The ICAAP has a three-year horizon and covers various scenarios, including stress scenarios of differing scope and severity.

Capital capacity is allocated on two dimensions: by business line and by entity. Capital allocations by business line are set as part of the budget process and monitored during the year. Return on regulatory capital is one of several metrics used to measure business performance. Capital allocations by entity seek to optimise the distribution of capital resources across entities, taking into account the capital adequacy requirements imposed on each subsidiary in its respective jurisdiction. Capital is allocated to ensure that each subsidiary is able to comply with regulatory requirements as it executes its business strategy in line with the DBS Group strategy. During 2015, these subsidiaries did not experience any impediments to the distribution of dividends.

Capital Structure

The DBS Group's capital structure is managed in line with the DBS Group's capital management objective and in order to optimise the cost and flexibility offered by various capital resources. In order to achieve this, the DBS Group assesses the need and the opportunity to raise or retire capital.

Capital Adequacy Ratios

The DBS Group is subject to the capital adequacy requirements set out in MAS Notice 637, which effects the Basel Committee on Banking Supervision's capital adequacy framework in Singapore.The DBS Group has complied with all externally-imposed capital requirements (whether prescribed by regulation or by contract).

The DBS Group's consolidated CET1 CAR as at 31 December 2015 was 13.5%. The DBS Group's Basel III fully phased-in CET1 CAR, calculated by dividing CET1 capital after all regulatory adjustments applicable from 1 January 2018 by Risk-Weighted Assets ("**RWA**") as at the reporting date (31 December 2015), was 12.4%, which comfortably exceeds the eventual effective minimum CET1 CAR requirement under MAS Notice 637 of 9.0% (inclusive of capital conservation buffer) effective on 1 January 2019. The DBS Group's CET1 CAR, Tier 1 CAR and Total CAR, were all well above the MAS' minimum requirements of 6.5%, 8.0% and 10.0%, respectively. The DBS Group is also well-positioned to comply with forthcoming leverage ratio requirements. At the end of 2015, the consolidated leverage ratio stood at 7.3%, well above the minimum 3% envisaged by the Basel Committee.

The following table sets out details of the capital resources and CARs of the DBS Group as defined under MAS Notice 637.

	As at 31 December		
	2013	**2014**	**2015**
	(S$ in millions, except percentages)		
Share capital	9,607	10,113	10,391
Disclosed reserves and others	23,917	26,814	29,269
Total regulatory adjustments to Common Equity Tier 1 capital	(1)	(1,080)	(2,219)
Regulatory adjustments due to insufficient Additional Tier 1 capital	(876)	(1,144)	(373)
Common Equity Tier 1 capital	32,648	34,703	37,068
Additional Tier 1 capital instruments[1]	4,144	3,179	2,941
Total regulatory adjustments to Additional Tier 1 capital	(4,144)	(3,179)	(2,941)
Tier 1 capital	32,648	34,703	37,068
Provisions eligible as Tier 2 capital	1,217	1,354	1,408
Tier 2 capital instruments[1]	4,955	4,304	3,639
Total regulatory adjustments to Tier 2 capital	(1)	(1)	(2)
Total capital	38,819	40,360	42,113
Risk-Weighted Assets ("**RWA**")			
Credit RWA	188,124	206,423	216,380
Market RWA	35,092	41,813	40,212
Operational RWA	14,865	15,950	17,437
Total RWA	238,081	264,186	274,029
Capital Adequacy Ratio ("CAR") (%)			
Common Equity Tier 1	13.7%	13.1%	13.5%
Tier 1	13.7%	13.1%	13.5%
Total	16.3%	15.3%	15.4%
Basel III fully phased-in Common Equity Tier 1[2]	11.9%	11.9%	12.4%
Minimum CAR (%)			
Common Equity Tier 1	4.5%	5.5%	6.5%

	As at 31 December		
	2013	2014	2015
	(S$ in millions, except percentages)		
Tier 1	6.0%	7.0%	8.0%
Total	10.0%	10.0%	10.0%

Notes:

(1) As part of the Basel III transitional arrangements, regulatory capital recognition of outstanding 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.

(2) Calculated by dividing Common Equity Tier 1 capital after all regulatory adjustments applicable from 1 January 2018 by RWA as at each reporting date.

The table below summarises the minimum capital requirements under MAS Notice 637.

From 1 January	**2015**	**2016**	**2017**	**2018**	**2019**
Minimum CAR %					
CET1 (a)	6.5	6.5	6.5	6.5	6.5
CCB (b)	—	0.625	1.25	1.875	2.5
CET1 including CCB (a) + (b)	6.5	7.125	7.75	8.375	9.0
Effective Tier 1 including CCB	8.0	8.625	9.25	9.875	10.5
Effective Total including CCB	10.0	10.625	11.25	11.875	12.5
Maximum Countercyclical Buffer	—	0.625	1.25	1.875	2.5

In addition to changes in minimum capital requirements, Basel III also mandates various adjustments in the calculation of capital resources. These adjustments are being phased in up to 1 January 2018 and are for items such as goodwill and investments exceeding certain thresholds.

As part of the Basel III transitional arrangements, regulatory capital recognition of outstanding 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. The DBS Group's preference shares and subordinated term debts issued prior to 1 January 2013 are ineligible in the first instance as capital instruments under Basel III rules as they lack provisions for conversion to ordinary shares or write-down at the point of non-viability as determined by the MAS, but are accorded partial recognition under the Basel III transitional arrangements.

Changes to the rules for the computation of RWA for credit risk, counterparty credit risk, trading book market risk, interest rate risk in the banking book and operational risk as well as capital floors are at various degrees of finalisation by regulators and are expected to be effected in the coming years. As stated above, the DBS Group continues to maintain its dividend policy which takes into consideration, *inter alia*, the uncertain impact of regulatory change.

In June 2015, the MAS published a consultation paper on proposed enhancements to the resolution regime for financial institutions in Singapore. The proposed enhancements include a statutory bail-in regime that is only applied to unsecured subordinated liabilities issued or contracted after the implementation of the statutory bail-in regime. This reflects, *inter alia*, that Singapore-incorporated banks are well-capitalised and already subject to capital standards that are stricter than Basel III standards.

Risk Management

Risk Overview

The DBS Group faces the following risks:

- **Business and Strategic Risk** – is an over-arching risk that arises from changes in the business environment and from adverse decisions that can materially impact the DBS Group's long term objectives. This risk is managed separately under other governance processes.
- **Credit Risk** – arises from the failure of borrowers or counterparties to meet their debt or contractual obligations.
- **Market Risk** – arises from adverse changes in interest rates, foreign exchange rates, equity prices, credit spreads and commodity prices, as well as their correlations and implied volatilities.
- **Liquidity Risk** – arises from the inability of the DBS Group to meet obligations when they become due.
- **Operational Risk** – arises from inadequate or failed internal processes, people or systems, or from external events. It includes legal risk, but excludes strategic and reputational risk.
- **Reputational Risk** – is the current or prospective risk to shareholder value (including earnings and capital) arising from adverse perception of the DBS Group's image on the part of its stakeholders. It affects the DBS Group's ability to establish new relationships or services, continue servicing existing relationships, and have continued access to sources of funding. Reputational risk is typically an outcome of failure to manage the other risk types.

Top and Emerging Risks

As part of the DBS Group's risk management process, it proactively identifies and monitors top and emerging risks. Such risks can have a material impact on the DBS Group's business activities, financial results and reputation and affect its ability to deliver against its strategic priorities. The DBS Group's identification process starts with a discussion among senior management about key areas of focus for the DBS Group and the risk outlook for the banking industry. It is further supplemented by discussions with the board and management risk committees. Periodic updates on action plans are provided to the relevant risk committees.

Credit Risk

Credit risk remains the DBS Group's most material risk as it incurs the highest usage of capital. Changes in the DBS Group's credit risk profile are largely determined by the global economic environment, the economic situation of the countries the DBS Group operates in, and the concentration risks of the DBS Group portfolio. The DBS Group continually monitors the environment to assess whether its positions remain in line with its risk appetite. In late 2013, the DBS Group set up a dedicated team of practitioners and project managers to strengthen and standardise its credit process. The DBS Group has made significant improvements across the areas of underwriting and risk monitoring. These included enhanced industry focus with more developed nuances, clearer Target Market and Risk Acceptance Criteria ("**TMRAC**"), greater consistency in credit approvals across locations, earlier identification of problem accounts via objective and subjective criteria, and enhancements in portfolio oversight across countries

and industries. The DBS Group uses Target Market (TM) to define industry and geographical target markets and identify acceptable business/industry segments. Risk Acceptance Criteria (RAC) is used as a client screening tool to guide credit extension and how much risk is acceptable or tolerable.

Commodity prices have been under pressure since 2014. The DBS Group's exposure to the whole oil and gas complex – comprising not only producers and traders but also processors and support services in offshore marine transportation, oil field services and shipyards – was S$22 billion, of which S$17 billion was loans. The DBS Group's exposure to the producer, trader and processor segments amounted to S$13 billion and was healthy – the majority was to global trading houses, international oil companies, state-owned enterprises ("**SOE**"), national oil companies and investment grade-equivalent borrowers. The exposure was also typically in short-term and trade-related facilities.

The DBS Group's exposure to the support service segment comprising offshore marine transportation, oil field services and shipyards amounted to S$9 billion. The borrowers in oil field services and shipyard segment accounted for about 60% of the DBS Group's exposure and were mainly in the investment grade-equivalent range. The remaining exposure was to the offshore marine transportation companies. They have been faced with falling charter rates, shortened charter periods and declining fleet utilisation.

The DBS Group conducted stress tests of its oil and gas portfolios at varying Brent crude prices, down to U.S.$20 per barrel to identify weak credits. The vulnerable names identified in the earlier stress tests, primarily from the offshore marine transportation segment, remain largely unchanged. This portfolio is largely collateralised with average loan-to-value in the 60% range. Where needed, the DBS Group has been working with borrowers to better match their cash flows with loan repayment schedules.

The DBS Group's exposure to commodities other than oil and gas was S$12 billion, of which S$10 billion was loans. This portfolio was spread over 400 clients and largely in short-term and trade-related facilities. The DBS Group paid close attention to the structure and collateral of individual trades. It also conducted several portfolio reviews and remained generally comfortable with its exposure. The only segments that warranted some attention were the steel and coal exposures.

The DBS Group sees some stress in steel because of the chronic oversupply. In China, government-led reforms involving capacity reductions and mergers of SOE might result in credit impairments, but the DBS Group does not expect the amounts to be large. The DBS Group's exposure to coal was under S$1.5 billion and mainly to the larger established players. The DBS Group sees some stress in a few smaller Indonesian coal producers but the expected credit losses are manageable and within budget.

The DBS Group's exposure to China fell from S$48 billion at the end of 2014 to S$37 billion at the end of 2015 as trade loans fell. Trade loans accounted for three-fifths of the exposure or S$21 billion and were mostly backed by letters of credit issued by systemically-important institutions. Of the remaining S$16 billion of non-trade exposure, large corporates accounted for the majority and remained healthy. The DBS Group's exposure to SMEs was small but the DBS Group further tightened lending criteria owing to the increasing number of delinquencies. In the property sector, the DBS Group's lending business targeted top local and international names.

Some customers in Greater China took positions against RMB appreciation, usually for hedging payables denominated in RMB. These positions began incurring losses since the RMB weakened in August 2015. While the size of these hedges generally matched the customers' business requirements and therefore should not have had significant detrimental effects, the speed and extent of the depreciation created cashflow problems for several customers. The DBS Group worked with such customers to explore options to mitigate the impact of their exposures.

High debt levels and continued stresses in certain sectors slowed the pace of recovery of the DBS Group's India portfolio. Nevertheless, the DBS Group was encouraged by the improving pace of reforms.

Meanwhile, the DBS Group continued to conduct stress tests and portfolio reviews, tighten its TMRAC and strengthen its early warning monitoring.

The residential housing market in Singapore remained subdued as property prices declined and low transaction volumes persisted. The DBS Group stress tested its portfolio rigorously to ensure it continued to be resilient. The DBS Group remains vigilant to early signs of weakness and continues to exercise prudence in underwriting new loans.

Country Risk

The DBS Group's operations are concentrated in a few countries. Instability in these markets, arising from political and economic developments, may give rise to country risk events. This risk is mitigated by setting limits for the maximum transfer and convertibility risk ("**transfer risk**") exposure to each country. Transfer risk is the risk that capital and foreign exchange controls may be imposed by authorities that would prevent or materially impede the conversion of local currency into foreign currency and/or transfer of funds to non-residents. A transfer risk could therefore lead to a default of an otherwise solvent borrower. The risk of each country is also evaluated against the tenor and type of exposure; shorter tenors and trade loans are deemed less risky. It also takes into account transfer wrong-way risk (in situations where transfer risk and credit exposure in forward and currency swaps are adversely correlated), as well as offshore funding of local currency assets. The limits and exposures are adjusted to stay within DBS Group's risk appetite in response to macroeconomic outlook and country transfer risk. In addition, country risk is an important consideration in the credit approval process.

Regulatory Trends

The global regulatory landscape continues to develop, posing risks and challenges to the banking industry. The DBS Group continues to track international and domestic developments to ensure that it remains on top of trends and changes impacting its business. New requirements are promptly analysed and disseminated to the respective action parties and, where applicable, embedded into the DBS Group's processes and systems. The DBS Group participates in Quantitative Impact Studies ("**QIS**"), led by Basel Committee on Banking Supervision ("**BCBS**"), to assess the impact of the regulatory reforms.

One continually evolving international trend is financial market conduct. This has been influenced by enforcement actions in the United States and European markets as well as the work of global bodies such as the Bank of International Settlements Foreign Exchange Working Group. As a global market participant, the DBS Group always seeks to align with best practices as consensus develops. For a bank with operations in multiple countries, risk from cross-border transactions is to be expected as global regulatory reforms interact with a local policy and economic agenda. The DBS Group has put substantial work into enhancing its approach to and controls of cross-border transactions to ensure that it is in line with regulatory requirements.

The DBS Group recognises the importance of maintaining consistency in the adoption and rollout of policies across the DBS Group. The DBS Group has put in place a set of governance and operational standards in its overseas locations and will continue to maintain oversight in this area.

The DBS Group has in place robust processes to identify, escalate and report on suspicious matters, to cooperate with all relevant authorities, to investigate each such incident and to ensure that it is duly and appropriately managed and resolved. As a matter of policy, all significant incidents are escalated to senior management and where appropriate, to the Board. This ensures that all such incidents are subjected to appropriate governance and reporting. The DBS Group's overall approach to regulatory risk management is presented to the Board Audit Committee, refreshed on a quarterly basis and reviewed annually, to ensure it remains up to date.

As a regulated financial institution with licences to operate in multiple countries, the DBS Group may from time to time be subject to various actions by country regulators. These vary considerably in scale

and severity and are not uncommon in this industry, reflecting the growing intensity of regulatory scrutiny over time.

The DBS Group has not incurred any material penalty in 2015 for a breach or non-compliance with the laws and regulations of any country in which it operates.

Cyber Security and Data Governance

Cyber security continues to dominate the agenda of governments and regulators globally with the growth of cyber attacks against public and private infrastructure. With respect to financial institutions, there is an expectation from regulators that the Board and senior management are responsible for the protection of the DBS Group's critical assets, including sensitive information of its customers, and they are expected to play a proactive role in ensuring effective cyber security risk management.

Traditionally, cyber security has been seen as a technology issue with the focus of protecting the DBS Group's systems and the various information held within. However, the threat to the DBS Group's information is broader than technology and the focus at the DBS Group is to ensure its collective business teams understand their risk ownership and management accountability of the security agenda.

Throughout 2015, the DBS Group continued to focus on cyber security. This included working with the government, regulators and industry to uplift sharing of threat intelligence to support prevention, detection and response to cyber events. This information is used in the DBS Group's 24/7 Security Operations Centre, and by its business and technology teams to understand and respond to threats against its customers, products and services. During 2015, the DBS Group continued to strengthen its online transaction authorisation controls and security for its ATM network. The DBS Group has a structured staff awareness programme to support the understanding of cyber security risk.

The DBS Group has, and continues to evolve, scenarios to ensure incident response readiness for cyber events. The DBS Group's programme is continuously reviewed to respond to the changing threat environment. To further improve its governance of cyber security, the DBS Group recently appointed a Chief Information Security Officer ("**CISO**"). The CISO supports the DBS Group's business and support functions to understand cyber security risk, and in the design of appropriate controls and processes to manage that risk.

The DBS Group is not aware of any material data privacy enforcement action or significant data loss incidents in 2015 which has resulted or could result in material loss or material reputational damage.

Financial Crime

Financial crime risk is a focus area for many banks. This has been a trend for a number of years and the DBS Group expects this to continue. Heightened penalties are imposed by regulators for issues in sanctions, money laundering, tax evasion and bribery. Fraud ranks highly on financial crime risk mitigation agendas globally. The focus in 2015 was on trade finance and wealth management, particularly around tax evasion risk.

The DBS Group's financial crime risk mitigation controls include policy framework, subject matter advisory capabilities on anti-money laundering/sanctions and anti-bribery/corruption matters, training, transaction screening and periodic testing. The DBS Group enhanced its policies, systems and operations to address 2015 changes in the regulatory framework and to chart a holistic plan to address evolving risks. The DBS Group also conducted a specific review of its sanctions risk and a benchmarking exercise to assess its systems capabilities. The DBS Groups will continue to focus on improving policies, systems and operations in 2016. Key projects include the upgrade of anti-money laundering platforms in overseas locations and continued enhancement of the DBS Group's processes and capability to manage

current and future risk. These will ensure that the DBS Group is closely tracking regulatory developments, and is benchmarked well against international standards.

Risk Taking and the DBS Group's Business Segments

The DBS Group's focus on Asia naturally exposes it to concentration risk in the region. The DBS Group manages its risks through industry diversification and concentration management of individual exposures. In addition, the DBS Group uses specialist knowledge of regional markets and industry segments to assess risk against a range of criteria.

As a commercial bank, a higher allocation of economic capital is given to DBS Group's Institutional Banking and Consumer Banking businesses compared to the Treasury business. The DBS Group also maintains a buffer for other risks such as country risk, operational risk, reputational risk and model risk. The chart below provides a high level overview of the risks arising from the DBS Group's business segments. The asset size gives an indication of the contribution of the business segments to the balance sheet, while RWA is the regulatory measure of the risks incurred with respect to each business segment.

For more information on the DBS Group's business segments, see Note 46 to the DBS Group's audited consolidated financial statements as at and for the year ended 31 December 2015 which are set forth beginning on page F-2 of this Offering Circular.

	As at 31 December 2015				
	Consumer Banking/ Wealth Management	**Institutional Banking**	**Treasury**	**Others[1]**	**Total**
Assets[2] (*S$ millions*)	90,685	224,196	91,257	46,579	452,717
Risk weighted assets (*S$ millions*)	32,868	160,278	60,270	20,613	274,029
Credit Risk (% of RWA)	86%	94%	37%	72%	79%
Market Risk (% of RWA)			59%	23%	15%
Operational Risk (% of RWA)	14%	6%	4%	5%	6%

Notes:

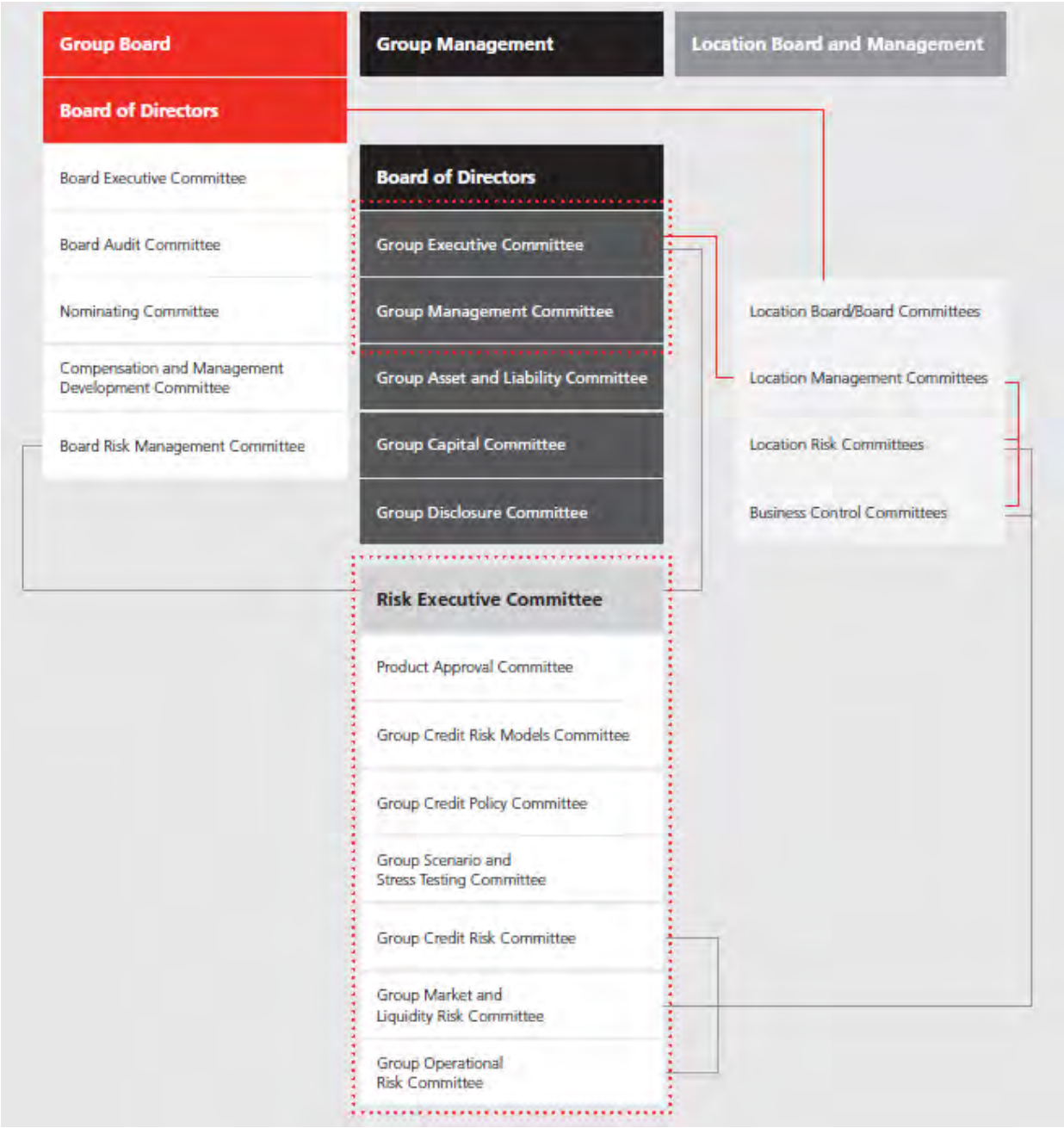
(1) Encompasses assets/RWA from capital and balance sheet management, funding and liquidity activities, DBS Vickers Group and The Islamic Bank of Asia Limited.

(2) Before goodwill and intangibles.

Risk Governance

The Board directs the conduct of the DBS Group's affairs and provides sound leadership to the CEO and management. The Board has delegated authority to various Board committees to enable them to oversee specific responsibilities based on clearly defined terms of reference.

Under the DBS Group's risk management frameworks, the Board of Directors, through the Board Risk Management Committee ("**BRMC**"), sets the DBS Group's risk appetite, oversees the establishment of robust enterprise-wide risk management policies and processes, and sets risk limits to guide risk-taking within the DBS Group.



Note: The lines reflect possible escalation protocol and are not reporting lines per se

The BRMC provides oversight of the overall approaches for identification, monitoring, management and reporting of credit, market, liquidity, operational and reputational risks. To facilitate the BRMC's risk oversight, the following risk management committees have been established.

Risk Management Committees

Risk Executive Committee ("**Risk ExCo**")	The Risk ExCo provides group-wide oversight and direction relating to the management of all risk types and is the overall executive body mandated by the BRMC on risk matters.
Product Approval Committee*	The Product Approval Committee provides group-wide oversight and direction relating to new product

	approvals – an important risk mitigation element within the DBS Group.
Group Credit Risk Models Committee* Group Credit Policy Committee* Group Scenario and Stress Testing Committee* Group Credit Risk Committee Group Market and Liquidity Risk Committee Group Operational Risk Committee	Each committee, reporting to the Risk ExCo, is broadly mandated to serve as an executive forum for discussion and decisions on different aspects of risk and its management. Key responsibilities: • Assess and approve risk-taking activities • Maintain oversight of the effectiveness of the DBS Group's risk management infrastructure, including frameworks, decision criteria, authorities, people, policies, standards, processes, information, and systems • Approve risk policies including model governance standards, stress testing scenarios, endorse risk models and assess performance of the risk models • Identify specific concentrations of risk • Recommend scenarios and resulting macro-economic variable projections used for enterprise-wide stress tests The members in these committees comprise representatives from the Risk Management Group ("**RMG**") as well as key business and support units.

The above committees (excluding those marked with asterisks) are supported by local risk committees in all major locations. The local risk committees provide oversight of local risk positions across all businesses and support units and ensure compliance with limits set by the group risk committees. They also approve location-specific risk policies and ensure compliance with local regulatory risk limits and requirements.

The Chief Risk Officer ("**CRO**") – member of the Group Executive Committee who reports to the Chairman of the BRMC and the CEO – oversees the risk management function. The CRO is independent of business lines and is actively involved in key decision-making processes.

The CRO also engages regulators on a regular basis to discuss risk matters.

Working closely with the risk and business committees, the CRO is responsible for the following:

- Management of the risks in the DBS Group including developing and maintaining systems and processes to identify, approve, measure, monitor, control and report risks;
- Engagement of senior management on material matters relating to the various types of risks;
- Development of risk controls and mitigation processes; and
- Ensuring the effectiveness of risk management and adherence to the Risk Appetite established by the Board of Directors.

Risk Appetite

The DBS Group's Risk Appetite is defined by the Risk Appetite Statement set by the Board and is governed by the Risk Appetite Framework. The framework also serves to reinforce the DBS Group's risk

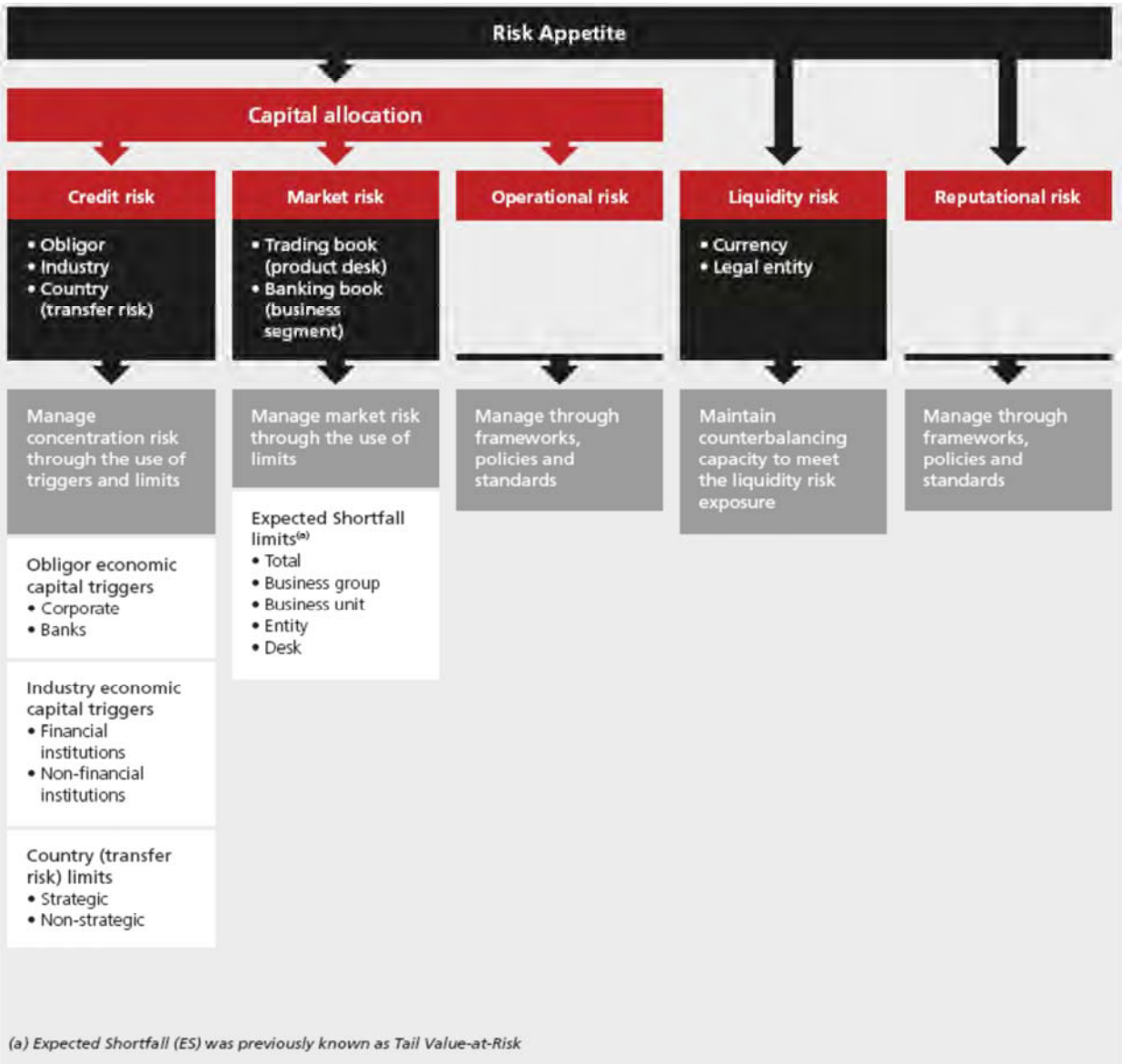
culture through 'tone from the top' articulation of risks that it is willing to accept. A strong organisational risk culture, including an appropriate incentive framework helps to further embed DBS Group's Risk Appetite.

Risk Constraining Thresholds and Use of Economic Capital

The DBS Group's Risk Appetite considers the various risk types and is operationalised via thresholds, policies, processes and controls. The inclusion of threshold structures into the risk frameworks is integral in driving Risk Appetite into the DBS Group's businesses. Effective thresholds are essential in managing aggregate risks within acceptable levels. Portfolio risk limits for the quantifiable risk types are cascaded through a top-down approach and operationalised through formal frameworks. Other significant risk aspects are guided by qualitative expression of principles.

In order to ensure that the thresholds emanating from the Risk Appetite are fully risk sensitive to individual risk drivers as well as portfolio effects, the DBS Group has adopted "economic capital" as its primary risk metric. Economic capital is also deployed as a core component in the DBS Group's ICAAP.

The following chart provides a broad overview of how Risk Appetite is cascaded throughout the DBS Group.



(a) Expected Shortfall (ES) was previously known as Tail Value-at-Risk

Stress Testing

Stress testing is an integral part of the DBS Group's risk management process and includes both sensitivity analysis and scenario analysis. It alerts senior management to the DBS Group's potential vulnerability to exceptional but plausible adverse events. It enables the DBS Group to assess capital adequacy, identify potentially risky portfolio segments and inherent systematic risks. This in turn allows the DBS Group to define appropriate contingency plans, exit strategies and mitigating actions before the onset of an adverse event.

Stress testing is minimally conducted annually. Additional stress tests are carried out in response to micro and macro economic conditions. All stress tests are documented.

The capital planning process under ICAAP seeks to align the DBS Group's expected business trajectory under a range of scenarios and the DBS Group's Risk Appetite. This is performed by comparing the projected demand for capital and projected supply of capital in stress scenarios. Projected capital demand in respect of credit risk and market risk is a function of balance sheet assumptions and the confidence interval implied by the target credit rating specified in the Risk Appetite Statement.

Credit Risk

Credit risk arises from the DBS Group's daily activities in various businesses – lending to retail, corporate and institutional customers; trading activities such as foreign exchange, derivatives and debt securities; and settlement of transactions. Credit risk is the most significant measurable risk faced by the DBS Group.

Lending exposures are typically represented by the notional value or principal amount of on-balance sheet financial instruments. Financial guarantees and standby letters of credit, which represent the undertaking that the DBS Group will make payments on behalf of a customer that is unable to meet its obligations to third parties, carry the same credit risk as loans even though they are contingent in nature. Pre-settlement credit exposures ("**PCE**") for trading and securities transactions are measured taking into account collateral and netting arrangements. Settlement risk is the risk of loss due to the counterparty's failure to perform its obligation after the DBS Group has performed its obligation under an exchange of cash or securities.

For details on the DBS Group's maximum exposure to credit risk, see Note 41.1 to the DBS Group's audited consolidated financial statements as at and for the year ended 31 December 2015 which are set forth beginning on page F-2 of this Offering Circular.

Credit Risk Management

The DBS Group's approach to credit risk management comprises the following building blocks: Policies, Risk Methodologies and Processes, Systems and Reports.

Policies

The dimensions of credit risk and the scope of its application are defined in the Group Credit Risk Management Framework. Senior management sets the overall direction and policy for managing credit risk at the enterprise level. The DBS Group Core Credit Risk Policy ("**CCRP**") sets forth the principles by which the DBS Group conducts its credit risk management and control activities. This policy, supplemented by a number of operational policies, ensures consistency in identifying, assessing, underwriting, measuring, reporting and controlling credit risk across the DBS Group, and provides guidance in the formulation of business-specific and/or location-specific credit risk policies.

The operational policies are established to provide greater details on the implementation of the credit principles within the CCRP and are adapted to reflect different credit environments and portfolio risk profiles. The CCRP is considered and approved by the Group Credit Policy Committee.

Risk Methodologies

Credit risk is managed by thoroughly understanding the DBS Group's customers - the businesses they are in, and the economies in which they operate. This is facilitated through the use of credit ratings and lending limits. The DBS Group uses an array of rating models for its corporate and retail portfolios. Most models are built internally using the DBS Group's own loss data. Limits and "rules for the business" are driven by the DBS Group's Risk Appetite Statement and TMRAC respectively.

Retail exposures are typically managed on a portfolio basis and assessed based on credit scoring models, credit bureau records, internal and externally available customers' behaviour records. They are further supplemented by "Risk Acceptance Criteria".

Wholesale borrowers are assessed on an individual basis, reviewed and analysed by experienced credit risk managers taking into consideration the relevant credit risk factors. For portfolios within the SME segment, the DBS Group also uses a programme-based approach for a balanced management of risks and rewards. Credit extensions are proposed by the business unit and are approved by the credit risk function based on independent credit assessment, while also taking into account the business strategies determined by senior management.

Please refer to "Internal Credit Risk Models" section for further discussion on the DBS Group's internal credit risk models.

Pre-settlement credit risk on derivatives arising from a counterparty's potential default is quantified by its current mark-to-market plus an appropriate add-on factor for potential future exposure. This methodology is used to calculate the DBS Group's regulatory capital under the Current Exposure Method ("**CEM**") and is included under the DBS Group's overall credit limits to counterparties for internal risk management.

Issuer default risk that may arise from derivatives and securities are generally measured based on jump-to-default computations.

The DBS Group actively monitors and manages its exposure to counterparties in over-the-counter (OTC) derivative trades to protect its balance sheet in the event of a counterparty default. Counterparty risk exposures which may be materially and adversely affected by market risk events are identified, reviewed and acted upon by management and highlighted to the appropriate risk committees. Specific wrong-way risk arises when the exposure to a particular counterparty is positively correlated with the probability of default of the counterparty due to the nature of transactions with the counterparty The DBS Group has a policy to guide the handling of specific wrong-way risk transactions and its risk measurement metric takes into account the higher risks associated with such transactions.

Concentration Risk Management

The DBS Group's risk management processes aim to ensure that an acceptable level of risk diversification is maintained across the DBS Group in line with its Risk Appetite. For credit risk, the DBS Group uses Economic Capital ("**EC**") as the measurement tool, since it combines the individual risk factors of "Probability of Default (**PD**"), "Loss Given Default ("**LGD**") and Exposure at Default ("**EAD**") as well as portfolio concentration factors. The DBS Group sets granular EC thresholds to ensure that the allocated EC stays within the Risk Appetite. These thresholds are regularly monitored in respect of major industry groups and single counterparty exposures. In addition, the DBS Group sets notional limits for country exposures. Governance processes exist to ensure that exposures are regularly monitored against these thresholds and appropriate actions are taken if thresholds are breached. The DBS Group continually monitors and assesses the need to enhance the scope of thresholds.

Country Risk

Country risk is the risk of loss which is specifically attributed to events in a specific country (or a group of countries). It includes political, exchange rate, economic, sovereign and transfer risks. Country risk is

embedded in the Group Credit Risk Management Framework and the CCRP. In addition, country risk is managed as part of concentration risk management under the Risk Appetite Framework.

The principles and approach in the management of transfer risk are set out in the DBS Group's Country Risk Management Standard. This includes an internal transfer risk and sovereign risk rating system where the assessments are made independent of business decisions. Transfer risk limits are set in accordance to the DBS Group's Risk Appetite Framework. Limits for non-strategic countries are set using a model-based approach.

Limits for strategic countries are set based on country-specific strategic business considerations and acceptable potential loss versus the Risk Appetite. There are active discussions among the senior management and credit management in right-sizing transfer risk exposures to take into account not only risks and rewards, but also whether such exposures are in line with the strategic intent of the DBS Group. All country limits are subject to approval by the BRMC.

Stress Testing

The DBS Group performs various types of credit stress tests which are directed by the regulators or driven by internal requirements and management. Credit stress tests are performed at a portfolio or sub-portfolio level and are generally meant to assess the impact of changing economic conditions on asset quality, earnings performance, capital adequacy and liquidity.

A credit stress test working group is responsible for developing and maintaining a robust stress testing programme to include the execution of the stress testing process and effective analysis of programme results. Stress test results are reported and discussed in the Group Credit Risk Committee, the Risk ExCo and the BRMC.

The stress testing programme is comprehensive in nature, spanning all major functions and areas of business. It brings together an expert view of the macro-economics, market, and portfolio information with the specific purpose of driving model and expert oriented stress testing results.

The DBS Group generally performs the following types of credit stress testing at a minimum and others as necessary:

Pillar 1 Credit Stress Testing	The DBS Group conducts Pillar 1 credit stress testing regularly as required by regulators. Under Pillar 1 credit stress testing, the DBS Group assesses the impact of a mild stress scenario (at least two consecutive quarters of zero GDP growth) on Internal Ratings-Based ("**IRB**") estimates (i.e. Probability of Default, Loss Given Default and Exposure at Default) and the impact on regulatory capital. The purpose of the Pillar 1 credit stress test is to assess the robustness of internal credit risk models and the cushion above minimum regulatory capital.
Pillar 2 Credit Stress Testing	The DBS Group conducts Pillar 2 credit stress testing once a year as part of the ICAAP. Under Pillar 2 credit stress testing, the DBS Group assesses the impact of stress scenarios, with different levels of severity, on asset quality, earnings performance, internal and regulatory capital. The results of the credit stress tests form an input to the capital planning process under ICAAP. The purpose of the Pillar 2 credit stress testing is to examine, in a rigorous and forward-looking manner, the possible events or changes in market conditions that could adversely impact the DBS Group.

Industry-Wide Stress Testing	The DBS Group participates in the industry-wide stress test ("**IWST**") conducted by the MAS to facilitate its ongoing assessment of financial stability. Under the IWST, the DBS Group is required to assess the impact of adverse scenarios, as defined by the regulator, on asset quality, earnings performance, and capital adequacy.
Sensitivity and Scenario Analyses	The DBS Group also conducts multiple independent sensitivity analyses and credit portfolio reviews based on various scenarios. The intent of these analyses and reviews is to identify vulnerabilities for the purpose of developing and executing mitigating actions.

Processes, Systems and Reports

The DBS Group continues to invest in systems to support risk monitoring and reporting for the Institutional Banking and Consumer Banking businesses. The end-to-end credit process is constantly subject to review and improvement through various front-to-back initiatives involving the business units, RMG, operations unit and other key stakeholders.

Day-to-day monitoring of credit exposures, portfolio performance and the external environment that may have an impact on credit risk profiles is key to the DBS Group's philosophy of effective credit risk management. Risk reporting on credit trends, which may include industry analysis, early warning alerts and key weak credits, is provided to the various credit committees, and key strategies and action plans are formulated and tracked.

Credit control functions ensure that credit risks taken comply with group-wide credit policies and guidelines. These functions ensure proper activation of approved limits and appropriate endorsement of credit excesses and policy exceptions, and monitor compliance with credit standards and covenants established by management and regulators.

Non-Performing Assets ("NPA")

The DBS Group's credit facilities are classified as 'Performing Assets' or NPAs in accordance with the MAS Notice 612. These guidelines require credit portfolio to be categorised into one of the following five categories according to the DBS Group's assessment of a borrower's ability to repay a credit facility from the borrower's normal sources of income.

CLASSIFICATION GRADE	DESCRIPTION
Performing Assets	
Pass	Indicates that the timely repayment of the outstanding credit facilities is not in doubt.
Special mention	Indicates that the borrower exhibits potential weaknesses that, if not corrected in a timely manner, may adversely affect future repayments and warrant close attention by the DBS Group.
Classified or NPA	
Sub-standard	Indicates that the borrower exhibits definable weaknesses in its business, cash flow or financial position that may jeopardise repayment on existing terms. These credit facilities may be non-defaulting.
Doubtful	Indicates that the borrower exhibits severe weaknesses such that the

CLASSIFICATION GRADE	DESCRIPTION
	prospect of full recovery of the outstanding credit facilities is questionable and the prospect of a loss is high, but the exact amount remains undeterminable.
Loss	Indicates that the amount of recovery is assessed to be insignificant.

The linkage between the above MAS categories and the DBS Group's internal ratings is shown in "Internal Credit Risk Models" section.

A default 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 DBS Group taking actions such as realising security (if held).
- Technical default: Borrower is more than 90 days past due on any credit obligation to the DBS Group.

This is consistent with the guidance provided under the MAS Notice 637.

Credit facilities are classified as restructured assets when the DBS Group grants non-commercial concessions to a borrower because of deterioration in its financial position or its inability to meet the original repayment schedule. A restructured credit facility is classified into the appropriate non-performing grade based on the assessment of the financial condition of the borrower and the ability of the borrower to repay based on the restructured terms. Such credit facilities are not returned to the performing status until there are reasonable grounds to conclude that the borrower will be able to service all future principal and interest payments on the credit facility in accordance with the restructured terms.

Other than the above, the DBS Group does not grant concessions to borrowers in the normal course of business. Any restructuring of credit facilities are reviewed on a case by case basis and conducted only on commercial terms.

In addition, it is not within the DBS Group's business model to acquire debts that have been restructured at inception (e.g., distressed debts).

For the DBS Group's accounting policies on the assessment of specific and general allowances for credit losses, see Note 2.10 to the DBS Group's audited consolidated financial statements as at and for the year ended 31 December 2015 which are set forth beginning on page F-2 of this Offering Circular. In general, specific allowances are recognised for defaulting credit exposures rated sub-standard and below. The breakdown of the DBS Group's NPA by loan grading and industry and the related amounts of specific allowances can be found in Note 41.2 to the DBS Group's audited consolidated financial statements as at and for the year ended 31 December 2015 which are set forth beginning on page F-2 of this Offering Circular. A breakdown of the DBS Group's past due loans can also be found in the same note.

When required, the DBS Group will take possession of the collateral and dispose of them as soon as practicable. Realised proceeds are used to reduce the outstanding indebtedness. A breakdown of collateral held for NPA is shown in Note 41.2 to the DBS Group's audited consolidated financial statements as at and for the year ended 31 December 2015 which are set forth beginning on page F-2 of this Offering Circular. Repossessed collateral is classified in the balance sheet as other assets. The amounts of such other assets for 2015 and 2014 were not material.

Credit Risk Mitigants

Collateral Received

Where possible, the DBS Group takes collateral as a secondary recourse to the borrower. Collateral includes cash, marketable securities, properties, trade receivables, inventory and equipment and other physical and financial collateral. The DBS Group may also take fixed and floating charges on the assets of borrowers. The DBS Group has put in place policies to determine the eligibility of collateral for credit risk mitigation. These include requiring specific collaterals to meet minimum operational requirements in order to be considered as effective risk mitigants.

The DBS Group's collateral is generally diversified and valued periodically. Properties constitute the largest percentage whilst marketable securities and cash are immaterial.

For derivatives, repurchase agreement ("**repo**") and other repo-style transactions with financial market counterparties, collateral arrangements are typically covered under market standard documentation (such as Master Repurchase Agreements and International Swaps and Derivatives Association ("**ISDA**") Agreements). Collateral received is marked to market on a frequency mutually agreed with the counterparties. These are governed by internal guidelines with respect to the eligibility of collateral. In the event of a default, the credit risk exposure is reduced by master netting arrangements where the DBS Group is allowed to offset what it owes to a counterparty against what is due from that counterparty in a netting-eligible jurisdiction.

Collateral held against derivatives generally consists of cash in major currencies and highly rated government or quasi government bonds. Exceptions may arise in certain countries, where due to domestic capital markets and business conditions, DBS Bank may be required to accept less highly-rated/liquid government bonds and currencies. Reverse repo transactions are generally limited to large institutions with reasonably good credit standing. DBS Bank takes haircuts against the underlying collateral of these transactions that commensurate with collateral quality to ensure credit risks are adequately mitigated.

In times of difficulty, the DBS Group will review customers' specific facts and circumstances to assist them in restructuring their repayment liabilities. However, should the need arise, the DBS Group has disposal and recovery processes in place for disposal of collateral held by it. The DBS Group also maintains a panel of agents and solicitors for the expeditious disposal of non-liquid assets and specialised equipment.

Collateral Posted

The DBS Group is required to post additional collateral in the event of a rating downgrade. As at 31 December 2015, for a three-notch downgrade of its Standard & Poor's and Moody's ratings, the DBS Bank would have to post additional collateral amounting to S$57 million.

Other Risk Mitigants

The DBS Group also uses guarantees as credit risk mitigants. Internal thresholds for considering guarantors to be eligible for credit risk mitigation are in place.

Internal Credit Risk Models

The DBS Group adopts rating systems for the different asset classes under the Internal Ratings-Based Approach ("**IRBA**"). There is a robust governance process for the development, independent validation and approval of a credit risk model. The models are placed through a rigorous review process prior to endorsement by the Group Credit Risk Models Committee and the Risk ExCo and have to be approved by the BRMC before use.

The key risk measures generated by the internal credit risk rating models to quantify regulatory capital include PD, LGD and EAD. For portfolios under the Foundation IRBA, the supervisory LGD estimates are applied. For retail portfolios under the Advanced IRBA, internal estimates are used. In addition, the ratings from the credit models are used as the basis to support the underwriting of credit risk, monitor the performance of the portfolios and determine business strategies.

The performance of the rating systems is monitored regularly by the Group Credit Risk Models Committee and the BRMC to ensure their ongoing adequacy and robustness. This serves to highlight material deterioration in the credit risk systems for management attention. In addition, an independent risk unit conducts formal validations annually for the respective rating systems. The validation processes are also subject to an independent review by Group Audit.

Retail Exposure Models

Retail portfolios are categorised into the following asset classes under the Advanced IRBA: namely residential mortgages, qualifying revolving retail exposures and other retail exposures.

Within each asset class, exposures are managed on a portfolio basis. Each account is assigned to a risk pool, taking into consideration factors such as borrower characteristics and collateral type. Loss estimates are based on historical default and realised losses within a defined period. The definition of default is applied at the level of a particular facility, rather than at the level of the obligor.

Business-specific credit risk policies and procedures including underwriting criteria, scoring models, approving authorities, frequency of asset quality and business strategy reviews, as well as systems, processes and techniques to monitor portfolio performance against benchmarks are in place. Credit risk models for secured and unsecured portfolios are used to update the risk level of each loan on a monthly basis, reflecting the broad usage of risk models in portfolio quality reviews.

Wholesale Exposure Models

Wholesale exposures are assessed under the Foundation IRBA and include sovereign, bank, corporate and specialised lending exposures. The risk ratings for the wholesale exposures (other than securitisation exposures) have been mapped to likely corresponding external rating equivalents. A description of the rating grades is provided in the table to give a qualitative explanation of the risk benchmarks.

Sovereign exposures are risk rated using internal risk rating models and guidelines in line with IRBA portfolios. Factors related to country-specific macroeconomic risk, political risk, social risk and liquidity risk are reviewed objectively in the sovereign rating models to assess the sovereign credit risk in a disciplined and systematic approach.

Bank exposures are assessed using a bank rating model covering various credit risk factors such as capital levels and liquidity, asset quality, earnings, management and market sensitivity. The risk ratings derived are benchmarked against external credit risk ratings to ensure that the internal rating systems are well aligned and appropriately calibrated.

Large corporate credits are assessed using approved models and reviewed by designated credit approvers. Credit factors considered in the risk assessment process include the counterparty's financial standing and specific non-quantitative factors such as industry risk, access to funding, market standing and management strength.

The counterparty risk rating assigned to SMEs is primarily based on the counterparty's financial position and strength. Credit ratings under the IRBA portfolios are, at a minimum, reviewed on an annual basis unless credit conditions require more frequent assessment. The counterparty risk rating process is reinforced by the facility risk rating system, which considers other exposure risk mitigants, such as collateral and third party guarantees.

A description of the internal ratings used and corresponding external ratings and MAS classification for the various portfolios is as follows:

Grade (ACRR)	Description of rating grade	Equivalent external rating	MAS classification	
PD Grade 1	Taking into account the impact of relevant economic, social or geopolitical conditions, capacity to meet its financial commitment is exceptional.	AAA	Pass	Performing assets
PD Grade 2	Taking into account the impact of the relevant economic, social or geopolitical conditions, capacity to meet its financial commitment is excellent.	AA+, AA, AA-	Pass	
PD Grade 3	More susceptible to adverse economic, social, geopolitical conditions and other circumstances. Capacity to meet its financial commitment is strong.	A+, A, A-	Pass	
PD Grade 4A/4B	Adequate protection against adverse economic, social or geopolitical conditions or changing circumstances. More likely to lead to a weakened capacity of the borrower to meet its financial commitment.	BBB+/BBB	Pass	
PD Grade 5	Relatively worse off than a borrower rated "4B" but exhibits adequate protection parameters.	BBB-	Pass	
PD Grade 6A/6B	Satisfactory capacity to meet its financial commitment but capacity may become inadequate due to adverse business, financial, economic, social or geopolitical conditions and changing circumstances.	BB+/BB	Pass	
PD Grade 7A/7B	Marginal capacity to meet its financial commitment but capacity may become inadequate or uncertain due to adverse business, financial, economic, social or geopolitical conditions and changing circumstances.	BB-	Pass	
PD Grade 8A	Sub-marginal capacity to meet its financial commitment. Adverse business, financial, or economic conditions will likely impair the borrower's capacity or willingness to meet its financial commitment.	B+	Pass	
PD Grade 8B/8C[a]	Low capacity to meet its financial commitment. Adverse business, financial, or economic conditions will likely impair the borrower's capacity or willingness to meet its financial commitment.	B/B-	Special mention	
PD Grade 9	Vulnerable to non-payment and is dependent upon favourable business, financial, and economic conditions for the borrower to meet its financial commitment. Likely to have little capacity to meet its financial commitment under adverse conditions.	CCC-C	Sub-standard (non-defaulting)	Non-performing assets
PD Grade 10 and above	A borrower rated '10' and above is in default (as defined under MAS Notice 637).	D	Sub-standard and below (defaulting)	

(a) For companies scored by the HK SME Scoring Model, in addition to the ACRR, there is a further test to evaluate whether the borrower meets the criteria of Special mention. If it does not, the ACRR can remain as 8B/8C but is not classified as Special mention

Specialised Lending Exposures

Specialised lending IRBA portfolios include income-producing real estate, project finance, object finance, hotel finance and commodities finance. These adopt the supervisory slotting criteria specified under Annex 7v of MAS Notice 637 which are used to determine the risk weights to calculate the credit risk-weighted exposures.

Securitisation Exposures

The DBS Group is not active in securitisation activities that are motivated by credit risk transfer or other strategic considerations. As a result, it does not securitise its own assets, nor does it acquire assets with a view to securitising them.

The DBS Group arranges securitisation transactions for clients for fees. These transactions do not involve special purpose entities that are controlled by the DBS Group. For transactions that are not underwritten, no securitisation exposures are assumed as a direct consequence of arranging the transactions. Any decision to invest in any such arranged transaction is subject to independent risk assessment. Where the DBS Group provides an underwriting commitment, any securitisation exposure arising will be held in the trading book to be traded or sold down in accordance with internal policy and risk limits. In addition, the DBS Group does not provide implicit support for any transactions it structures or in which it has invested.

The DBS Group has processes in place to monitor the credit risk of its securitisation exposures.

The DBS Group invests in clients' securitisation transactions from time to time. These may include securitisation transactions arranged by the DBS Group or other parties. The DBS Group may also act as liquidity facility provider, working capital facility provider or swap counterparty. Such exposures require the approval of the independent risk function and are subject to regular risk review thereafter.

Credit Exposures Falling Outside of Internal Credit Risk Models

The DBS Group applies the Standardised Approach ("**SA**") for portfolios that are individually immaterial in terms of both size and risk profile as well as for identified transitioning portfolios. These portfolios include:

- IRBA-transitioning retail and wholesale exposures
- IRBA-exempt retail exposures
- IRBA-exempt wholesale exposures

The identified transitioning retail and wholesale exposures are expected to transit to the Advanced IRBA and Foundation IRBA respectively, subject to certification by the MAS. In the meantime, the SA has been applied.

The portfolios under the SA are subjected to the DBS Group's overall governance framework and credit risk management practices. The DBS Group continues to monitor the size and risk profile of these portfolios and will look to enhance risk measurement processes should these risk exposures become material.

The DBS Group uses external ratings for credit exposures under the SA, where relevant, and the DBS Group only accepts ratings from Standard & Poor's, Moody's and Fitch in such cases. The DBS Group follows the process prescribed in MAS Notice 637 to map the ratings to the relevant risk weights.

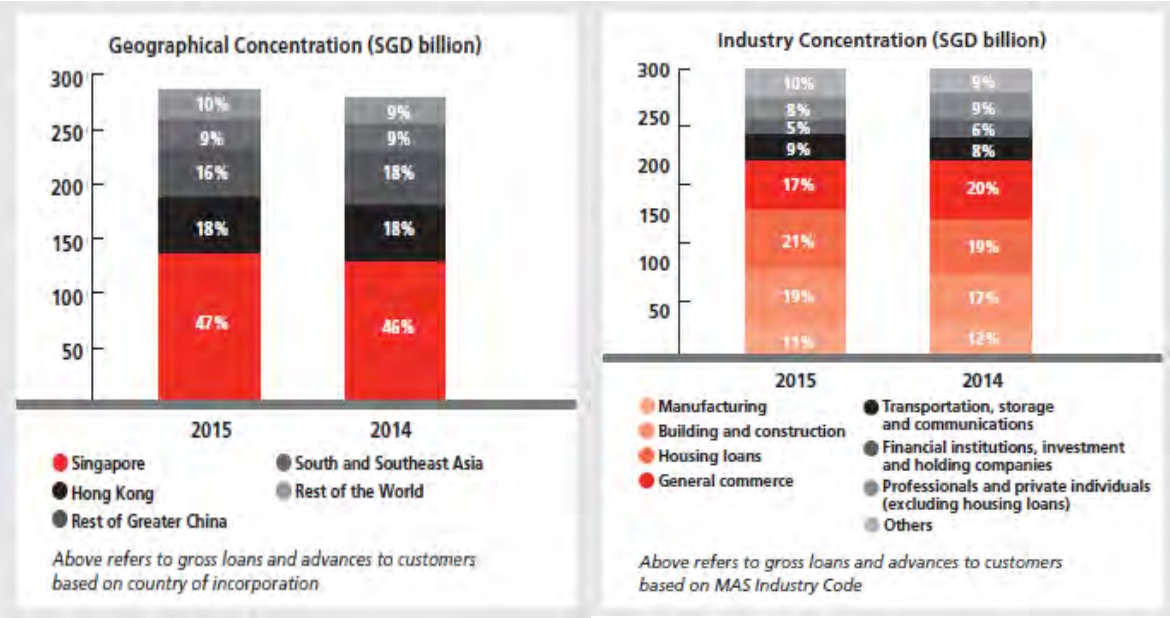
Credit Risk in 2015

Concentration Risk

The DBS Group's geographic distribution of customer loans remained stable for the past year. The DBS Group's exposure continued to be predominantly in its home market of Singapore accounting for 47% of the portfolio.

The DBS Group's exposure to customers in Singapore and Rest of the World grew while its exposure to customers in Greater China excluding Hong Kong declined in 2015. This was reflective of the changing business environment in China as trade volumes dropped, and the proactive management of the risk by tightening the credit lending to SME customers.

The DBS Group's overall exposure was well distributed and fairly stable across various industries with Building and Construction and General Commerce as the largest contributors in the wholesale portfolio.

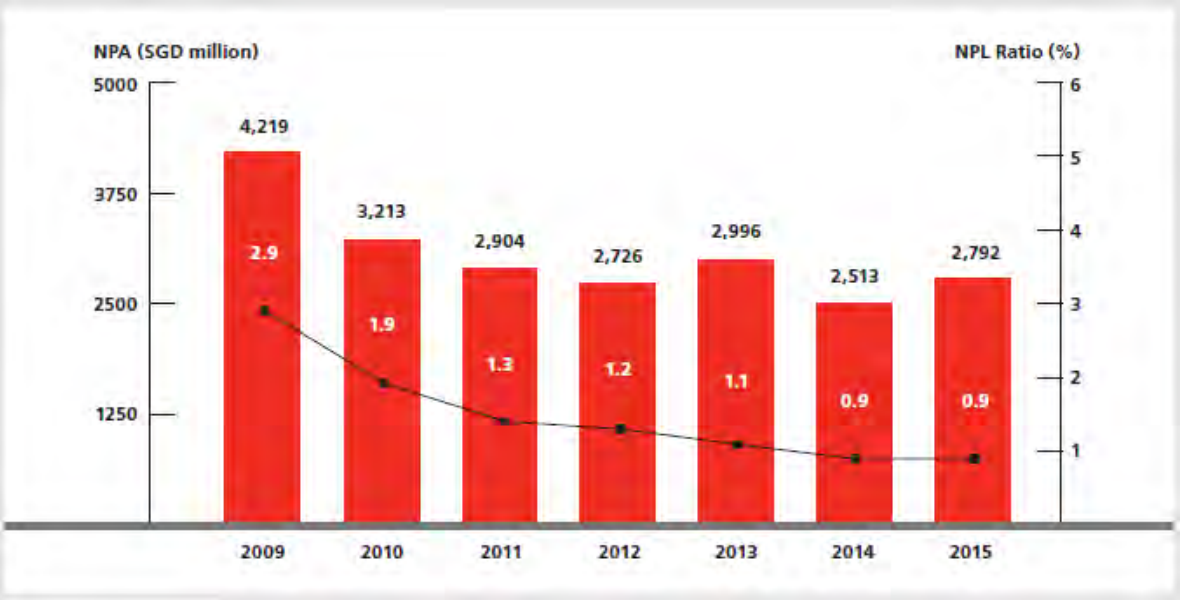


For the DBS Group's breakdown of concentration of credit risk, see Note 41.4 to the DBS Group's audited consolidated financial statements as at and for the year ended 31 December 2015 which are set forth beginning on page F-2 of this Offering Circular.

Non-Performing Assets

The DBS Group's total NPAs, in absolute terms, increased by 11% from 2014 to S$2,792 million in 2015 due to higher NPA on its Greater China portfolio, which was impacted by the economic slowdown in China and RMB devaluation.

Despite the increase in NPA, the DBS Group's NPL ratio remained stable at 0.9% in 2015. This was the result of early identification and proactive management of problem accounts coupled with write-offs made during 2015.



Collateral Received

The tables below provide breakdowns by Loan-to-Value ("**LTV**") bands for the borrowings secured by properties of the various market segments.

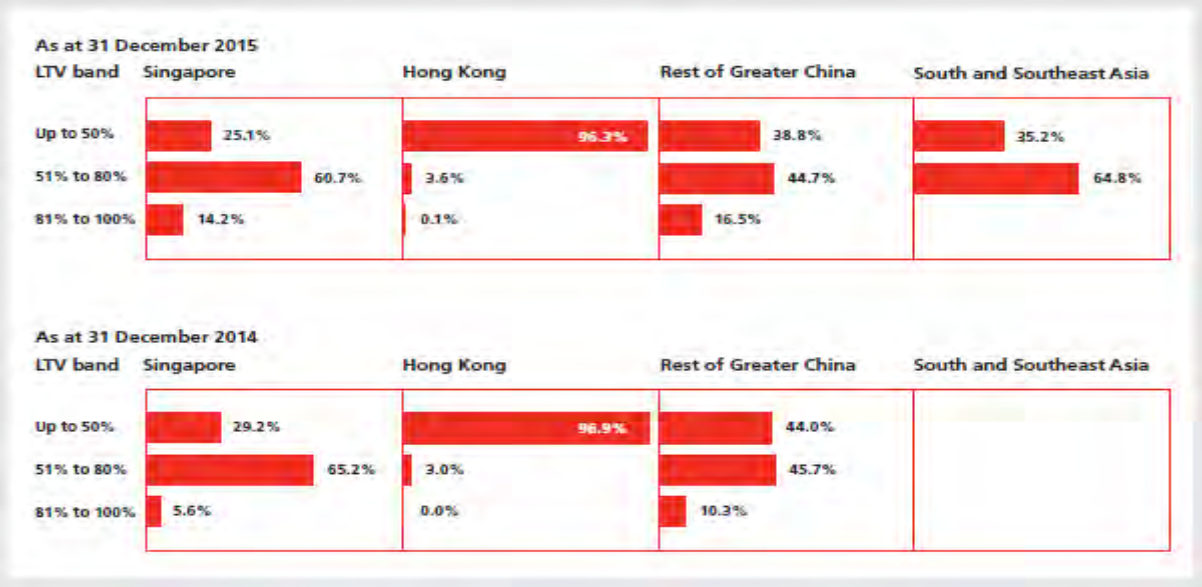
Residential Mortgage Loans

The LTV ratio is calculated using mortgage loans including undrawn commitments divided by the collateral value. Property valuations are determined by using a combination of professional appraisals and housing price indices.

More than 85% of DBS Group's residential mortgage loans reside in Singapore. New loans in Singapore are capped at LTV limits of up to 80% since 2010. The increases in loans in Singapore and Rest of Greater China with LTV between 81% and 100% were contributed by the downward adjustments of property prices in Singapore and Taiwan, respectively.

Percentage of residential mortgage loans

Breakdown by LTV band and geography



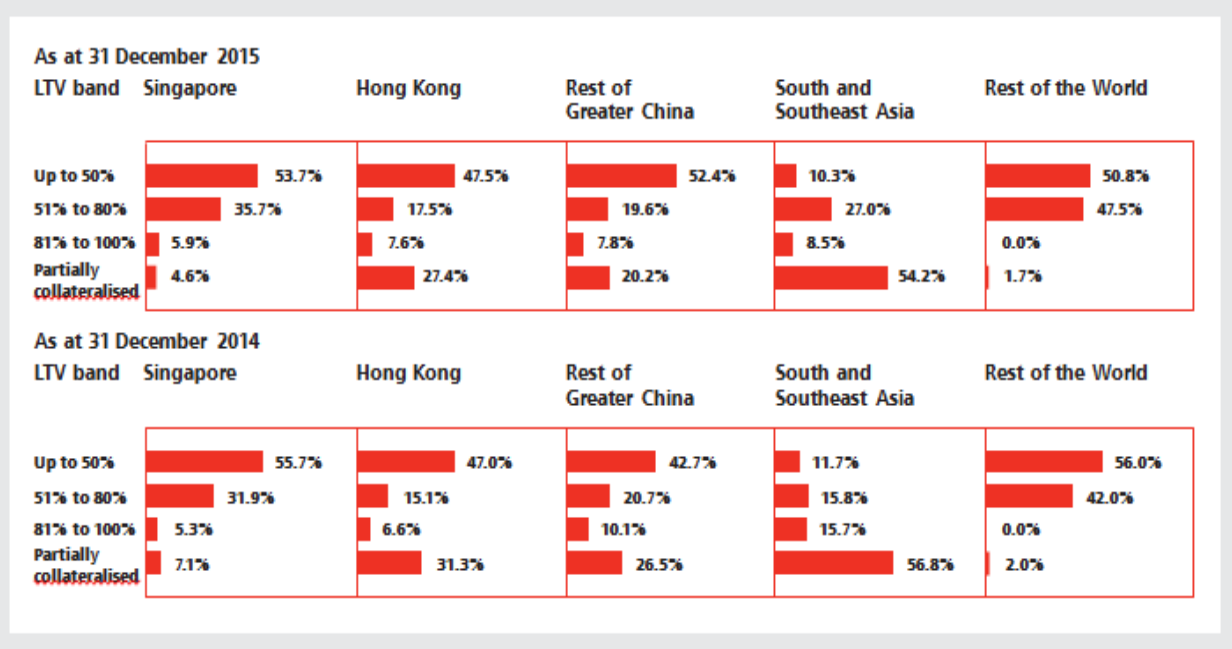
Loans and Advances to Corporates Secured by Property

These loans are extended for the purpose of acquisition and/or development of real estate as well as for general working capital. 86% of the DBS Group's loans were fully collateralised, of which more than 90% had LTV ratios of less than 80%. The DBS Group's loans are mainly concentrated in Singapore and Hong Kong, accounting for 86% of the total portfolio.

The LTV ratio is calculated as loans and advances divided by the combined value of property and other tangible collaterals. The latter includes cash, marketable securities and bank guarantees, vessels and aircraft. Where collateral assets are shared by multiple loans and advances, the collateral value is pro-rated.

Percentage of loans and advances to corporates secured by property

Breakdown by LTV band and geography



Loans and Advances to Banks

In line with market convention, loans and advances to banks are typically unsecured. The DBS Group manages the risk of such exposures by keeping a tight control on the exposure tenor, and monitoring the credit quality of the bank counterparties.

Derivatives Counterparty Credit Risk by Markets and Settlement Methods

The DBS Group continues to manage derivatives counterparty risk exposures with netting and collateral arrangements to protect its balance sheet in the event of counterparty default.

A breakdown of the DBS Group's derivatives counterparty credit risk by markets (OTC versus exchange-traded) and settlement methods (cleared through a central counterparty versus settled bilaterally) can be found below.

Notional OTC & exchange-traded products

In notional terms, SGD million	As at 31 Dec 2015
OTC derivatives cleared through a central counterparty	479,053
OTC derivatives settled bilaterally	1,560,500
Total OTC derivatives	2,039,553
Exchange-traded derivatives	30,041
Total derivatives (only with external parties)	2,069,594

For a breakdown of derivatives positions held by the DBS Group, see Note 36 to the DBS Group's audited consolidated financial statements as at and for the year ended 31 December 2015 which are set forth beginning on page F-2 of this Offering Circular.

Market Risk

The DBS Group's exposure to market risk is categorised into:

- **Trading portfolios**: Arising from positions taken for (i) market-making, (ii) client-facilitation and (iii) benefiting from market opportunities.
- **Non-trading portfolios**: Arising from (i) positions taken to manage the interest rate risk of the DBS Group's Institutional and Consumer Banking assets and liabilities, (ii) equity investments comprising of investments held for yield and/or long-term capital gains, (iii) strategic stakes in entities and (iv) structural foreign exchange risk arising mainly from the DBS Group's strategic investments which are denominated in currencies other than the Singapore dollar.

Market Risk Management

The DBS Group's approach to market risk management comprises the following building blocks: Policies, Risk Methodologies and Processes, Systems and Reports.

Policies

The Market Risk Framework sets out the overall approach while the Core Market Risk Policy ("**CMRP**") establishes the base standards for market risk management within the DBS Group. The Policy Implementation Guidance and Requirements ("**PIGR**") complement the CMRP with more details for specific subject matters. Both CMRP and PIGR facilitate the identification, measurement, control, monitoring and reporting of market risk in a consistent manner. The Market Risk Stress Test Framework sets out the overall approach, standards and controls governing market risk stress testing across the DBS Group. The criteria for determining the positions to be included in the trading book are stipulated in the DBS Group's Trading Book Policy Statement.

Risk Methodologies

Value-at-Risk ("**VaR**") is a method that computes the potential losses on risk positions as a result of movements in market rates and prices, over a specified time horizon and to a given level of confidence. The DBS Group's VaR model is based on historical simulation with a one-day holding period. The DBS Group uses Expected Shortfall ("**ES**"), previously known as Tail VaR, to monitor and limit market risk exposures. With effect from 2 November 2015, ES is the average of potential losses beyond the given 97.5% level of confidence. Previously, the DBS Group used the 95% level of confidence. In the third quarter of 2015, the DBS Group enhanced its credit spread risk modelling by deriving an implied spread from the bond prices and removing the use of proxies. The market risk economic capital that is allocated

by the BRMC is linked to ES by a multiplier. ES is supplemented by risk control metrics such as sensitivities to risk factors and loss triggers for management action.

The DBS Group conducts backtesting to verify the predictiveness of the VaR model. Backtesting compares VaR calculated for positions at the close of each business day with the profit and loss ("**P&L**") which actually arise on those positions on the following business day. The backtesting P&L exclude fees and commissions, and revenues from intra-day trading. For backtesting, VaR at the 99% level of confidence and over a one-day holding period is used. The DBS Group adopts the standardised approach to compute market risk regulatory capital under MAS Notice 637 for the trading book positions. As such, VaR backtesting does not impact the DBS Group's regulatory capital due to market risk.

VaR models such as historical simulation VaR permit the estimation of the aggregate portfolio market risk potential loss due to a range of market risk factors and instruments. VaR models have limitations; for example, past changes in market risk factors may not provide accurate predictions of the future market movements, and the risk arising from severe market risk related events may be understated.

To monitor the DBS Group's vulnerability to unexpected but plausible extreme market risk related events, the DBS Group implemented a stress testing policy for market risk. Regular and multiple stress tests are run covering trading and non-trading portfolios through a combination of historical and hypothetical scenarios depicting risk factors movement. ES is the key risk metric used to manage the DBS Group's assets and liabilities. As an exception, credit spread risk under loans and receivables is managed under the credit risk management framework. The DBS Group manages banking book interest rate risk arising from mismatches in the interest rate profile of assets, liabilities and capital instruments (and associated hedges), including basis risk arising from different interest rate benchmarks, interest rate re-pricing risk, yield curve risk and embedded optionality. Behavioural assumptions are applied in managing the interest rate risk of banking book deposits with indeterminate maturities. The DBS Group measures interest rate risk in the banking book on a weekly basis.

Credit derivatives are used in the trading book with single name or index underlyings to support business strategy in building a regional fixed income franchise. The DBS Group actively monitors its counterparty credit risk in credit derivative contracts. More than 90% of the gross notional value of the DBS Group's credit derivative positions as at 31 December 2015 was to 18 established names with which the DBS Group maintains collateral agreements.

Processes, Systems and Reports

Robust internal control processes and systems are designed and implemented to support the DBS Group's approach for market risk management. Additionally, regular reviews of these control processes and systems are conducted. These reviews provide senior management with objective and timely assessments of the control processes and systems' appropriateness and effectiveness.

The day-to-day market risk monitoring, control and analysis is managed by the RMG Market and Liquidity Risk unit – an independent market risk management function that reports to the CRO. This group comprises risk control, risk analytics, production and reporting teams.

Market Risk in 2015

The DBS Group's ES considers the market risks of both the trading and banking books. The DBS Group ES (based on the 97.5% level of confidence) is tabulated below, showing the period-end, average, high and low ES.

		For the year ended 31 December 2015		
	As at 31 December 2015	**Average**	**High**	**Low**
		(S$ in millions)		
Total	101	117	147	75

		For the year ended 31 December 2014		
	As at 31 December 2014	**Average**	**High**	**Low**
		(S$ in millions)		
Total	77	105	159	58

The DBS Group's major market risk driver is interest rate risk in the trading and banking books. The average ES for 2015 was higher than 2014 mainly due to more volatile rates scenarios for ES calculation and update of models for non-maturity deposits.

The following table shows, the period-end, average, high and low diversified ES and ES by risk class for Treasury's trading portfolios. The ES provided below are based on the 97.5% level of confidence.

		For the year ended 31 December 2015		
	As at 31 December 2015	**Average**	**High**	**Low**
		(S$ in millions)		
Diversified	16	20	32	15
Interest Rates	17	15	21	9
Foreign Exchange	11	8	19	3
Equity	3	3	5	2
Credit Spread	8	16	23	7
Commodity	#	1	2	#

Note:

"#" represents amounts less than S$0.5 million.

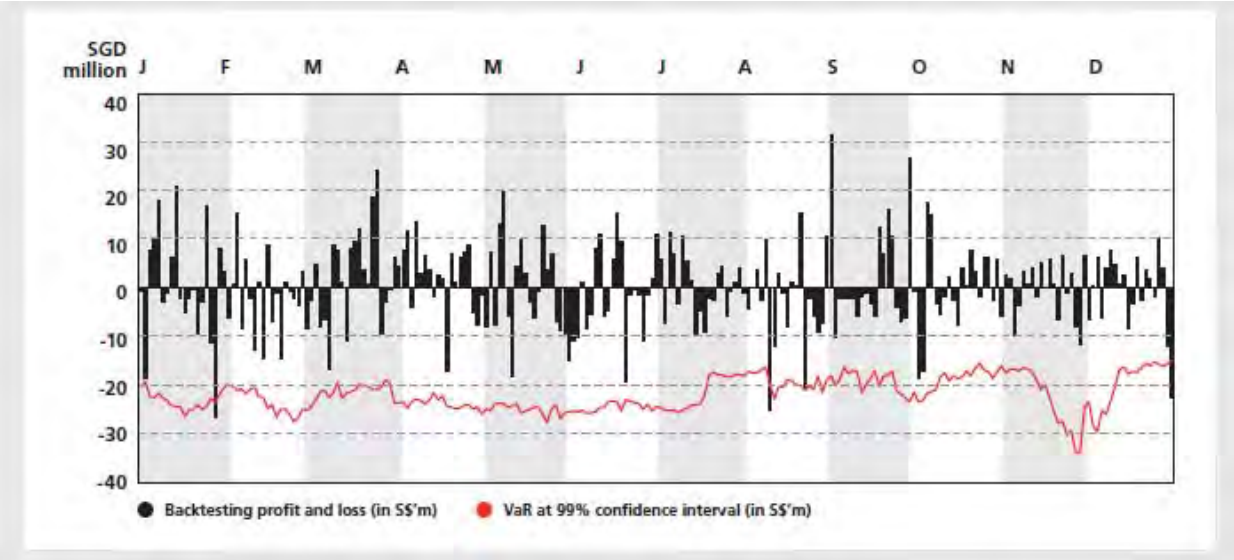
	As at 31 December 2014	For the year ended 31 December 2014		
		Average	High	Low
		(S$ in millions)		
Diversified	19	14	25	9
Interest Rates	11	12	23	7
Foreign Exchange	6	5	10	3
Equity	2	2	3	1
Credit Spread	18	7	18	5
Commodity	#	1	3	#

Note:

"#" represents amounts less than S$0.5 million.

In the DBS Group, the main risk factors driving Treasury's trading portfolios in 2015 were interest rates, foreign exchange and credit spreads. Treasury's trading portfolios' average diversified ES increased by S$6 million (or 43%), and this was driven by the market volatility observed in 2015.

Similar to 2014, Treasury's trading portfolio experienced three backtesting exceptions in 2015. The exceptions occurred in January, August and December. Pronounced volatilities in Singapore dollar interest rate led to the exceptions in January and December. In August, the exception was triggered by the volatile swings in RMB interest rates and foreign exchange.



The key market risk drivers of the DBS Group's non-trading portfolios are Singapore dollars and U.S. dollar interest rate positions. The economic value impact of changes in interest rates was simulated under various assumptions for the non-trading risk portfolio. The economic value changes in 2015 were negative S$250 million and S$425 million (2014: negative S$275 million and S$489 million) based on parallel shifts to all yield curves of 100 basis points and 200 basis points respectively. The reported figures were based on the worse of an upward or downward parallel shift in the yield curves.

Liquidity Risk

The DBS Group's liquidity risk arises from its obligations to honour withdrawals of deposits, repayments of borrowed funds at maturity, and commitments to its customers to extend loans.

The DBS Group seeks to manage its liquidity in a manner that ensures that its liquidity obligations would continue to be honoured under normal as well as adverse circumstances.

Liquidity Risk Management and Funding Strategy

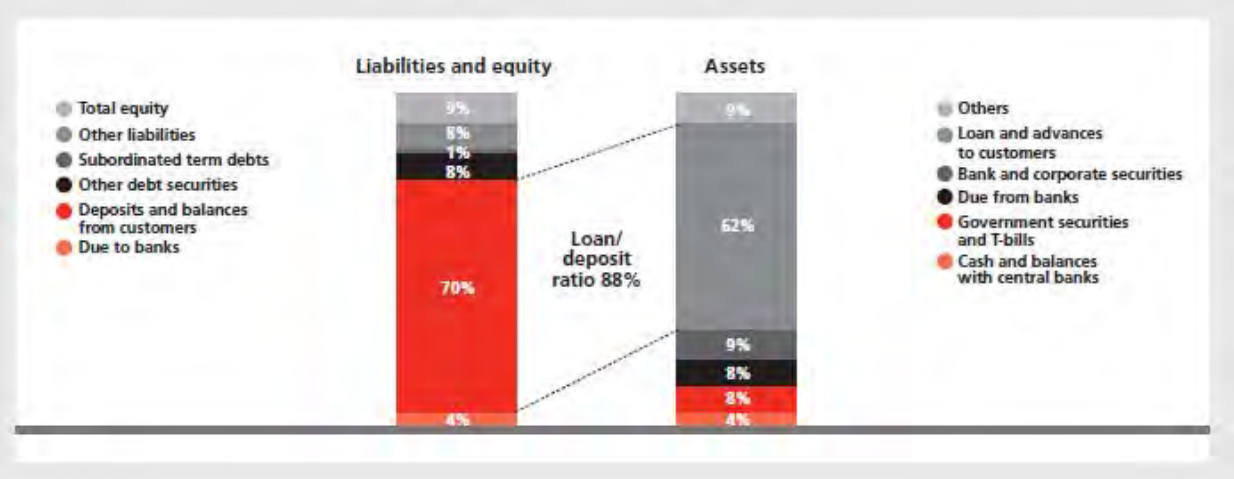
The DBS Group strives to develop a diversified funding base with access to funding sources across retail and wholesale channels. The DBS Group's funding strategy is anchored on strengthening its core deposit franchise as the foundation of the DBS Group's long-term funding advantage.

Customer deposits grew by S$3 billion in 2015. Deposit quality improved as the DBS Group rebalanced the mix towards longer tenor and more sticky deposits that are favourable for the LCR. As at 31 December 2015, customer deposits continued to be the predominant source of funding at 89% of total funding sources.

To complement core deposits, the DBS Group also worked on broadening its access to wholesale funding through issuance of medium term notes, commercial papers, negotiable certificate of deposits, other debt securities and covered bonds. This gives DBS Group greater flexibility and efficiency in liquidity management. The value of such flexibility was seen in 2015 amid market and rate hike volatility. Commercial papers were stepped-up as a complementary source of cost-efficient short-term liabilities to fund a prudential increase in liquidity buffers. At the end of 2015, wholesale funding as a percentage of total funding sources increased marginally by 2% to 11%. This was achieved through actively engaging and growing a diversified global base of high quality investors.

2015 also saw DBS Bank taking the lead as the inaugural issuer in the Singapore covered bond market. The issue priced favourably with a tight interest rate spread on the back of strong interest across 16 countries. This gave DBS Group access to liquidity from a new class of institutional investors at improved cost efficiency. The DBS Group was also awarded the European Covered Bond Council Covered Bond Label – the first granted to an issuer outside the European Economic Area. This enhanced the visibility of the covered bond programme and the appeal of DBS Group's issuances to global investors.

The diagrams below show the DBS Group's asset funding structure as at 31 December 2015.



For more details on the DBS Group's wholesale funding sources and the contractual maturity profile of the DBS Group's assets and liabilities, see Note 29 and Note 43.1 respectively, to the DBS Group's audited consolidated financial statements as at and for the year ended 31 December 2015 which are set forth beginning on page F-2 of this Offering Circular.

With increasing diversification of funding sources, optimising the mismatch in fund deployment against sources with respect to pricing, size, currency and tenor remains challenging. To this end, where practicable and transferable without loss in value, the DBS Group makes appropriate use of the swap markets for different currencies, commensurate with the liquidity of each, in the conversion and deployment of surplus funds across locations. As these swaps typically mature earlier than loans, the DBS Group is exposed to potential cashflow mismatches arising from the risk that counterparties may not roll over maturing swaps with the DBS Group to support the continual funding of loans. The DBS Group mitigates this risk by setting triggers on the amount of swaps transacted with the market and making conservative assumptions on the cashflow behaviour of swaps underits cashflow maturity gap analysis.

Overseas locations are encouraged but not required to centralise the majority of their borrowing and deployment of funds with the head office, taking into account the relevant regulatory restrictions, while maintaining a commensurate level of presence and participation in the local funding markets. Intra-group funding transactions are priced on an arm's length basis with reference to prevailing market rates and parameters set within the Group Funds Transfer Pricing policy.

During the DBS Group's annual budget and planning process, each overseas location conducts an in-depth review on projected loan and deposit growth, as well as net funding and liquidity profile for the next year. The consolidated DBS Group funding and liquidity profiles are reviewed and revised as necessary by senior management. Each overseas location is required to provide justification if head office funding support is required.

The Group Assets and Liabilities Committee and respective Location Asset and Liabilities Committee regularly review balance sheet composition, growth in loans and deposits, utilisation of wholesale funding, momentum in business activities, market competition, economic outlook, market conditions and other factors that may affect liquidity in the continual refinement of the DBS Group's funding strategy.

Approach to Liquidity Risk Management

The DBS Group's approach to liquidity risk management comprises the following building blocks: Policies, Risk Methodologies and Processes, Systems and Reports.

Policies

The Group Liquidity Risk Management Policy sets out the DBS Group's overall approach towards liquidity risk management and describes the range of strategies employed by the DBS Group to manage its liquidity. These include maintaining an adequate counterbalancing capacity to address potential cashflow shortfalls and having diversified sources of liquidity. Counterbalancing capacity includes liquid assets and the capacity to borrow from the money markets as well as forms of managerial interventions that improve liquidity. In the event of a potential or actual crisis, the DBS Group has in place a set of liquidity contingency and recovery plans to ensure that the DBS Group maintains adequate liquidity.

The Group Liquidity Risk Management Policy is supported by Standards which establish the detailed requirements for liquidity risk identification, measurement, reporting and control within the DBS Group. The set of Policies, Standards and supporting Guides communicate these baseline requirements to ensure consistent application throughout the DBS Group.

Risk Methodologies

The primary measure used to manage liquidity within the tolerance defined by the Board is the cashflow maturity mismatch analysis. The analysis is performed on a regular basis under normal and adverse scenarios. It assesses the adequacy of the counterbalancing capacity to fund or mitigate any cashflow shortfalls that may occur as forecasted in the cashflow movements across successive time bands. To ensure that liquidity is managed in line with the Risk Appetite, core parameters underpinning the performance of the analysis, such as the types of scenarios, the survival period and the minimum level of liquid assets, are pre-specified for monitoring and control on a group-wide basis. Any occurrences of forecasted shortfalls that cannot be covered by the counterbalancing capacity would be escalated to the relevant committees for deliberation and actions.

Stress testing is performed under the cashflow maturity mismatch analysis, and covers adverse scenarios involving shocks that are general market and/or name-specific in nature. Stress tests assess the DBS Group's vulnerability when liability run-offs increase, asset rollovers increase and/or liquidity asset buffers reduce. In addition, ad-hoc stress tests are performed as part of the DBS Group's recovery planning and ICAAP exercises.

Liquidity risk control measures, such as liquidity-related ratios and balance sheet analysis, are complementary tools to the cashflow maturity mismatch analysis and are performed regularly to obtain deeper insights and finer control over the liquidity profile across locations. The liquidity risk control measures also include concentration measures on top depositors, wholesale borrowing and swapped funds ratios.

Processes, Systems and Reports

Robust internal control processes and systems underlie the DBS Group's overall approach to identifying, measuring, aggregating, controlling and monitoring liquidity risk across the DBS Group. In 2015, the DBS Group further enhanced the capabilities of its in-house data platform to improve the timeliness of its cash flow information as well as to perform more in depth analysis of its liquidity position.

The day-to-day liquidity risk monitoring, control reporting and analysis are managed by the RMG Market and Liquidity Risk unit – an independent liquidity risk management function that reports to the CRO. This unit comprises risk control, risk analytics, production and reporting teams.

Liquidity Risk in 2015

The DBS Group actively monitors and manages its liquidity profile based on the cashflow maturity mismatch analysis.

In forecasting the cashflows under the analysis, behavioural profiling is necessary in cases where a product has indeterminate maturity or the contractual maturity does not realistically reflect the expected

cashflows. An example would be maturity-indeterminate savings and current account deposits which are generally viewed as a source of stable funding for commercial banks and consistently exhibited stability even under historical periods of stress.

A conservative view is therefore adopted in the DBS Group's behavioural profiling of assets, liabilities and off-balance sheet commitments that have exhibited cashflow patterns that differ significantly from the contractual maturity profile shown under Note 43.1 to the DBS Group's audited consolidated financial statements as at and for the year ended 31 December 2015 which are set forth beginning on page F-2 of this Offering Circular.

The table below shows the DBS Group's behavioural net and cumulative maturity mismatch between assets and liabilities over a 1-year period under a normal scenario without incorporating growth projections. The DBS Group's liquidity was observed to remain adequate under the maturity mismatch analysis. Increase in near-term cumulative cash flows reflected higher excess cash and liquid asset holdings. Loan growth was supported largely by diversified stable funding sources which include deposits, medium term notes, commercial papers and covered bonds.

	< 7 days	**1 week to 1 month**	**1 to 3 months**	**3 to 6 months**	**6 months to 1 year**
			(S$ in millions)[1]		
As at 31 December 2015					
Net liquidity mismatch	27,457	(102)	(9,456)	8,298	2,825
Cumulative mismatch	27,457	27,355	17,899	26,197	29,022
As at 31 December 2014[2]					
Net liquidity mismatch	21,364	(6,553)	7,767	8,404	10,803
Cumulative mismatch	21,364	14,811	22,578	30,982	41,785

Notes:

(1) Positive indicates a position of liquidity surplus. Negative indicates a liquidity shortfall that has to be funded.

(2) As the behavioural assumptions used to determine the maturity mismatch between assets and liabilities are updated from time to time, the liquidity mismatches may not be directly comparable across past balance sheet dates.

Liquid Assets

Liquid assets are assets that are readily available and can be easily monetised to meet liquidity shortfalls under times of stress. Such assets are internally defined under the governance of the relevant oversight committees, taking into account asset class, issuer type and credit rating, among other criteria, before they are reflected as available funds under the cashflow maturity mismatch analysis used to manage liquidity risk within the risk tolerance.

In addition to the characteristics of the liquid assets, the DBS Group's Treasury function should be able to operationally monetise the pool of liquid assets to meet liquidity shortfalls under times of stress. A further requirement is that these liquid assets are unencumbered by being free of legal, regulatory, contractual or other restrictions.

In practice, liquid assets are maintained in key locations and currencies to ensure that operating entities in such locations possess a degree of self-sufficiency to support business needs as well as protect against contingencies. The main portion of the DBS Group's liquid assets is centrally maintained in Singapore to support liquidity needs in smaller overseas subsidiaries and branches. Internally, the DBS Group sets a requirement to maintain its pool of liquid assets above a minimum level as a source of

contingent funds, taking into account projected stress shortfalls under its cashflow maturity mismatch analysis and other factors.

The table below shows the DBS Group's encumbered and unencumbered liquid assets by instrument and counterparty against other assets in the same category under the balance sheet. Figures are based on the carrying amount as at the balance sheet date.

	Liquid assets				Others[d]	Total
SGD million	Encumbered	Unencumbered	Total [1]	Average[c]	[2]	[1] + [2]
As at 31 Dec 2015 Cash and balances with central banks[a]	6,751	10,774	17,525	15,689	1,304	18,829
Due from banks[b]	–	14,155	14,155	10,013	24,130	38,285
Government securities and treasury bills	2,650	30,930	33,580	35,397	921	34,501
Banks and corporate securities	857	25,938	26,795	25,832	13,278	40,073
Total	10,258	81,797	92,055	86,931	39,633	131,688

(a) Unencumbered balances with central banks comprise holdings that are unrestricted and available overnight. The encumbered portion represents the mandatory balances held with central banks, which includes minimum cash balance (MCB) amount that may be available for use under a liquidity stress situation
(b) Liquid assets comprise nostro accounts and eligible certificates of deposits
(c) Total liquid assets reflected on an average basis over the four quarters in 2015
(d) 'Others' refer to assets that are not recognised as part of the available pool of liquid assets for liquidity management under stress due to (but not limited to) inadequate or non-rated credit quality, operational challenges in monetisation (for example, holdings in physical scrips), among other considerations

In addition to the above table, collateral received in reverse repo transactions amounting to S$5,341 million were recognised for liquidity management under stress.

As can be observed from the table above, the DBS Group's funding strategy in the normal course of its business does not rely on collateralised wholesale funding. Instead, liquid assets are maintained as a source of contingent funds to meet potential shortfalls that may arise under times of stress, as assessed under regulatory standards and the DBS Group's internal measures.

Regulatory Requirements

On 28 November 2014, the MAS published MAS Notice 649, which sets out the implementation of the Basel III LCR in Singapore. DBS Bank, as a domestic bank incorporated and headquartered in Singapore, is required to comply with the LCR standards under MAS Notice 649 from 1 January 2015. For the full year of 2015, the DBS Group LCR was maintained well above the minimum LCR requirements under the MAS Notice 649.

Based on its internal assessment and participation in the Quantitative Impact Studies by the Basel Committee on Banking Supervision, the DBS Group is well-positioned to meet the minimum standards of the Basel III Net Stable Funding Ratio ("**NSFR**"). The international timeline targeted for implementation is January 2018.

Operational Risk

Operational risk includes processing errors, fraudulent acts, inappropriate behaviour of staff, vendors' misperformance, system failure and natural disasters. Operational risk is inherent in most of the DBS Group's businesses and activities.

The DBS Group's objective is to keep operational risk at appropriate levels, taking into account the markets the DBS Group operates in, the characteristics of the businesses as well as the competitive and regulatory environment the DBS Group is subject to.

Operational Risk Management

The DBS Group's approach for operational risk management comprises the following buildings blocks: Policies, Risk Methodologies and Processes, Systems and Reports.

Policies

The DBS Group's Operational Risk Management ("**ORM**") Policy provides a group-wide approach for managing operational risk in a structured, systematic and consistent manner. There are policies, standards, tools and programmes in place to govern ORM practices across the DBS Group. These include corporate operational risk policies and standards which are owned by the respective corporate oversight and control functions and include key subject-specific policies such as Technology Risk Management Framework, Group Compliance Policy, Fraud Management Policy and Group Anti-Money Laundering, Countering the Financing of Terrorism and Sanctions Policy, New Product Approval policy and Outsourcing Risk Policy.

Risk Methodologies

The DBS Group adopts the standardised approach to compute operational risk regulatory capital. To manage and control operational risk, the DBS Group uses various tools including risk and control self-assessment, operational risk event management and key risk indicators monitoring. Risk and control self-assessment is used by each business or support unit to identify key operational risk and assess the degree of effectiveness of the internal controls. For those control issues identified, the units are responsible for developing action plans and tracking the timely resolution. Operational risk events are classified in accordance with Basel standards. Such events, including any significant incidents that may impact the DBS Group's reputation, are required to be reported based on certain established thresholds. Key risk indicators with pre-defined escalation triggers are employed to facilitate risk monitoring in a forward-looking manner.

Additional methodologies are in place to address subject-specific risks, including but not limited to the following:

Technology Risk. Information Technology ("**IT**") risk is managed in accordance with a Technology Risk Management Framework. This covers risk governance, communication, monitoring, assessment, mitigation and acceptance and is supported by a set of IT policies and standards, control processes and risk mitigation programmes. The DBS Group has also established policies and standards to manage and address cyber security risk. To enhance the management of this risk, the DBS Group has appointed a Chief Information Security Officer who is responsible for cyber security risk management strategy and programme.

Compliance Risk. Compliance risk is the risk of impairment to the DBS Group's ability to successfully conduct its business as a result of any failure to comply with laws, regulatory requirements, industry codes or standards of professional conduct applicable to the conduct of business in the financial sector. This includes, in particular, laws and regulations applicable to the licensing and conduct of banking or other financial businesses, financial crime such as anti-money laundering and countering the financing of terrorism, fraud, and bribery/corruption.

The DBS Group maintains a compliance program designed to identify, assess, measure, mitigate and report on such risks through a combination of policy, and relevant systems and controls. The DBS Group also provides relevant training and executes assurance processes. The DBS Group also strongly believes in the need to promote a strong compliance culture. This is established through the leadership

of the Board and senior management and aims to comply with the letter and spirit of the laws and regulatory standards in the environment in which the DBS Group operates.

Fraud Risk. The DBS Group has established minimum standards for its businesses and support units to prevent, detect, investigate and remediate against fraud and related events. This is based on the Fraud Management Programme through which the standards are to be implemented on a unit and geographical level. These standards aim to provide end-to-end management of fraud and related issues within the DBS Group.

Money Laundering, Financing of Terrorism and Sanctions Risks. There are minimum standards for the DBS Group's business and support units to mitigate and manage the DBS Group's actual and/or potential exposure to money laundering, terrorist financing, sanctions, corruption, or other illicit financial activity. Accountabilities have also been established for the protection of the assets and reputation of the DBS Group and the interests of customers and shareholders.

New Product Approval and Outsourcing Risks. Each new product, service or outsourcing initiative is subject to a risk review and sign-off process where relevant risks are identified and assessed by departments independent of the risk-taking unit proposing the product or service. Variations of existing products or services and outsourcing initiatives are also subject to a similar process.

Other Mitigation Programmes. Business Continuity Management plays an integral role in the DBS Group's risk mitigation programme to manage business disruptions. A robust crisis management and business continuity management programme is in place within essential business services during unforeseen events. Planning for business resilience includes identification of key business processes via Business Impact Analysis, as well as the documentation and maintenance of Business Continuity Plan ("**BCP**"). Overall BCP objectives are aimed at minimising the impact of business interruption arising from severe loss scenarios and to provide a reasonable level of service until normal business operations are resumed. The crisis management structure encompasses an incident management process from the point of incident to crisis declaration and activation of the relevant committees or teams to manage the crisis. Exercises are conducted annually, simulating varying scenarios to test the BCPs and crisis management protocol. Scenarios include incidents such as technology incidents having enterprise-wide impact on essential banking services, natural disasters with wide geographical area impact, safety-at-risk incidents (e.g. terrorism) and other events leading to significant business disruption. Senior management provides an attestation to the BRMC on an annual basis including the state of business continuity readiness, extent of alignment to regulatory guidelines and disclosure of residual risks.

To mitigate losses from specific unexpected and significant event risks, the DBS Group purchases group-wide insurance policies, under its Group Insurance Program, from third-party insurers. The DBS Group has acquired insurance policies relating to crime and professional indemnity, directors and officers liability, property damage and business interruption, general liability and terrorism.

Processes, Systems and Reports

Robust internal control processes and systems are integral to identifying, monitoring, managing and reporting operational risk. The DBS Group has implemented a web-based system that supports multiple operational risk management processes and tools including operational risk event reporting, risk and control self-assessment, key risk indicators, tracking of issues or action plans and operational risk reporting.

Units are responsible for the day-to-day management of operational risk in their products, processes, systems and activities in accordance with the various frameworks and policies. RMG Operational Risk and other corporate oversight and control functions provide oversight and monitor the effectiveness of operational risk management, assess key operational risk issues with units to determine the impact across the DBS Group, and report and/or escalate key operational risks to relevant senior management and board-level committees with recommendations on appropriate risk mitigation strategies.

Operational Risk in 2015

The total operational risk losses in 2015 decreased to S$10.8 million (0.10% of the DBS Group's total operating income), compared to S$13.5 million (0.13%) in 2014. The loss profile (net loss greater than S$10,000 based on the date of detection of the operational risk event), was mainly categorised into the following five Basel risk event categories: (i) internal fraud; (ii) external fraud; (iii) clients, products and business practices; (iv) execution, delivery and process management; and (v) business disruption and system failure.

Basel risk event types	2015		2014	
	SGD million	%	SGD million	%
Execution, delivery and process management	5.96	55%	1.91	14%
External fraud	4.39	41%	9.04	67%
Clients, products and business practices	0.28	3%	1.61	12%
Internal fraud	0.14	1%	0.97	7%
Business disruption and system failure	0.03	0%	0	0%
Total	**10.80**	**100%**	**13.54**	**100%**

Note: No losses were reported for (vi) employment practices and workplace safety; and (vii) damage to physical assets

Execution, delivery and process management and external fraud accounted for 96% of the DBS Group's operational risks losses in 2015. Losses were highest in the category of execution, delivery and process management which arose from a few isolated incidents and mitigating actions have been taken accordingly. The losses from external fraud were due largely to credit card fraud. However, the DBS Group's credit card fraud losses were lower than the industry benchmark.

Reputational Risk

The DBS Group views reputational risk as an outcome of any failure to manage risks in its day-to-day activities/decisions as well as from changes in the operating environment. These risks include:

- Financial risk (credit, market and liquidity risks); and
- Inherent risk (operational and business/strategic risks).

Reputational Risk Management

The DBS Group's approach to reputational risk management comprises the following buildings blocks: Policies, Risk Methodologies and Processes, Systems and Reports.

Policies

The DBS Group adopts a four-step approach i.e., prevent, detect, escalate and respond to reputational risk events. As reputational risk is a consequence from the failure to manage other risk types, the definitions and principles for managing such risks are articulated in the respective risk policies. These are reinforced by sound corporate values that embed ethical behaviours and practices throughout the DBS Group.

Policies are in place to protect consistency of the DBS brand and to safeguard the DBS Group's corporate identity and reputation.

Risk Methodologies

Under the various risk policies, the DBS Group has established a number of mechanisms for ongoing risk monitoring. These take the form of risk limits, key risk indicators and other operating metrics, as well as the periodic risk and control self-assessment process. Apart from observations from internal sources, alerts from external parties/stakeholders also serve as an important source to detect potential risk reputational risk events. In addition, there are policies relating to media communications, social media and corporate social responsibility to protect the DBS Group's reputation. There are also escalation and response mechanisms in place for managing reputational risk.

While the respective risk policies address the individual risk types, the Reputational Risk Policy focuses specifically on stakeholders' perception of how well the DBS Group manages its reputational risks. Stakeholders include customers, government agencies and regulators, investors, rating agencies, business alliances, vendors, trade unions, media, general public, Board and senior management and employees. The DBS Group recognises that creating a sense of shared value through engagement with key stakeholder groups is imperative for its brand and reputation.

Processes, Systems and Reports

Units are responsible for the day-to-day management of reputational risk by ensuring that processes and procedures are in place to identify, assess and respond to reputational risk. Events of reputational risk impact are also featured in the reporting of risk profiles to senior management and board-level committees.

Reputational Risk in 2015

The DBS Group's priority is to prevent the occurrence of a reputational risk event rather than to take mitigating actions when it materialises. There were no significant reputational risk incidents which could endanger the DBS franchise in 2015.

DESCRIPTION OF THE ASSETS AND LIABILITIES OF THE DBS GROUP

Customer Loan Portfolio

As at 31 December 2015, 2014 and 2013, the DBS Group's loans and advances to customers net of cumulative allowances were S$283 billion, S$276 billion and S$249 billion, respectively, which accounted for approximately 62%, 63% and 62% of total assets for 31 December 2015, 2014 and 2013, respectively. The DBS Group's gross loans and advances to customers were S$287 billion, S$279 billion and S$252 billion as at 31 December 2015, 2014 and 2013, respectively. As at 31 December 2015, 2014 and 2013, approximately 41%, 39% and 40%, respectively, of customer loans and advances were denominated in Singapore dollars.

From 2013 to 2015, the DBS Group's gross loans and advances to customers grew at a compound annual growth rate of 7% from S$252 billion as at 31 December 2013 to S$287 billion as at 31 December 2015.

As at 31 December 2015, loans to Singapore borrowers accounted for approximately 47% of the DBS Group's gross customer loans and advances, while loans to Hong Kong borrowers accounted for 18% and other overseas locations accounted for 35% of the DBS Group's gross customer loans and advances.

Customer Loan Concentrations

The DBS Group's top five borrower groups (based on outstanding amounts) accounted for 5% of its total customer loans and advances portfolio as at 31 December 2015, while the top 20 borrower groups accounted for 13% of the total customer loans and advances at that date. Of the top 20 borrower groups as at 31 December 2015, none were classified as non-performing.

The DBS Group's policy is to maintain a diversified loan portfolio without significant concentrations of exposure to any single customer or group of customers. Gross loans to manufacturing, building and construction, and general commerce companies accounted for 11%, 19% and 17% respectively of the DBS Group's total gross customer loans and advances as at 31 December 2015. Housing loans and loans to professionals and private individuals, accounted for 29% of the total gross loans and advances as at 31 December 2015.

The following table sets forth the DBS Group's total gross loans and advances to customers by industry classification as at 31 December 2015, 2014 and 2013:

	Customer Loan Concentrations as at 31 December					
	2013		**2014**		**2015**	
	(S$ in millions, except percentages)					
Manufacturing	30,034	11.9%	33,024	11.8%	30,874	10.8%
Building and construction	43,016	17.1%	48,712	17.4%	55,584	19.4%
Housing loans	49,147	19.5%	52,866	19.0%	58,569	20.4%
General commerce	51,803	20.5%	56,658	20.3%	48,249	16.8%
Transportation, storage and communications	21,265	8.4%	23,650	8.5%	26,357	9.2%
Financial institutions, investment and holding companies	11,013	4.4%	16,168	5.8%	13,725	4.8%

	Customer Loan Concentrations as at 31 December					
	2013		2014		2015	
	(S$ in millions, except percentages)					
Professionals and private individuals (excluding housing loans)	19,180	7.6%	23,849	8.5%	24,105	8.4%
Others	26,723	10.6%	24,227	8.7%	29,408	10.2%
Total	252,181	100.0%	279,154	100.0%	286,871	100.0%

Housing Loans

As at 31 December 2015, the DBS Group's gross housing loans accounted for 20% of its total gross customer loans and advances as compared to 19% as at 31 December 2014 and 20% as at 31 December 2013. Housing loans are the DBS Group's main consumer lending products.

In Singapore, housing loans are granted to purchasers of both public and private residential properties. Housing loans are typically amortising loans and priced at a mix of fixed and floating rates. These loans are typically secured by a mortgage on the underlying property, with a maximum tenor capped at 35 years. The housing loan is subject to a first charge in favour of the CPF Board if a borrower had used his CPF savings to partially finance the property before September 2002. The first charge for housing loans made after 2002 resides with the lending bank. The MAS last revised the MAS Notice 632 on Residential Property Loans on 10 February 2014. As it stands, the loan-to-value limit of housing loans is reduced to 50% (for individual borrowers with one outstanding housing loan) and 40% (for individual borrowers with two or more outstanding housing loans), together with an increase of the minimum cash payment from 10% to 25%. The aforesaid loan-to-value limits are further lowered to 30% and 20% respectively, where the loan tenure exceeds 30 years or extends beyond the borrower's age of 65 years. Individuals with no outstanding housing loan are subject to a loan-to-value limit of 80% or (where the loan tenure exceeds 30 years or extends beyond the borrower's age of 65 years) 60% with minimum cash payments of 5% and 10%, respectively.

In addition, on 29 June 2013, the MAS implemented a Total Debt Servicing Ratio ("**TDSR**") framework for property loans that aims to promote financial prudence and prevent over-leveraging by property purchasers. Subject to certain exemptions, the TDSR threshold restricts the borrower's monthly total debt obligations to not more than 60% of his gross monthly income.

Further, the IRAS introduced higher additional buyer stamp duties for certain groups of property buyers.

Building and Construction

As at 31 December 2015, gross loans to the building and construction sector accounted for 19% of the DBS Group's total gross loans and advances as compared to 17% as at 31 December 2014 and 2013. The DBS Group provides funding, mainly on a secured basis, for a variety of projects, such as office buildings and complexes, residential developments, industrial developments and retail developments.

The DBS Group follows a set of internal guidelines for determining the suitability of any particular building and construction project. For example, it will typically analyse, among other things, information such as the projected cash flows, the developer's track record, financial condition and reputation, the quality of the proposed construction and the location of the project, and will require the borrower to submit business plans and feasibility studies. The DBS Group tends to enter into repeat transactions with those developers with which it has had previous experience.

Financial Institutions, Investment and Holding Companies

As at 31 December 2015, gross loans to the financial institutions, investment and holding companies sectors accounted for 5% of the DBS Group's total gross loans and advances as compared to 6% as at 31 December 2014 and 4% as at 31 December 2013.

Major customers include a variety of financial institutions, including but not limited to, central banks, banks, insurance companies, securities companies, supranationals, leasing and credit companies and various types of investment companies. The DBS Group's current lending policy in this sector is to focus on the industry's top tier global institutions, as well as selected local and regional players in its strategic markets.

Manufacturing

As at 31 December 2015, gross loans to the manufacturing sectors accounted for 11% of the DBS Group's total gross loans and advances, as compared to 12% as at 31 December 2014 and 2013. The DBS Group's manufacturing customers represent a broad range of businesses. Key industries in the manufacturing sector include electronics, transport equipment, downstream petrochemical and engineering industries. The DBS Group's manufacturing customers range from small to large corporations and include many of the major manufacturing companies and groups in Singapore, several large multi-national groups and smaller companies which are suppliers for large global organisations.

General Commerce

As at 31 December 2015, gross loans to the general commerce sector accounted for 17% of total gross loans and advances, as compared to 20% as at 31 December 2014 and 21% as at 31 December 2013. The DBS Group's general commerce customers include wholesalers and retailers.

Others

Loans to professionals and private individuals (excluding housing loans) accounted for 8% of total gross loans and advances as at 31 December 2015, as compared to 9% as at 31 December 2014 and 8% as at 31 December 2013.

Loans to the transportation, storage and communications sector were 9% of total gross loans and advances portfolio as at 31 December 2015 as compared to 8% as at 31 December 2014 and 2013.

Loans classified as "others" accounted for 10% of total gross loans and advances as at 31 December 2015 as compared to 9% as at 31 December 2014 and 11% as at 31 December 2013. Loans classified as "others" comprise mainly lending to government-linked corporations, statutory boards, hotels and other SMEs.

Limits on Exposures to Specified Groups of Persons

Section 29 of the Banking Act, Chapter 19 of Singapore (the "**Banking Act**") provides that a bank in Singapore shall limit its exposure to certain groups of persons, including a substantial shareholder group of the bank, a director group of the bank and the financial group of the bank.

See "Regulation and Supervision – Regulation and Supervision in Singapore – The Regulatory Environment – Other Key Prudential Provisions".

Credit Risk by Geography

The exposures set out below are determined based on the country of incorporation of issuer (for debt securities), borrower (for loans) or the issuing bank in the case of bank backed export financing.

Assets	Government securities and treasury bills	Due from banks	Bank and corporate debt securities	Loans and advances to customers (Gross)	Total
			(S$ in millions)		
2015					
Singapore	12,312	261	12,476	135,860	160,909
Hong Kong	2,708	474	1,779	50,976	55,937

Assets	Government securities and treasury bills	Due from banks	Bank and corporate debt securities	Loans and advances to customers (Gross)	Total
Rest of Greater China	4,199	16,054	3,907	45,129	69,289
South and Southeast Asia	2,892	3,011	4,669	26,443	37,015
Rest of the World	12,390	18,485	14,164	28,463	73,502
Total	34,501	38,285	36,995	286,871	396,652
2014					
Singapore	9,493	89	13,192	129,167	151,941
Hong Kong	2,958	1,176	1,730	49,881	55,745
Rest of Greater China	3,012	19,706	3,258	50,865	76,841
South and Southeast Asia	2,816	4,973	5,018	25,446	38,253
Rest of the World	11,415	16,319	12,326	23,795	63,855
Total	29,694	42,263	35,524	279,154	386,635
2013					
Singapore	9,894	856	14,214	119,463	144,427
Hong Kong	2,452	3,027	1,122	41,418	48,019
Rest of Greater China	2,594	20,337	1,971	47,910	72,812
South and Southeast Asia	2,780	4,217	3,008	23,004	33,009
Rest of the World	9,777	11,380	11,347	20,386	52,890
Total	27,497	39,817	31,662	252,181	351,157

Customer Loans and Advances Maturity Profile

As at 31 December 2015, customer loans and advances (net of allowances) repayable on demand and loans and advances maturing in less than seven days constituted 9%, loans and advances maturing in between one week and a month constituted 13%, loans and advances maturing between one month and three months constituted 10% and between three months and one year constituted 16%, while customer loans and advances maturing in one year or more accounted for the remainder of total customer loans and advances. Loans and advances with maturities of less than one year include revolving credit and overdraft facilities, which are typically renewed upon rollover and actual repayment patterns are of a longer-term nature.

The following table sets forth an analysis of the DBS Group's customer loans and advances (net of loss allowances) by maturity:

	Less than 7 days	1 Week to 1 Month	1 to 3 Months	3 to 12 Months	Over 1 Year	Total
			(S$ in millions)			
2015	24,711	36,063	28,343	45,259	148,913	283,289
2014	20,650	34,324	31,291	48,010	141,313	275,588
2013	16,115	29,755	27,852	47,190	127,742	248,654

Credit Quality Information

Classification of Loans

The DBS Group classifies its loans in accordance with guidelines adopted by the MAS and seeks to use international best practices in its approach where possible and applicable. The MAS guidelines require banks to classify their loan portfolios to take into account the risks inherent in a portfolio. These classifications, and underlying collateral valuations, are used to determine minimum levels of loan loss reserves which banks are required to maintain.

The MAS guidelines require banks to categorise their loan portfolios into five categories – two for performing loans (Pass and Special Mention) and three for classified, or NPAs (Substandard, Doubtful and Loss). Banks are required to set minimum reserves based on these categories.

Loans categorised as Pass indicate that timely repayment of an outstanding credit facility is not in doubt, repayment is expected to be prompt and no potential weaknesses have been identified. The Special Mention category is appropriate when there is potential weakness in the borrower's creditworthiness, but such weakness does not warrant a Substandard or other inferior classification. Special Mention loans generally have adequate debt service capacity but require close and active supervision because the potential weaknesses, if not corrected, may adversely affect repayment prospects.

Substandard, Doubtful or Loss classifications are appropriate when there are well-defined weakness(es) in a borrower's position that may jeopardise repayment of principal or interest from normal sources.

The following table sets forth the various categories of classified loans:

Classification Grade	Description
Substandard	Indicates that the borrowers exhibit definable weaknesses either in respect of business, cash flow or financial position of the borrower that may jeopardise repayment on existing terms. These credit facilities may be non-defaulting.
Doubtful	Indicates that the borrower weaknesses such that the prospect of full recovery of the outstanding credit facilities is questionable and the prospect of a loss is high, but the exact amount remains undeterminable.
Loss	Indicates that the amount of recovery is assessed to be insignificant.

The DBS Group may also apply a split classification in appropriate cases. Where an NPA is partially secured, the portion covered by collateral may be classified as Substandard while the unsecured portion of the loan may be classified as Doubtful or Loss, as appropriate.

For rated loans, the DBS Group conducts regular reviews, in the form of supervision reports, on a yearly basis for loans classified as Pass. For loans classified as Special Mention or lower, more frequent reviews are done.

The DBS Group uses an internal rating system for its bank counterparties based on various credit risk factors such as capital levels, asset quality, management, earnings, liquidity and market sensitivity. The DBS Bank's overseas branches and subsidiaries generally adhere to the classification guidelines stipulated by the respective local banking regulations but utilise the internal classification guidelines for the purposes of consolidation at the holding company and/or bank level.

The DBS Group submits regular reports on its classified loans to the MAS. As part of its review, the MAS determines compliance with applicable regulations and may require banks to classify a particular loan or to change an existing classification.

When concessions are granted to the original terms of a loan for reasons relating to the financial difficulties of the borrower, the loan is considered a Restructured Loan. A Restructured Loan is generally graded as Substandard, Doubtful or Loss. Restructured Loans are not returned to performing status until specific conditions have been met, including that there is no longer any reasonable doubt regarding the timely collection of principal and interest and that there has been a reasonable period of sustained performance under the restructured terms. As part of the restructuring process, the particular business unit will work with the borrower to implement the most appropriate restructuring plan.

The DBS Group's total NPAs were S$2.79 billion as at 31 December 2015, compared with S$2.51 billion as at 31 December 2014 and S$3.00 billion as at 31 December 2013. Of the total NPAs as at 31 December 2015, 69% were classified as Substandard, 21% were classified as Doubtful and 10% were classified as Loss. Of the total NPAs as at 31 December 2015, S$527 million originated in Singapore. Of these, 83% were classified as Substandard. NPAs originated in Hong Kong, Rest of Greater China, South and Southeast Asia and the Rest of the World totalled S$480 million, S$435 million, S$909 million and S$441 million, respectively. As at 31 December 2015, approximately 14% of the DBS Group's total NPAs had been restructured and continued to be included in the total volume of NPAs. The DBS Group's top 20 NPAs amounted to S$1.10 billion, or 40% of its total NPAs, while 77% of the top 20 NPAs were in the Substandard category as at 31 December 2015.

The ratio of NPLs to total non-bank loans ("**NPL ratio**") remained unchanged at 0.9% as at 31 December 2015 compared to 31 December 2014. NPL ratio was 1.1% as at 31 December 2013. The NPL ratios for Singapore and Hong Kong were 0.4% and 0.8%, as at 31 December 2015 compared with NPL ratios of 0.3% and 0.5%, respectively as at 31 December 2014. The net write-offs for NPLs amounted to S$748 million in 2015, S$687 million in 2014 and S$552 million in 2013, which were 0.3%, 0.2% and 0.2% of total customer loans as at 31 December 2015, 2014 and 2013, respectively.

Loan Loss Provisioning and Reserve, Interest Accrual and Write-Off Policies

The DBS Group has adopted provisioning policies in accordance with the Singapore FRS as modified by the requirements of the Notice to Banks No. 612 "Credit Files, Grading and Provisioning" issued by the MAS.

Specific allowance for an individual credit exposure is made when existing facts, conditions or valuations indicate that the DBS Group is not likely to collect the principal and interest due contractually on the claim. An allowance is reversed only when there has been an identifiable event that led to an improvement in the collectability of the claim. The amount of specific allowance also takes into account the collateral value, which may be discounted to reflect the impact of a forced sale or untimely liquidation. Over-due unsecured consumer loans which are homogenous in nature such as credit card receivables are pooled according to their delinquency behaviour and evaluated for impairment collectively as a group, taking into account the historical loss experience of such loans.

The DBS Group maintains a level of general allowances that is deemed sufficient to absorb the estimated credit losses inherent in its loan portfolio (including off-balance sheet credit exposures). The DBS Group maintains general allowances of at least 1% of credit exposures arising from both on and off-balance sheet items (against which specific allowances have not been made), adjusted for collateral held.

Under applicable tax regulations in Singapore first issued by the IRAS on 30 December 2005 and revised on 29 June 2012, banks are allowed to claim deductions on individual and collective impairment loss allowances for assets in revenue accounts (such as loans). In circumstances where banks are unable to provide for collective impairment in the initial years of FRS 39 implementation but continue to maintain

general allowances in accordance with the MAS requirements, tax deductions calculated based on current tax rules for general allowances will apply until 31 December 2015 or until the collective impairment allowance according to FRS 39 can be provided. Under the current tax rules for general allowances, the maximum tax-deductible general allowances that could be claimed each year are restricted to the lower of 25% of qualifying profits and 0.5% of the prescribed value of qualifying loans and investments in securities and subject to a cumulative limit of 3% of the prescribed value of qualifying loans and investments in securities for the aggregate capping. Where a tax deduction on general allowances was claimed under current tax rules, the corresponding write-back is taxable.

Non-Performing Assets and Provisioning Data

The following tables set forth various statistics with respect to the DBS Group's NPAs and loss allowances:

	Non-Performing Assets and Provisioning Data as at 31 December 2015[1]					
	Singapore	**Hong Kong**	**Rest of Greater China**	**South and Southeast Asia**	**Rest of the World**	**Total**
	(S$ in millions, except percentages)					
Non-performing assets						
(NPAs)	527	480	435	909	441	2,792
Substandard	436	367	314	540	267	1,924
Doubtful	29	99	106	215	145	594
Loss	62	14	15	154	29	274
Customer NPLs as a % of gross customer loans in the respective countries[2]	0.4%	0.8%	0.9%	3.2%	1.5%	0.9%
Specific allowances	117	129	118	454	97	915
General allowances						3,222
Total cumulative loss allowances						4,137
Total cumulative loss allowances as a % of:						
Total assets						0.9%
NPAs in the respective countries[3]						148%
Unsecured NPAs in the respective countries[4]						303%

Notes:

(1) Classified according to where the borrower is incorporated.

(2) Calculated based on total customer NPLs (excluding non-performing debt securities and contingent items) divided by total gross customer loans.

(3) Calculated based on total cumulative loss allowances divided by NPAs.

(4) Calculated based on total cumulative loss allowances divided by unsecured NPAs.

	Non-Performing Assets and Provisioning Data as at 31 December 2014[1]					
	Singapore	Hong Kong	Rest of Greater China	South and Southeast Asia	Rest of the World	Total
	(S$ in millions, except percentages)					
Non-performing assets						
(NPAs)	432	269	361	948	503	2,513
Substandard	296	170	240	585	301	1,592
Doubtful	30	73	108	281	160	652
Loss	106	26	13	82	42	269
Customer NPLs as a % of gross customer loans in the respective countries[2]	0.3%	0.5%	0.7%	3.6%	2.0%	0.9%
Specific allowances	147	107	137	445	194	1,030
General allowances						3,054
Total cumulative loss allowances						4,084
Total cumulative loss allowances as a % of:						
Total assets						0.9%
NPAs in the respective countries[3]						163%
Unsecured NPAs in the respective countries[4]						296%

Notes:

(1) Classified according to where the borrower is incorporated.

(2) Calculated based on total customer NPLs (excluding non-performing debt securities and contingent items) divided by total gross customer loans.

(3) Calculated based on total cumulative loss allowances divided by NPAs.

(4) Calculated based on total cumulative loss allowances divided by unsecured NPAs.

	Non-Performing Assets and Provisioning Data as at 31 December 2013[1]					
	Singapore	Hong Kong	Rest of Greater China	South and Southeast Asia	Rest of the World	Total
	(S$ in millions, except percentages)					
Non-performing assets						
(NPAs)	440	235	284	638	1,399	2,996
Substandard	330	123	136	506	886	1,981
Doubtful	69	68	112	63	441	753
Loss	41	44	36	69	72	262
Customer NPLs as a % of gross customer loans in the respective countries[2]	0.4%	0.6%	0.6%	2.6%	6.6%	1.1%

	Non-Performing Assets and Provisioning Data as at 31 December 2013[1]					
	Singapore	Hong Kong	Rest of Greater China	South and Southeast Asia	Rest of the World	Total
	(S$ in millions, except percentages)					
Specific allowances	113	117	146	227	579	1,182
General allowances						2,865
Total cumulative loss allowances						4,047
Total cumulative loss allowances as a % of:						
Total assets						1.0%
NPAs in the respective countries[3]						135%
Unsecured NPAs in the respective countries[4]						204%

Notes:

(1) Classified according to where the borrower is incorporated.

(2) Calculated based on total customer NPLs (excluding non-performing debt securities and contingent items) divided by total gross customer loans.

(3) Calculated based on total cumulative loss allowances divided by NPAs.

(4) Calculated based on total cumulative loss allowances divided by unsecured NPAs.

Industry Classification of Non-Performing Assets

The DBS Group's NPAs are spread across various industrial sectors, such as manufacturing, building and construction, general commerce and housing loans.

The following tables show the breakdown by industry classification of NPAs and specific allowances for the DBS Group as at the dates indicated:

	As at 31 December					
	2013		2014		2015	
	NPA	Specific allowances	NPA	Specific allowances	NPA	Specific allowances
	(S$ in millions)					
Manufacturing	488	240	660	331	560	224
Building and construction	226	42	357	115	334	120
Housing loans	112	9	113	8	122	7
General commerce	397	142	434	140	705	157
Transportation, storage and communications	1,145	465	338	153	307	94
Professionals and private individuals (excluding housing loans)	155	48	166	53	203	58
Financial institutions, investment and holding companies	265	146	106	90	100	60
Others	94	37	245	93	281	101

	As at 31 December					
	2013		2014		2015	
	NPA	Specific allowances	NPA	Specific allowances	NPA	Specific allowances
	(S$ in millions)					
Total NPLs	2,882	1,129	2,419	983	2,612	821
Debt securities	9	3	7	3	5	3
Contingent items and Others	105	50	87	44	175	91
Total	2,996	1,182	2,513	1,030	2,792	915

Aging of Non-Performing Assets

The following table sets forth information with respect to the aging of the DBS Group's NPAs as at the periods indicated:

	Non-Performing Assets				
		Past due			
	Not overdue	<90 days	91-180 days	>180 days	Total
	(S$ in millions)				
2015	520	508	424	1,340	2,792
2014	597	273	162	1,481	2,513
2013	1,281	275	272	1,168	2,996

Movements in Impairment Allowances

The following table shows changes in the DBS Group's specific and general loan loss allowances for the periods indicated:

	Balance at 1 January 2015	Charge/ (Write back) to income statement	Net write-off during the year	Exchange and other movements	Balance at 31 December 2015
	(S$ in millions)				
Specific allowances					
Manufacturing	331	185	(303)	11	224
Building and construction	115	43	(43)	5	120
Housing loans	8	(2)	—	1	7
General commerce	140	144	(133)	6	157
Transportation, storage and communications	153	25	(87)	3	94
Financial institutions, investment and holding companies	90	14	(48)	4	60
Professionals and private individuals (excluding housing loans)	53	102	(99)	2	58
Others	93	40	(35)	3	101

	Balance at 1 January 2015	Charge/ (Write back) to income statement	Net write-off during the year	Exchange and other movements	Balance at 31 December 2015
			(S$ in millions)		
Total specific allowances	983	551	(748)	35	821
Total general allowances	2,583	125	—	53	2,761
Total allowances	3,566	676	(748)	88	3,582

	Balance at 1 January 2014	Charge/ (Write back) to income statement	Net write-off during the year	Exchange and other movements	Balance at 31 December 2014
			(S$ in millions)		
Specific allowances					
Manufacturing	240	151	(80)	20	331
Building and construction	42	156	(91)	8	115
Housing loans	9	1	(2)	—	8
General commerce	142	49	(61)	10	140
Transportation, storage and communications	465	(32)	(290)	10	153
Financial institutions, investment and holding companies	146	19	(80)	5	90
Professionals and private individuals (excluding housing loans)	48	76	(76)	5	53
Others	37	58	(7)	5	93
Total specific allowances	1,129	478	(687)	63	983
Total general allowances	2,398	142	—	43	2,583
Total allowances	3,527	620	(687)	106	3,566

	Balance at 1 January 2013	Charge/ (Write back) to income statement	Net write-off during the year	Exchange and other movements	Balance at 31 December 2013
			(S$ in millions)		
Specific allowances					
Manufacturing	222	108	(100)	10	240
Building and construction	34	30	(23)	1	42
Housing loans	10	(2)	—	1	9
General commerce	149	139	(154)	8	142
Transportation, storage and communications	501	(54)	(3)	21	465
Financial institutions, investment and	232	13	(105)	6	146

	Balance at 1 January 2013	Charge/ (Write back) to income statement	Net write-off during the year	Exchange and other movements	Balance at 31 December 2013
			(S$ in millions)		
holding companies					
Professionals and private individuals (excluding housing loans)	45	166	(166)	3	48
Others	24	16	(1)	(2)	37
Total specific allowances	1,217	416	(552)	48	1,129
Total general allowances	2,092	310	—	(4)	2,398
Total allowances	3,309	726	(552)	44	3,527

Securities Portfolio

The DBS Group classifies its securities portfolio in line with the requirements under FRS 39. Its securities are classified into the following:

- fair value through profit or loss – these securities are either acquired for the purpose of short-term selling (held for trading) or designated by management on initial recognition (under the fair value option). Securities at fair value through profit and loss are carried at fair value with the realised or unrealised gains or losses taken to the income statement;
- loans and receivables – these securities are managed for longer term holding and collection of payments. They are not quoted in an active market and they are carried at amortised cost using the effective interest method;
- available-for-sale ("**AFS**") – these securities are held for the purpose of investment or satisfying regulatory liquidity requirements. Such securities are held for an indefinite period and may be sold in response to needs for liquidity or changes in interest rates, credit spreads, exchange rates or equity prices. They are carried at fair value with the unrealised gains or losses recognised in the AFS revaluation reserves. When these AFS securities are sold or impaired, the accumulated fair value adjustments in the AFS revaluation reserves are taken to the income statement. Unquoted equity classified as AFS for which fair value cannot be reliably determined is carried at cost less impairment; and
- held to maturity – the DBS Group intends to hold these securities to maturity. These are Singapore government securities that the DBS Group holds for satisfying regulatory liquidity requirements and are held within the "Others" segment.

The DBS Group's securities are disclosed as follows on its balance sheet:

- Government securities and treasury bills; and
- Bank and corporate securities.

The DBS Group's total securities portfolio accounted for 16% of total assets as at 31 December 2015, compared with 15% as at 31 December 2014 and 2013. Government securities and treasury bills accounted for 8% of total assets as at 31 December 2015, compared with 7% as at 31 December 2014 and 2013.

The DBS Group's bank and corporate securities accounted for 9%, 9% and 8% of its total assets as at 31 December 2015, 2014 and 2013, respectively.

The following table sets forth book-value data relating to the DBS Group's securities portfolio, as at the periods indicated:

	As at 31 December		
	2013	**2014**	**2015**
		(S$ in millions)	
Government securities and treasury bills	27,497	29,694	34,501
Bank and corporate securities	33,546	37,763	40,073
Total	61,043	67,457	74,574

Funding Sources

Historically, the DBS Group has raised most of its funding requirements from deposit-taking activities. The percentage of total liabilities attributable to customer deposits was 77%, 79% and 80% as at 31 December 2015, 2014 and 2013, respectively. As at 31 December 2015, the DBS Group had a customer loan-to-deposit ratio of 88%, reflecting that deposits obtained were in excess of loan requirements.

The DBS Group's deposits are diversified, with retail customers providing a substantial portion of total deposits. These deposits have provided a low cost and stable funding source.

The DBS Group has also obtained funds from public offerings and private placements of debt instruments. Borrowings from commercial banks and other financial institutions have accounted for a relatively minor portion of the DBS Group's total domestic borrowings. However, the borrowings make up a more significant portion of the DBS Group's foreign currency requirements.

The DBS Group raises foreign currency funding, mainly in U.S. dollars. Major sources of foreign currency funds include offshore currency markets and domestic money markets in countries in which the DBS Group operates. DBS Bank also established a Debt Issuance Programme in 2010, which has been amended as at the date of this Offering Circular, under which the Issuers may issue senior or subordinated debt securities in various currencies. DBS Bank also established a Covered Bond Programme and was the inaugural issuer of covered bonds in Singapore in 2015.

The following table sets forth details as at 31 December 2015 of securities issued by the DBS Group which qualify as capital for regulatory capital adequacy purposes.

Year of issue	**Face value**	
	(in millions)	
Issued by DBSH, which qualify for Tier 1 capital treatment		
December 2013	S$805	4.70% Non-Cumulative, Non-Convertible Perpetual Capital Securities First Callable in 2019
Issued by DBS Bank, which qualify for Tier 2 capital treatment[(1)]		
June 2006	U.S.$350	Floating Rate Subordinated Notes Callable with Step-up in 2016[(2)]
July 2006	S$500	4.47% Subordinated Notes Callable with Step-up in 2016[(3)]
February 2012	S$1,000	3.30% Subordinated Notes Callable in

Year of issue	Face value	
		2017[4]
March 2012	U.S.$750	3.625% Subordinated Notes Callable in 2017
August 2012	S$1,000	3.10% Subordinated Notes Callable in 2018[5]
Issued by DBS Bank, which qualify for Tier 1 capital treatment[1]		
November 2010	S$800	4.70% Non-Cumulative, Non-Convertible, Non-Voting Preference Shares Callable in 2020
Issued by DBS Capital Funding Corporation II, which qualify for Tier 1 capital treatment[1]		
May 2008	S$1,500	5.75% Non-Cumulative, Non-Voting, Non-Convertible Guaranteed Preference Shares, Callable with Step-up in 2018

Notes:

(1) As these securities do not meet, in full, the requirements set out in MAS Notice 637, their recognition as Additional Tier 1 capital instruments and Tier 2 capital instruments, as the case may be, has, in total, been subject to caps under the Basel III transitional arrangements. These caps are calculated as percentages of the amounts of Additional Tier 1 capital instruments and Tier 2 capital instruments outstanding on 1 January 2013, beginning with 90% from 1 January 2013 and decreasing by 10% in each subsequent year.

(2) U.S.$900 million was issued in June 2006, of which U.S.$550 million of these securities were repurchased and cancelled on 8 January 2015. On 13 April 2016, DBS Bank announced the redemption of the outstanding amounts of the U.S.$900 million floating rate subordinated notes callable with step-up in 2016. DBS Bank has elected to redeem the outstanding notes on 15 July 2016.

(3) On 13 April 2016, DBS Bank announced the redemption of the outstanding amounts of the S$500 million 4.47% subordinated notes callable with step-up in 2016. DBS Bank has elected to redeem the outstanding notes on 15 July 2016.

(4) DBSH purchased U.S.$134.25 million of these securities on 11 January 2016.

(5) DBSH purchased U.S.$491.75 million of these securities on 11 January 2016.

The following table sets forth a breakdown of the sources of the DBS Group's funding sources at the periods indicated:

	As at 31 December		
	2013	**2014**	**2015**
		(S$ in millions)	
Subordinated term debts	5,544	4,665	4,026
Senior medium term notes	5,635	10,857	9,870
Commercial papers	12,142	14,561	19,174
Negotiable certificates of deposit	1,235	1,072	1,200
Covered bonds	—	—	1,412
Other debt securities	4,103	5,473	6,422
Total	28,659	36,628	42,104

	As at 31 December		
	2013	2014	2015
		(S$ in millions)	
Due within 1 year	17,108	23,919	27,452
Due after 1 year	11,551	12,709	14,652
Total	28,659	36,628	42,104

Deposits

The DBS Group offers a variety of deposit accounts, including non-interest bearing current accounts as well as interest bearing savings, current and fixed deposit accounts. The DBS Group generally sets the deposit interest rates according to market conditions. For fixed deposits, the interest rates offered vary according to the maturity and size of the deposit. When a fixed deposit matures and rolls over, the prevailing interest rate will be used.

The DBS Group's customer deposits increased by 1% to S$320 billion as at 31 December 2015 from S$317 billion as at 31 December 2014, with U.S. dollar deposits accounting for most of the growth.

Deposits Maturity Profile

The following table sets forth a breakdown of the DBS Group's customer deposits by the remaining maturity and not the original maturity category of the periods indicated:

	Deposits Maturity Profile					
	Less than 7 days	1 Week to 1 Month	1 to 3 Months	3 to 12 Months	Over 1 Year	Total
			(S$ in millions)			
2015	218,063	42,716	34,018	23,237	2,100	320,134
2014	207,405	49,032	32,720	25,279	2,737	317,173
2013	187,914	40,730	34,087	26,196	3,438	292,365

Although the DBS Group's deposit funding consists primarily of contractually short-term deposits, these deposits are mainly in statistically stable savings and current deposits, which account for 62% of the DBS Group's deposits as at 31 December 2015, and retail fixed deposits that are often rolled over at maturity. These provide the DBS Group with a stable source of long-term funds.

Interbank Funding

The DBS Group is a leading participant in domestic and foreign interbank markets and maintains money market lines with a large number of domestic and foreign banks. The DBS Group is a net provider of Singapore dollar interbank funds. As at 31 December 2015, the DBS Group had total interbank liabilities of S$18.3 billion (or 4% of total liabilities and shareholders' funds) and interbank assets of S$38.3 billion (or 8% of total assets). As at 31 December 2014, the DBS Group had total interbank liabilities of S$16.2 billion (or 4% of total liabilities and shareholders' funds) and interbank assets of S$42.3 billion (or 10% of total assets). As at 31 December 2013, the DBS Group had total interbank liabilities of S$13.6 billion (or 3% of total liabilities and shareholders' funds) and interbank assets of S$39.8 billion (or 10% of total assets).

GOVERNANCE AND MANAGEMENT

Governance framework

The DBS Group has a clearly defined governance framework that promotes transparency, fairness and accountability.

The Board of Directors believes that corporate governance principles should be embedded in the DBS Group's corporate culture. The DBS Group's corporate culture is anchored on (a) competent leadership, (b) effective internal controls and (c) a set of common values. Its internal controls cover financial, operational, compliance, technology controls, as well as risk management policies and systems.

The DBS Group works closely with its regulators to ensure that its internal governance standards meet their increasing expectations.

Board structure and processes

The Board members have a broad range of experience and deep industry expertise.

The tenure of the DBS Group's Directors demonstrates a good balance between continuity and fresh perspectives. The size and composition of the Board is appropriate given the current size and geographic footprint of the DBS Group's operations. The proportion of independent non-executive Directors on the Board (seven out of nine) is high.

The key features of the DBS Group's Board include:

(i) Separation of the role of Chairman and Chief Executive Officer;

(ii) Other than the CEO, none of the other Directors is a former or current employee of the DBS Group;

(iii) Chairpersons of the Board and all Board committees are independent Directors;

(iv) Remuneration of non-executive Directors (including the Chairman) does not include any variable component; and

(v) To stimulate fresh thinking, external experts are regularly invited to the annual Board strategy offsite and to conduct Directors' training sessions

The following table sets out the members of the Board of Directors of the DBS Group.

Name	Title
Mr. Peter Seah Lim Huat	Chairman
Mr. Piyush Gupta	Chief Executive Officer ("**CEO**")
Dr. Bart Joseph Broadman	Director
Ms. Euleen Goh Yiu Kiang	Director
Mr. Ho Tian Yee	Director
Mr. Nihal Vijaya Devadas Kaviratne CBE	Director
Mr. Andre Sekulic	Director
Mr. Danny Teoh Leong Kay	Director
Ms. Woo Foong Pheng (Mrs. Ow Foong Pheng)	Director

Peter Seah Lim Huat

Chairman

Mr. Seah, 69, joined the Board of Directors of DBSH and DBS Bank on 16 November 2009 and assumed the role of Chairman on 1 May 2010. He is Chairman of the Compensation and Management Development Committee, Executive Committee and Nominating Committee, as well as a member of the Audit Committee and Board Risk Management Committee. In addition, he is Chairman of DBS Bank (Hong Kong) Limited and chairs its Board Risk Management Committee. He is also a member of the Audit Committee of DBS Bank (Hong Kong) Limited.

Mr. Seah is the present Chairman of Singapore Health Services Pte Ltd and LaSalle College of the Arts Limited, and Deputy Chairman of Singapore Airlines Limited, STT Communications Ltd and Fullerton Financial Holdings Pte Ltd. Mr. Seah was a banker for 33 years before retiring as Vice Chairman and CEO of the former Overseas Union Bank in 2001.

He also serves on the boards of StarHub Ltd, GIC Private Limited, Level 3 Communications Inc and Asia Mobile Holdings Pte Ltd.

Piyush Gupta

Chief Executive Officer

Mr. Gupta, 56, was appointed CEO and to the Board of Directors of DBSH and DBS Bank on 9 November 2009. He is a member of the Executive Committee. In addition, he is the Vice Chairman of DBS Bank (Hong Kong) Limited as well as a member of its Board Risk Management Committee. He is also a Director of The Islamic Bank of Asia Limited.

Prior to joining the DBS Group, Mr. Gupta was Citigroup's CEO for Southeast Asia, Australia and New Zealand.

Mr. Gupta's external appointments include serving as the Deputy Chairman of SPRING Singapore, as a council member of the Asian Bureau of Finance and Economic Research, and on the boards of the Info Communications Development Authority of Singapore, the Institute of International Finance, Washington, The Institute of Banking and Finance, Dr. Goh Keng Swee Scholarship Fund and the MasterCard Asia/Pacific, Middle East and Africa Regional Advisory Board. He is also Chairman of Sim Kee Boon Institute for Financial Economics Advisory Board, the Vice Chairman of The Association of Banks in Singapore and a Managing Council member of Indian Business-leaders' Roundtable (under SINDA).

Bart Joseph Broadman

Director

Dr. Broadman, 54, was appointed to the Board of Directors of DBSH and DBS Bank on 17 December 2008. He is a member of the Board Risk Management Committee and Compensation and Management Development Committee.

Dr. Broadman is a co-founder and Director of Alphadyne Asset Management based in Singapore. Prior to forming Alphadyne, Dr. Broadman spent 14 years in Asia working for J.P. Morgan, where he held the post of Vice Chairman of Asia and Head of Markets (Credit, Rates and Equities) in Asia.

Dr. Broadman is a Director of Alphadyne (UK) Holdings Limited and Alphadyne Asset Management Pte Ltd and is a managing member of Alphadyne Asset Management, LLC and Alphadyne Capital, LLC. He is also a member of the Investment Committee of Nanyang Technological University.

Euleen Goh Yiu Kiang

Director

Ms. Goh, 60, was appointed to the Board of Directors of DBSH and DBS Bank on 1 December 2008. She chairs the Board Risk Management Committee and is a member of the Compensation and Management Development Committee, Executive Committee and Nominating Committee.

Ms. Goh is currently the Chairperson of the Board of Directors of DBS Foundation Ltd and Singapore Chinese Girls' School, and is the Chairperson of the Board of Governors of NorthLight School. She is a Director of CapitaLand Limited, SATS Ltd, Singapore Health Services Pte Ltd and the Royal Dutch Shell plc. She is also a member of the Board of Trustees of Temasek Trust, a Trustee of the Singapore Institute of International Affairs Endowment Fund and the Rector of Cinnamon College, National University of Singapore. She was previously the Chairperson of the Accounting Standards Council. Ms. Goh was CEO of Standard Chartered Bank, Singapore from 2001 to March 2006. She held various senior management positions in Standard Chartered Bank, retiring in March 2006 after 21 years.

Ho Tian Yee

Director

Mr. Ho, 63, was appointed to the Board of Directors of DBSH and DBS Bank on 29 April 2011. He is a member of the Board Risk Management Committee and Nominating Committee.

Mr. Ho has over 30 years' experience in managing and investing in global financial markets. As principal shareholder and Managing Director of Pacific Asset Management (S) Pte Ltd, he oversees the management of the company and assumes responsibilities for all investment decisions and risks.

Mr. Ho spent 19 years with Bankers Trust Company, Singapore where his last position was as General Manager and Regional Head of Southeast Asian operations. He was responsible for the Singapore branch operations and the strategic direction of the Bankers Trust global trading business in Asia.

Currently, Mr. Ho is the Chairman of Fullerton Fund Management Co. Ltd, and serves on the boards of AusNet Services Ltd, Singapore Power Ltd and Mount Alvernia Hospital. He is also an investment advisor to Blue Edge Advisors Pte. Ltd.

Nihal Vijaya Devadas Kaviratne CBE

Director

Mr. Kaviratne, 71, was appointed to the Board of Directors of DBSH and DBS Bank on 29 April 2011. He is a member of the Audit Committee and Board Risk Management Committee. Mr. Kaviratne had a 40-year career with the Unilever Group during which he held various senior level management positions until his retirement in March 2005.

Mr. Kaviratne is currently the Chairman of Akzo Nobel India Limited and Caraway Pte. Ltd., and is the President Commissioner of PT TVS Motor Company. He currently serves on the boards of DBS Foundation Ltd, SATS Ltd, StarHub Ltd, Olam International Limited, GlaxoSmithKline Pharmaceuticals Ltd in India and TVS Motor (Singapore) Pte Limited. He is also a member of the advisory board for Southeast Asia/Indonesia of Bain & Company SE Asia Inc. and a member of the UK Government's Department for International Development Private Sector Portfolio Advisory Committee for India.

Andre Sekulic

Director

Mr. Sekulic, 65, was appointed to the Board of Directors of DBSH and DBS Bank on 26 April 2012. He is a member of the Audit Committee and Compensation and Management Development Committee.

Mr. Sekulic is a business leader with 35 years of experience in banking and financial services in Asia/Pacific, Africa, the Middle East and the United States. He started his career as General Manager at Citicorp Inc. with regional responsibilities in Asia/Pacific, then as General Manager for Citibank in Australia where he participated in its consumer bank business.

From 1986 to 2009, Mr. Sekulic rose from Senior Vice President and General Manager of MasterCard Asia Pacific to President of MasterCard Asia Pacific, the Middle East and Africa, where he led the building of the brand across the region.

He is currently the Chairman of comGateway (S) Pte Ltd, a global internet shopping platform, and Optal Limited. He also serves on the boards of Hussar Pty Ltd, Insourcing International Pty Ltd Queenstar Pty Ltd and Royal Motor Yacht Club Broken Bay (NSW Australia).

Danny Teoh Leong Kay

Director

Mr. Teoh, 60, was appointed to the Board of Directors of DBSH and DBS Bank on 1 October 2010. He is Chairman of the Audit Committee, as well as a member of the Board Risk Management Committee and Nominating Committee. In addition, Mr. Teoh is a Director of DBS China and also chairs its Audit Committee and is a member of its Connected Transaction Control Committee.

Mr. Teoh spent 27 years in KPMG LLP, Singapore and was the Managing Partner of the firm from 2005 until he retired in September 2010. Mr. Teoh is a Chartered Accountant and an associate member of the Institute of Chartered Accountants in England and Wales.

Currently, he is the Chairman of CapitaLand Mall Trust Management Limited (the Manager of CapitaLand Mall Trust) and serves on the boards of DBS Foundation Ltd, Changi Airport Group (Singapore) Pte Ltd, JTC Corporation, Keppel Corporation Limited and Ascendas-Singbridge Pte Ltd.

Woo Foong Pheng (Mrs. Ow Foong Pheng)

Director

Mrs. Ow, 52, was appointed to the Board of Directors of DBSH and DBS Bank on 26 April 2012. She is a member of the Audit Committee and Nominating Committee.

Mrs. Ow is currently the Permanent Secretary of the Ministry of Trade and Industry and serves as a Director of Mapletree Greater China Commercial Trust Management Ltd (the Manager of Mapletree Greater China Commercial Trust). She started her career in the Administrative Service in the Ministry of Education and subsequently served in several ministries, including National Development, Finance and Defence. In 2001, Mrs. Ow became Deputy Secretary, Ministry of Home Affairs and in 2004, she became Deputy Secretary, Ministry of Manpower.

Board Responsibility

The Board is committed to helping the DBS Group achieve long-term success. The Board provides direction to management by setting the DBS Group's strategy and overseeing its implementation. It ensures risks and rewards are appropriately balanced. The Board bears ultimate responsibility for the DBS Group's governance, strategy, risk management and financial performance.

The Board's key areas of focus include:

(i) Reviewing the DBS Group's strategic and business plans.

(ii) Monitoring the responsibilities delegated to the Board committees to ensure proper and effective oversight and control of the DBS Group's activities.

(iii) Establishing a framework for risks to be assessed and managed.

(iv) Reviewing management performance.

(v) Determining the DBS Group's values and standards (including ethical standards) and ensuring that obligations to its stakeholders are understood and met.

(vi) Developing succession plans for the Board and the CEO.

(vii) Considering sustainability issues (including environmental and social factors) as part of the DBS Group's strategy.

Board Committees

To discharge its stewardship and fiduciary obligations more effectively, the Board has delegated authority to various Board committees to enable them to oversee certain specific responsibilities based on clearly defined terms of reference. Any change to the terms of reference for any Board committee requires Board approval.

The Board of Directors has established five Board committees to increase its effectiveness. The Board committees have been constituted in accordance with the Banking (Corporate Governance) Regulations 2005, of Singapore (the "**Banking (CG) Regulations**"). The terms of reference for each Board committee stipulate the responsibilities of the committee, conduct of meetings including quorum and voting requirements, as well as the qualifications for Board committee membership. Each Board committee has direct access to management and has full discretion to invite any Director or executive to attend its meetings. Each Board committee also has the power to hire independent advisers as it deems necessary.

Nominating Committee

The Nominating Committee (the "**NC**") is chaired by Mr. Peter Seah (Chairman) and comprises Ms. Euleen Goh, Mr. Ho Tian Yee, Mrs. Ow Foong Pheng and Mr. Danny Teoh. In accordance with the requirements of the Guidelines and the Banking (CG) Regulations, a majority (four out of five members of the NC including the NC Chairperson) are independent Directors. All NC members are non-executive Directors, and are subject to an annual assessment of their independence as prescribed by the Guidelines and the Banking (CG) Regulations. This assessment takes into account the NC members'

business relationships with the DBS Group, relationships with members of management, relationships with the DBSH's substantial shareholder as well as the NC members' length of service.

The NC's responsibilities include:

(i) Regularly reviewing the composition of the Board and Board committees.

(ii) Identifying, reviewing and recommending Board appointments for approval by the Board, taking into account the experience, expertise, knowledge and skills of the candidate and the needs of the Board.

(iii) Conducting an evaluation of the performance of the Board, the Board committees and the Directors on an annual basis.

(iv) Determining the independence of proposed and existing Directors, and assessing if each proposed and/or existing Director is a fit and proper person and is qualified for the office of Director.

(v) Exercising oversight of the induction programme and continuous development programme for Board members.

(vi) Reviewing and recommending to the Board the re-appointment of any non-executive Director having regard to their performance, commitment and ability to contribute to the Board as well as his or her skill-set.

(vii) Making an annual assessment of whether each Director has sufficient time to discharge his or her responsibilities, taking into consideration multiple board representations and other principal commitments.

(viii) Reviewing the Board's succession plans for Directors, in particular, the Chairman and the CEO.

(ix) Reviewing key staff appointments including the Chief Financial Officer and CRO.

Board Executive Committee

The Board Executive Committee (the "**Exco**") is chaired by Mr. Peter Seah and comprises Ms. Euleen Goh and Mr. Piyush Gupta. In accordance with the requirements of the Guidelines and the Banking (CG) Regulations, a majority (two out of three members of the Exco including the Exco Chairperson) are independent Directors.

The Exco's responsibilities include:

(i) Reviewing and providing recommendations on matters that would require Board approval, including:

  (a) strategic matters such as country and business strategies;

  (b) business plans, annual budget, capital structure and dividend policy;

  (c) strategic investments or divestments;

  (d) delegation of authority stipulated by the Group Approving Authority (GAA); and

  (e) weak credit cases.

(ii) Approving certain matters specifically delegated by the Board such as non-strategic investments and divestments, credit transactions, investments, capital expenditure and expenses that exceed the limits that can be authorised by the CEO.

Audit Committee

The Audit Committee (the "**AC**") is chaired by Mr. Danny Teoh and comprises Mr. Nihal Kaviratne, Mr. Peter Seah, Mrs. Ow Foong Pheng and Mr. Andre Sekulic. In accordance with the requirements of the Guidelines and the Banking (CG) Regulations, a majority (four out of five members of the AC including the AC Chairperson) are independent Directors. Mr. Teoh possesses an accounting qualification and was the managing partner of KPMG, Singapore. All members of the AC are non-executive Directors, and have recent and relevant accounting or related financial management expertise or experience.

The AC's responsibilities in relation to financial reporting include:

(i) Monitoring the financial reporting process and ensuring the integrity of the DBS Group's consolidated financial statements.

(ii) Reviewing the DBS Group's consolidated financial statements and any announcements relating to the DBS Group's financial performance prior to submission to the Board.

(iii) Reviewing the significant financial reporting issues and judgments so as to ensure the integrity of the consolidated financial statements of the DBS Group.

(iv) Ensuring that the consolidated financial statements of the DBS Group are prepared in accordance with Singapore Financial Reporting Standards.

The AC's responsibilities in relation to internal controls include:

(i) Reviewing the adequacy and effectiveness of internal controls, such as financial, operational, compliance and information technology controls, as well as accounting policies and systems.

(ii) Reviewing the policy and arrangements by which staff of the DBS Group and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters and to ensure that arrangements are also in place for such concerns to be raised and independently investigated and for appropriate follow up action to be taken.

(iii) Approving changes to the DBS Group Disclosure Policy.

The AC's responsibilities in relation to the internal audit function ("**Group Audit**") include:

(i) Reviewing the adequacy and effectiveness of the DBS Group's internal audit function and processes, as well as ensuring that Group Audit is adequately resourced and set up to carry out its functions, including approving its budget.

(ii) Overseeing Group Audit.

(iii) Reviewing Group Audit's plans, the scope and results of audits, and effectiveness of the Group Audit.

(iv) Approving the hiring, removal, resignation, evaluation and compensation of the Head of Group Audit.

The AC's responsibilities in relation to the external auditor include:

(i) Determining the criteria for selecting, monitoring and assessing the external auditor. Making recommendations to the Board on the proposals to shareholders on the appointment, re-appointment and removal of the external auditor of the DBS Group and approving the remuneration and terms of engagement of the external auditor.

(ii) Reviewing the scope and results of the external audits and the independence and objectivity of the external auditor, and ensuring that the external auditor promptly communicates to the AC any

information regarding internal control weaknesses or deficiencies, and that significant findings and observations regarding weaknesses are promptly rectified.

(iii) Reviewing the assistance given by management to the external auditor.

The AC's responsibilities in relation to the related party transactions include:

(i) Reviewing all material related party transactions (including interested person transactions) and keeping the Board informed of such transactions, and the findings and conclusions from its review.

Board Risk Management Committee

The BRMC is chaired by Ms. Euleen Goh and comprises Dr. Bart Broadman, Mr. Ho Tian Yee, Mr. Nihal Kaviratne, Mr. Peter Seah and Mr. Danny Teoh. All BRMC members (including the BRMC Chairperson) are independent Directors. The number of independent Directors exceeds the requirements of the Guidelines and the Banking (CG) Regulations. All BRMC members are appropriately qualified to discharge their responsibilities, and have the relevant technical financial expertise in risk disciplines or businesses.

The BRMC's responsibilities include:

(i) Guiding the development of and recommending for Board approval the risk appetite for various types of risk and exercising oversight on how this is operationalised into individual risk appetite limits.

(ii) Monitoring risk exposures and profile against risk limits and risk strategy in accordance with approved risk appetite and/or guidelines.

(iii) Reviewing the risk dashboard to keep track of major risk positions and risk developments.

(iv) Monitoring the quarterly portfolio reviews of total exposures as well as large exposures and asset quality.

(v) Discussing large risk events and subsequent remedial action plans.

(vi) Monitoring market developments, such as macro-economic, credit, industry, country risk and stress tests related to these developments.

(vii) Approving the DBS Group's overall and specific risk governance frameworks.

(viii) Having direct oversight of the Chief Risk Officer

(ix) Reviewing (in parallel with the AC) the adequacy and effectiveness of the DBS Group's internal control framework.

(x) Approving risk models which are used for capital computation and monitoring the performance of previously approved models.

(xi) Overseeing an independent group-wide risk management system and adequacy of resources to monitor risks.

(xii) Exercising oversight of the ICAAP including approval of stress scenarios and commensurate results for capital, risk-weighted assets, profit and loss and liquidity.

(xiii) Approving the Business Continuity Management attestation and Group-wide recovery plan.

Compensation and Management Development Committee

The Compensation and Management Development Committee (the "**CMDC**") is chaired by Mr. Peter Seah and comprises Dr. Bart Broadman, Ms. Euleen Goh and Mr. Andre Sekulic. All CMDC members

(including the CMDC Chairperson) are independent Directors. The number of independent Directors exceeds the requirements of the Guidelines and the Banking (CG) Regulations. The CMDC has direct access to senior management and works closely with the BRMC and the AC when performing its role. Dr. Bart Broadman, Ms. Euleen Goh and Mr. Peter Seah are also members of the BRMC while Mr. Peter Seah and Mr. Andre Sekulic are members of the AC. As a result of their membership in other Board committees, the members of the CMDC are able to make strategic remuneration decisions in an informed and holistic manner.

The CMDC's responsibilities include:

(i) Overseeing the governance of the DBS Group's remuneration policy (including design, implementation and ongoing review) and the annual bonus pool (Board endorsement also required) in accordance with the corporate governance practices as stipulated under the Guidelines and the Banking (CG) Regulations.

(ii) Overseeing the remuneration of senior executives including reviewing and approving the remuneration of the Executive Director/CEO.

(iii) Overseeing the DBS Group's principles and framework of compensation to ensure their alignment with prudent risk-taking principles (deferral mechanism is adequate as a risk management process) in order to build a sustainable business in the long term.

(iv) Ensuring alignment between reward and the Group Talent Management initiatives with particular focus on attraction and retention of talent including current and future leaders of the DBS Group.

(v) Overseeing management development and succession planning for management.

(vi) Overseeing plans to deepen core competencies, bench strength and leadership capabilities of management.

(vii) Overseeing talent development and talent pipeline.

Management

The Group Executive Committee together with the Group Management Committee is responsible for setting the strategy and direction of the DBS Group, driving business performance and achieving organisational synergies and thereafter facilitating the execution of these decisions to deliver on planned outcomes and results. The Group Management Committee is also responsible for protecting and enhancing the DBS Group's brand and corporate reputation. Other committees include, (i) the Risk Executive Committee, (ii) the Group Credit Risk Committee, (iii) the Group Market and Liquidity Risk Committee, (iv) the Group Operational Risk Committee and (v) the Group Asset Liability Committee and (vi) the Group Capital and Balance Sheet Committee, among others.

Each committee comprises senior managers from across the DBS Group's business and functional units. Meeting frequencies range from weekly to quarterly for these committees.

Group Executive Committee and Group Management Committee of the DBS Group

The following table sets forth the senior management who are members of the Group Executive Committee and Group Management Committee of the DBS Group.

Name	Responsibility
Mr. Piyush Gupta[1]	Chief Executive Officer
Mrs. Chng Sok Hui[1]	Finance
Ms. Jeanette Wong[1]	Institutional Banking
Ms. Tan Su Shan[1]	Consumer Banking /Wealth Management
Mr. Andrew Ng[1]	Treasury & Markets
Mr. Elbert Pattijn[1]	Risk Management
Mr. David Gledhill[1]	Technology & Operations
Mr. Sim S. Lim[1]	Singapore
Mr. Sebastian Paredes[1]	Hong Kong
Ms. Eng-Kwok Seat Moey	Capital Markets
Mr. Jerry Chen	Taiwan
Mr. Jimmy Ng	Audit
Ms. Karen Ngui	Strategic Marketing and Communications
Mr. Lam Chee Kin	Legal, Compliance and Secretariat
Ms. Lee Yan Hong	Human Resources
Mr. Neil Ge	China
Mr. Paulus Sutisna	Indonesia
Mr. Surojit Shome	India

Notes:

(1) Members of the Group Executive Committee.

Mr. Piyush Gupta

Mr. Gupta is Chief Executive Officer ("**CEO**") and Director of the DBS Group, as well as Director of DBS Bank (Hong Kong) and The Islamic Bank of Asia. Prior to joining the DBS Group, he was Citigroup's Chief Executive Officer for Southeast Asia, Australia and New Zealand. His external appointments include serving as the Deputy Chairman of SPRING Singapore and on the boards of Infocomm Development Authority of Singapore, the Institute of International Finance, Washington, The Institute of Banking and Finance, Dr. Goh Keng Swee Scholarship Fund, and the MasterCard Asia-Pacific, Middle East and Africa Regional Advisory Board. He is also the Chairman of Sim Kee Boon Institute for Financial Economics Advisory Board, and a council member of the Asian Bureau of Finance and Economic Research.

Mrs. Chng Sok Hui

Mrs. Chng is the Chief Financial Officer ("**CFO**") of the DBS Group. Prior to this appointment in October 2008, she was the Group Head of Risk Management for six years. She is the Supervisor of the Board of DBS Bank (China) Limited and a board member of the Inland Revenue Authority of Singapore and Singapore Exchange Limited. She also serves on the Industry Advisory Board of the NUS Centre for Future Ready Graduates and the International Integrated Reporting Council. Mrs. Chng was named Best CFO at the Singapore Corporate Awards 2013. In 2014, she was awarded Accountant of the Year at the inaugural Singapore Accountancy Awards.

Ms. Jeanette Wong

A seasoned banker with over 30 years of experience, Ms. Wong oversees the DBS Group's institutional banking business, which includes corporate banking and global transaction services. She was the CFO of DBS Bank between 2003 and 2008. Prior to this, Ms. Wong was at JP Morgan for 16 years, responsible for regional businesses in FX, fixed income and emerging markets. Ms. Wong is a Director of DBS Bank (China) Limited and Chairperson of DBS Bank (Taiwan) Ltd. She is a member of the advisory boards of NUS Business School Management and the University of Chicago Booth School of Business. She also sits on the boards of Neptune Orient Lines and Singapore International Arbitration Centre, and is a member of the Securities Industry Council.

Ms. Tan Su Shan

Ms. Tan is responsible for growing the DBS Group's regional wealth management and consumer banking business. Prior to joining the DBS Group in 2010, she was Morgan Stanley's Head of Private Wealth Management for Southeast Asia. She has also worked at Citi Private Bank, responsible for Singapore, Malaysia and Brunei. In October 2014, Ms. Tan became the first Singaporean to be recognised as the world's "Best Leader in Private Banking" by PWM and The Banker, leading wealth publications by the Financial Times Group.

Mr. Andrew Ng

Mr. Ng joined the DBS Group in 2000 and has over 30 years of experience in the treasury business. Prior to joining the DBS Group, he was Executive Director at Canadian Imperial Bank of Commerce ("CIBC") from 1995 to 1999. He set up CIBC's trading platform and derivative capabilities on Asian currencies. Between 1986 and 1995, Mr. Ng was Head of North Asia Trading and Treasurer of Chase Manhattan Bank in Taipei. He is currently President of ACI Singapore – The Financial Markets Association.

Mr. Elbert Pattijn

Mr. Pattijn joined the DBS Group in 2007 as Head of Specialised Corporate and Investment Banking, responsible for the DBS Group's corporate and investment banking activities in the region. He was appointed Chief Risk Officer in 2008. Prior to this, he was Head of Debt Products Origination, Asia for ING Bank, where he was in charge of overseeing the Debt Capital Markets, Securitisation and Syndicated Lending product groups. Previously, Mr. Pattijn held progressively senior positions at Barclays Bank, ABN Amro and ING Group. A Dutch national, Mr. Pattijn holds a Master of Law from the University of Leiden in The Netherlands.

Mr. David Gledhill

Mr. Gledhill brings with him over 25 years of experience in the financial services industry and has spent over 20 years in Asia. Prior to joining the DBS Group in 2008, he held progressively senior positions with regional responsibilities in JP Morgan. Mr. Gledhill is a Director of Singapore Clearing House Pte Ltd and an advisor to IBM, Singapore Management University School of Information Systems and National University of Singapore School of Computing.

Mr. Sim S. Lim

Mr. Lim is the first DBS country head with dedicated oversight for Singapore. He is responsible for helping the bank to deliver greater synergy and value across the Singapore franchise. He is also the Chairman of DBS Vickers Securities Holdings Pte Ltd. He spent the bulk of his 32-year banking career in Asia, where he assumed a wide variety of roles. Prior to joining the DBS Group, Mr. Lim was the President and CEO of Citigroup Global Markets Japan Inc. He is Chairman of Singapore Land Authority. He sits on the Board of Nikko Asset Management Co., Ltd in Japan, ST Engineering and ST Aerospace Ltd. He also serves on the Board of Governors for Nanyang Polytechnic.

Mr. Sebastian Paredes

Mr. Paredes is the Chief Executive Officer of DBS Bank (Hong Kong) Limited. and also Chairman of the Board Risk Management Committee and Non-Executive Director of DBS Bank (China) Limited. An Ecuadorian citizen and a banker for over 25 years, Mr. Paredes has a strong track record in building franchises across multiple markets. Prior to joining the DBS Group, Mr. Paredes was President Director of P.T. Bank Danamon, Indonesia, from 2005 to 2010. Prior to that, he spent 20 years at Citigroup, as Country Head of Ecuador, Honduras, Turkey and Israel and CEO of Sub-Saharan Africa.

Ms. Eng-Kwok Seat Moey

Ms. Eng-Kwok has been with the DBS Group for over 20 years. As Head of Capital Markets, she oversees and supervises several teams which are regionally responsible for advisory and capital markets, including structuring and executing equity fund raising activities for companies, REITs and Business Trusts. Under her leadership, the DBS Group is a market leader in Singapore and Asia ex-Japan. DBS Bank also launched Singapore's first REIT and Business Trust.

Mr. Jerry Chen

Mr. Chen is the country head of the DBS Group's operations in Taiwan. Prior to joining the DBS Group in 2008, he was the President of Ta Chong Bank for four years, during which he significantly improved the bank's asset quality to attract foreign investments. Mr. Chen has extensive experience in corporate banking, consumer banking and treasury businesses, and spent over 25 years in Citibank Taiwan.

Mr. Jimmy Ng

Mr. Ng is the Head of Audit, responsible for providing assurance to the Board, senior management and regulators on the adequacy and effectiveness of the DBS Group's risk and control governance processes. He plays a key role integrating the three lines of defence, through the innovative use of technology in strengthening the bank's control environment, risk management and governance process.

Mr. Ng has over 20 years of banking experience in leadership roles across various functions, including technology and operations, risk management, product control and audit. Prior to the DBS Group, his career spanned the globe in multinational corporations such as Morgan Guaranty Trust Company of New York, ABN Amro Bank and Royal Bank of Scotland, across Asia and Europe, including London and Amsterdam.

Ms. Karen Ngui

Ms. Ngui is responsible for corporate communications, brand management, strategic marketing and corporate social responsibility. She has over 25 years of experience in corporate branding, marketing and communications for financial institutions. Prior to joining the DBS Group, she was the Global Head of Brand Management and Strategic Marketing for Standard Chartered Bank. She is also a board member of the DBS Foundation and a governor of the Singapore International Foundation.

Mr. Lam Chee Kin

Mr. Lam is the Head of Compliance, Legal & Secretariat and has more than 20 years of experience in financial services regulation. Prior to joining the DBS Group, he held various roles in Standard Chartered Bank, JP Morgan Chase, Rajah & Tann Singapore LLP and Allen & Gledhill LLP. Mr. Lam also serves on the Disciplinary Committee of SGX, the Advisory Panel to the NUS Centre for Banking and Finance Law, and the Data Protection Advisory Committee of Singapore.

Ms. Lee Yan Hong

With more than 25 years of human resources experience in a diverse range of industries, Ms. Lee is responsible for driving the strategic people agenda of the DBS Group. Prior to joining the DBS Group in 2011, she was Citigroup's Managing Director of Human Resources, Singapore. She also worked at General Motors and Hewlett Packard previously.

Mr. Neil Ge

Mr. Ge is the country head of the DBS Group's operations in China. A seasoned banker, he has over 20 years of international experience spanning Beijing, Shanghai, Hong Kong, Tokyo and New York. Formerly Managing Director at Credit Suisse's Shanghai office, Mr. Ge played an instrumental role in building up the joint venture between Credit Suisse and Founder Securities.

Mr. Paulus Sutisna

Mr. Sutisna is President Director of P.T. Bank DBS Indonesia and responsible for driving business growth in Indonesia. Prior to that, he was HSBC Indonesia's head of client management for global banking and co-head of cash management. Mr. Sutisna also spent 23 years in various functions in Citibank, including the role of head of the multinational franchise in Indonesia.

Mr. Surojit Shome

Mr. Shome is the country head of the DBS Group's operations in India. He joined the DBS Group in April 2015. Mr. Shome has 30 years of banking experience across capital markets, commercial, investment and consumer banking since graduating from Xavier School of Management (XLRI) Jamshedpur in 1986. Before he joined the DBS Group, Mr. Shome was the CEO of Rabobank in India. Prior to that, he spent several years at Citibank before moving to Lehman Brothers and later to Nomura Securities.

Remuneration

DBS Group's remuneration policy, which is applicable to DBS Bank and all its subsidiaries and overseas offices, seeks to ensure that the DBS Group is able to attract, motivate and retain employees to deliver long-term shareholder returns, taking into consideration risk management principles and standards set out by the Financial Stability Board and the Code of Corporate Governance 2012.

When formulating the remuneration strategy, consideration was given to align the DBS Group's remuneration approach with "DBS PRIDE!" values in order to drive desired behaviours and achieve the objectives set out in the balanced scorecard.

The following shows the three main thrusts of the DBS Group's remuneration strategy and how they are implemented within the DBS Group:

Main thrusts	How
Pay for performance measured against the balanced scorecard	• Instill and drive a pay-for-performance culture • Ensure close linkage between total compensation and the DBS Group's annual and long-term business objectives as measured through the balanced scorecard • Calibrate mix of fixed and variable pay to drive sustainable performance and alignment to DBS PRIDE! values, taking into account both the "what" and "how" of achieving KPIs
Provide market competitive pay	• Benchmark DBS Group's total compensation against other organisations of similar size and standing in the markets it operates in • Drive performance differentiation by benchmarking total compensation for top performing employees against the upper quartile or higher in each market
Guard against excessive risk-taking	• Focus on achieving risk-adjusted returns that are consistent with the DBS Group's prudent risk and capital management, as well as

	emphasis on long-term sustainable outcomes • Design payout structure to align incentive payments with the long-term performance of the DBS Group through deferral and clawback arrangements

Summary of current total compensation elements

An employee's total compensation is made up of the following elements:

The table below provides a breakdown of total compensation elements, their purpose and link to the DBS Group's compensation strategy, and the policy governing their execution.

Elements	What	Why and linkages to strategy	How
Fixed pay	Salary	• Attract and retain talent by ensuring the DBS Group's fixed pay is competitive vis-a-vis comparable institutions	• Set at an appropriate level taking into account market dynamics, skills, experience, responsibilities, competencies and performance of the employee • Paid in cash monthly • Typically reviewed annually
Variable pay	Cash bonus & long-term incentive	• Provide a portion of total compensation that is performance-linked • Focus employees on the achievement of objectives which are aligned to value creation for DBS Group's shareholders and multiple stakeholders • Align to time horizon of risk	• Based on overall group, business or support unit and individual performance • Measured against a balanced scorecard which is agreed to at the start of the year • Awards in excess of a certain threshold are subject to a tiered deferral rate that ranges from 20% to 60% • Deferred remuneration is paid in restricted shares and comprises two elements: the main award and the retention award (constituting 20% of the shares given in the main award and designed to retain talent and compensate staff for the time value of deferral) • Deferred awards vest over four

			years • Unvested deferred share awards are subject to clawback

Remuneration of Non-executive Directors

The Board of Directors of DBS Bank and DBSH are comprised of the same persons. The non-executive Directors receive fees for acting as directors of DBSH; no additional fees are payable to the Directors for acting as directors of DBS Bank.

The remuneration of non-executive Directors, including the Chairman, has been benchmarked against global and local financial institutions. Non-executive Directors will receive 70% of their fees in cash and the remaining 30% in share awards. The share awards are not subject to a vesting period, but are subject to a selling moratorium whereby each non-executive Director is required to hold the equivalent of one year's basic retainer fees for his or her tenure as a Director and for one year after the date he or she steps down. The fair value of share grants to the non-executive Directors shall be based on the volume-weighted average price of the ordinary shares of DBSH over the 10 trading days immediately following the Annual General Meeting. The actual number of ordinary shares to be awarded will be rounded down to the nearest share, and any residual balance will be paid in cash. Other than these share awards, the non-executive Directors did not receive and are not entitled to receive any other share incentives or securities pursuant to any of the DBS Group's share plans during the financial year.

There is no change to the annual fee structure for the Board for 2015 from the fee structure in 2014. As per previous years, remuneration of non-executive Directors does not include any variable component. The table below sets out the proposed annual fee structure for the non-executive Directors for 2015. Shareholders are entitled to vote on the remuneration of non-executive Directors at the Annual General Meeting of DBSH scheduled to be held on 28 April 2016 ("**2016 AGM**").

Name of Director	Salary Remuneration	Cash Bonus[1]	Share Plan	Directors' Fees[2]	Share-based Remuneration[3]	Others[4]	Total
				(S$)			
Peter Seah Lim Huat....	—	—	—	1,272,600	545,400	52,263	1,870,263
Bart Joseph Broadman.	—	—	—	153,300	65,700	—	219,000
Euleen Goh Yiu Kiang..	—	—	—	252,350	108,150	5,778	366,278
Ho Tian Yee.....	—	—	—	145,950	62,550	—	208,500
Nihal Vijaya Devadas Kaviratne CBE.....	—	—	—	175,350	75,150	—	250,500
Andre Sekulic	—	—	—	185,500	79,500	—	265,000
Danny Teoh Leong Kay.....	—	—	—	206,850	88,650	—	295,500
Woo Foong Pheng (Mrs. Ow Foong Pheng)[5]	—	—	—	213,500	—	—	213,500

Notes:

(1) The amount has been accrued in the financial statements for the year ended 31 December 2015.

(2) Fees payable in cash, in 2016, for being a director in 2015. This is 70% of each Director's total remuneration and is subject to shareholder approval at the 2016 AGM.

(3) This is 30% of each Director's total remuneration and shall be granted in the form of DBSH ordinary shares. The actual number of the ordinary shares to be awarded will be rounded down to the nearest share, and any residual balance will be paid in cash. This is subject to shareholder approval at the 2016 AGM.

(4) Represents non-cash component and comprises (i) car and driver for Mr. Peter Seah; (ii) carpark charges for Ms. Euleen Goh.

(5) Director's remuneration payable to Mrs. Ow Foong Pheng will be fully paid in cash to a government agency, the Directorship & Consultancy Appointments Council.

Note:

* Directors are also paid attendance fees for Board and Board Committee meetings, as well as for attending the AGM and the annual Board offsite.

In 2015, there was one employee of DBS Bank, Ms. Lesley Teoh, who is an immediate family member (daughter) of a Director, Mr. Danny Teoh. Ms. Lesley Teoh's remuneration for 2015 falls within the band of $50,000 to $100,000. Mr. Teoh is not involved in the determination of his family member's remuneration. Apart from Ms. Lesley Teoh, none of the DBS Group's employees was an immediate family member of a Director in 2015.

Remuneration of Executive Director

Mr. Piyush Gupta has led the DBS Group since November 2009. During his tenure, the DBS Group has grown and is today firmly entrenched as a leading Asian bank and the largest bank in Southeast Asia. The DBS Group's 2015 earnings have more than doubled to S$4.45 billion from 2010. Income in 2015 grew by 12% to S$10.8 billion as compared to 2014, crossing the S$10 billion mark for the first time. Net interest margin was at a multi-year high, while fee income grew 6% from a year ago. Return on equity rose to 11.2% from 10.9%.

This has been made possible through focused execution against a clearly-defined strategic roadmap and, as a result, the DBS Group has built a broad-based and sustainable regional franchise with multiple business engines. The DBS Group's solid performance is also underpinned by strong financial discipline and risk management. Well-defined management processes allow for focused and disciplined execution of priorities across all businesses and countries.

The DBS Group also continued to make headway in creating a differentiated culture around embracing digitalisation, in order to make banking simpler and more seamless for customers. The DBS Group is also increasingly lauded for its innovation efforts and improved customer satisfaction. In 2015, the DBS Group's employees were encouraged to embrace a digital mind-set through experiential learning and experimentation through programmes such as DBS Hackathons, where they work with start-ups to develop solutions to business challenges.

On the employee front, the DBS Group's workforce remains one of the most engaged. In 2015, the DBS Group achieved an employee engagement score of 79%, higher than the APAC FSI (Financial Services Industry) score. As a result, the DBS Group's employee turnover is among the lowest in the markets it operates in as people choose to grow with the DBS Group. With the establishment of the DBS Foundation, the DBS Group also supports social enterprises, and gives back to the community.

On the back of these achievements, the CMDC with the Board's endorsement has decided on the remuneration for Mr. Piyush Gupta taking into account the DBS Group's strong and sustained performance despite slower global growth and significant market volatility. This is further considered taking into account the competitiveness of Mr. Piyush Gupta's compensation package and the DBS Group's commitment to creating long-term value for all of its stakeholders, while delivering risk-adjusted returns which contribute towards sustainable shareholder value creation.

Breakdown of remuneration for performance year 2015 (1 January – 31 December)

	Salary remuneration (S$)	**Cash bonus [1] (S$)**	**Share Plan [3] (S$)**	**Others [2] (S$)**	**Total [4] (S$)**
Mr. Piyush Gupta	1,200,000	4,117,000	5,563,000	55,439	10,935,439

(1) The amount has been accrued in 2015 financial statements
(2) Represents non-cash component and comprises club, car and driver
(3) At DBS Group , dividends on unvested shares do not accrue to employees. For better comparability with other listed companies, this figure excludes the estimated value of retention shares amounting to SGD 1,112,600, which serve as a retention tool and compensate staff for the time value of deferral. This is also similar in nature to practices in those companies which provide accrual of dividends for deferred awards
(4) Refers to current year performance remuneration – includes fixed pay in current year, cash bonus received in following year and DBSH ordinary shares granted in following year

Key executives' remuneration

Although the Code of Corporate Governance 2012 and the Guidelines recommend that at least the top five key executives' remuneration be disclosed within bands of S$250,000 and in aggregate, the Board believes that such disclosure would be disadvantageous to the DBS Group's business interests, given the highly competitive conditions in the banking industry where poaching of executives is commonplace. Nevertheless, the aggregate total remuneration for the DBS Group's Senior Management (excluding the CEO) in 2015 amounted to S$55.9 million.

PRINCIPAL SHAREHOLDERS OF DBSH

The following table shows the shareholders of DBSH owning, in aggregate, more than 70% of the outstanding ordinary shares of DBSH, as shown on its share register as at 31 December 2015.

Name of Shareholder	Shares Held	Shares
Citibank Nominees Singapore Pte Ltd	476,228,439	19.04%
Maju Holdings Pte. Ltd.[1]	458,899,869	18.34%
DBS Nominees Pte Ltd	393,589,970	15.73%
Temasek Holdings (Private) Limited[2]	284,145,301	11.36%
DBSN Services Pte Ltd	196,235,002	7.84%

Notes:

(1) Wholly-owned subsidiary of Temasek Holdings (Private) Limited.

(2) Wholly-owned company of the Singapore government through the Minister for Finance.

Based on the interests of substantial shareholders as recorded in the Register of Substantial Shareholders as at 31 December 2015, Temasek Holdings (Private) Limited has a direct and deemed interest in approximately 30% of the ordinary shares of DBSH.

REGULATION AND SUPERVISION

Regulation and Supervision in Singapore

Introduction

Singapore licensed banks come within the ambit of the Banking Act and the MAS, as the administrator of the Banking Act, supervises and regulates the banks and their operations. In addition to provisions in the Banking Act and the subsidiary legislation issued thereunder, banks have to comply with notices, circulars and guidelines issued by the MAS from time to time.

A licensed bank's operations may include the provision of capital markets services and financial advisory services. A bank licensed under the Banking Act is exempt from holding a capital markets services license under the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**") and from holding a financial adviser's license under the Financial Advisers Act, Chapter 110 of Singapore (the "**FAA**"). However, the bank will nonetheless have to comply with the SFA and the FAA and the subsidiary legislation issued thereunder, as well as notices, circulars, guidelines, practice notes and codes issued by the MAS from time to time, as may be applicable to it in respect of these regulated activities, and its conduct of any other activities that fall within the ambit of the SFA and FAA.

The holding company of a Singapore licensed bank could also be subject to regulation if required to be approved as a financial holding company under Section 28 of the Monetary Authority of Singapore Act, Chapter 186 of Singapore (the "**MAS Act**"). The requirements pertaining to financial holding companies will be enhanced when the Financial Holding Companies Act 2013 ("**FHC Act**") becomes effective. The FHC Act was gazetted in Parliament on 8 April 2014. The FHC Act was introduced to establish the regulatory framework for designated Singapore incorporated financial holding companies with one or more Singapore-incorporated bank or insurance subsidiaries. The salient provisions in the FHC Act relate to:

(a) a requirement to provide the MAS with information requested by the MAS for supervision purposes;

(b) restrictions on the use of the name, logo and trademark of a designated financial holding company;

(c) restrictions on the activities of a designated financial holding company;

(d) restrictions on the shareholding and control of a designated financial holding company;

(e) limits on exposures and investments;

(f) minimum asset requirements;

(g) minimum capital and capital adequacy requirements;

(h) leverage ratio requirements;

(i) supervision and reporting requirements; and

(j) approval requirements for the appointment of directors and chief executives.

Some of these requirements remain to be specified in subsidiary legislation or notices to be issued by the MAS, for instance, minimum liquid assets, capital adequacy and leverage ratio.

The FHC Act provides for transition periods for designated financial holding companies to comply with various provisions in the specific provisions and a general power for the Minister for Finance to prescribe

by regulations, for a period of two years from the commencement of operation of any provision, transitional provisions consequent on the enactment of that provision.

The Monetary Authority of Singapore

The MAS is banker and financial agent to the Singapore government and is the central bank of Singapore. Following its merger with the Board of Commissioners of Currency, Singapore on 1 October 2002, the MAS has also assumed the functions of currency issuance. The MAS' functions include: (a) to act as the central bank of Singapore, including the conduct of monetary policy, the issuance of currency, the oversight of payment systems and serving as banker to and financial agent of the Singapore government; (b) to conduct integrated supervision of financial services and financial stability surveillance; (c) to manage the official foreign reserves of Singapore; and (d) to develop Singapore as an international financial centre.

The Regulatory Environment

Financial Holding Company

DBSH is approved as a financial holding company under Section 28 of the MAS Act and is subject to requirements imposed by the MAS. The FHC Act will be applicable to DBSH when it comes into operation.

Capital Adequacy Ratios

In 2007, the MAS approved DBS Bank's application to adopt the Basel II Internal Ratings-Based Approach ("IRBA"), with effect from 1 January 2008, for computing part of its regulatory capital requirements.

In December 2010, the Basel Committee published Basel III, which presents the details of global regulatory standards on bank capital adequacy and liquidity, aimed at strengthening global capital standards and promoting a more resilient banking sector.

Basel III sets out higher capital standards for banks, and introduced two global liquidity standards: the "Liquidity Coverage Ratio", intended to promote resilience to potential liquidity disruptions over a 30-day horizon and the "Net Stable Funding Ratio", which requires a minimum amount of stable sources of funding at banks relative to the liquidity profiles of their assets and potential for contingent liquidity needs arising from off-balance sheet commitments over a one-year horizon. In January 2011, the Basel Committee published requirements for all classes of capital instruments issued on or after 1 January 2013 to be loss absorbing at the point of non-viability.

The DBS Group is required to comply with MAS Notice 637 which implements Basel III capital standards for Singapore-incorporated banks and sets out the current requirements relating to the minimum CARs for Singapore-incorporated banks and the methodology such banks shall use for calculating these ratios. MAS Notice 637 also sets out the expectations of the MAS in respect of the internal capital adequacy assessment process of Singapore-incorporated banks under the supervisory review process, as well as the minimum disclosure requirements for Singapore-incorporated banks in relation to its capital adequacy. MAS Notice 637 was amended on 31 December 2013 to, among other things, incorporate disclosure and submission requirements for assessing global systemically important banks and requirements to ensure loss absorbency at the point of non-viability. It was amended again with effect from 1 January 2015 to implement the Basel III leverage ratio disclosure requirements. Leverage ratio supervisory reporting requirements took effect from 31 December 2015.

On 9 October 2015, the MAS issued a consultation paper on Proposed Amendments to MAS Notice 637 to Implement Revisions to the Basel III Capital Framework. This consultation paper sets out proposed amendments to MAS Notice 637 to implement requirements for Singapore-incorporated banks that are consistent with the final standards issued by the Basel Committee. The proposed amendments relate to

enhancement of the risk capture of banks' equity exposures and counterparty credit risk exposures, revised Pillar 3 disclosure requirements and technical revisions to clarify the regulatory capital treatment for investments in unconsolidated entities.

On 31 December 2015, the MAS issued an amendment to remove structured deposits as eligible financial collateral for credit risk mitigation purposes, clarified the definition of commitment and credit conversion factors ("CCFs") for loans on a progressive disbursal schedule and made further revisions to enhance the clarity of the capital rules in Singapore.

Pursuant to MAS Notice 637, the MAS has imposed CAR requirements on a Singapore-incorporated bank at two levels:

(a) the bank standalone ("Solo") level CAR requirements, which measure the capital adequacy of a Singapore-incorporated bank based on its standalone capital strength and risk profile; and

(b) the consolidated ("Group") level CAR requirements, which measure the capital adequacy of a Singapore-incorporated bank based on its capital strength and risk profile after consolidating the assets and liabilities of its subsidiaries and any other entities which are treated as part of the bank's group of entities according to Singapore FRS (collectively called "banking group entities"), taking into account any exclusions of certain banking group entities or any adjustments pursuant to securitisation required under MAS Notice 637.

Where a Singapore-incorporated bank issues covered bonds (as defined in MAS Notice 648), the Singapore-incorporated bank must continue to hold capital against its exposures in respect of the assets included in a cover pool (as defined in MAS Notice 648) in accordance with MAS Notice 637. In the case where the Singapore-incorporated bank uses a special purpose entity to issue covered bonds or where the cover pool is held by a special purpose entity, the Singapore-incorporated bank is required to apply a "look through" approach for the purpose of computing its risk-based capital requirements under MAS Notice 637. Under the "look through" approach, the Singapore-incorporated bank and the special purpose entity will be treated as a single entity for the purposes of MAS Notice 637.

In addition to complying with the above CAR requirements in MAS Notice 637, a Singapore-incorporated bank should consider as part of its internal capital adequacy assessment process whether it has adequate capital at both the Solo and Group levels to cover its exposure to all risks.

Under the requirements of the Basel Committee, banks are required to maintain minimum CET1, Tier 1 and Total CARs of 3.5%, 4.5%, and 8.0%, respectively, from 1 January 2013, and CET1, Tier 1 and Total CARs of 4.5%, 6.0% and 8.0%, respectively, from 1 January 2015. Under MAS Notice 637, Singapore-incorporated banks will be required to meet capital adequacy requirements that are higher than the Basel Committee's requirements. MAS Notice 637 sets out a minimum CET1 CAR of 4.5% and a minimum Tier 1 CAR of 6.0% with effect from 1 January 2013. These were progressively increased to 6.5% and 8.0%, respectively, from 1 January 2015. MAS' existing requirement for Total CAR will remain unchanged at 10.0% The minimum capital requirements under MAS Notice 637, when fully implemented, will hence be two percentage points higher than the Basel III minima specified by the Basel Committee.

In line with Basel III, the MAS has introduced in MAS Notice 637 a capital conservation buffer ("CCB") of 2.5% above the minimum capital adequacy requirements. The CCB is met with CET1 capital and began at 0.625% on 1 January 2016. It will increase by an additional 0.625% in each subsequent year, to reach its final level of 2.5% on 1 January 2019. Including the CCB, Singapore-incorporated banks will be required to meet CET1, Tier 1, and total CARs of 9.0% 10.5% and 12.5%, respectively, from 1 January 2019.

The MAS has likewise introduced the countercyclical buffer in MAS Notice 637. The countercyclical buffer is not an ongoing requirement, and is only applied as and when specified by the relevant banking supervisors. The applicable magnitude is the weighted average of the country-specific countercyclical

buffer requirements that are required by national authorities in jurisdictions in which a bank has private sector credit exposures. The Basel Committee expects jurisdictions to implement the countercyclical buffer during periods of excessive credit growth. Of the jurisdictions to which DBS Group has material private sector credit exposures, only Hong Kong has announced the activation of the countercyclical buffer requirement. The Hong Kong Monetary Authority announced on 27 January 2015 that the applicable jurisdictional countercyclical buffer for Hong Kong would be 0.625% from 1 January 2016.

The table below summarises the capital requirements under MAS Notice 637.

	From 1 January						
	2013	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**
	(Minimum CAR %)						
CET1 (a)	4.5	5.5	6.5	6.5	6.5	6.5	6.5
CCB (b)	—	—	—	0.625	1.25	1.875	2.5
CET1 including CCB (a) + (b)	4.5	5.5	6.5	7.125	7.75	8.375	9.0
Tier 1	6.0	7.0	8.0	8.625	9.25	9.875	10.5
Total	10.0	10.0	10.0	10.625	11.25	11.875	12.5
Maximum Countercyclical Buffer	—	—	—	0.625	1.25	1.875	2.5

In addition to changes in minimum capital requirements, Basel III also mandates various adjustments in the calculation of capital resources. These adjustments have been phased in from 1 January 2013 and are for items such as goodwill and investments exceeding certain thresholds.

As part of the Basel III transitional arrangements, regulatory capital recognition of outstanding 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. The DBS Group's preference shares and subordinated term debts issued prior to 1 January 2013 are ineligible in the first instance as capital instruments under Basel III rules as they lack provisions for conversion to ordinary shares or write-down at the point of non-viability as determined by the MAS, but are accorded partial recognition under the Basel III transitional arrangements.

The MAS has also revised MAS Notice 637 to implement the Basel III leverage ratio disclosure requirements issued by the Basel Committee. The revisions, which took effect on 1 January 2015 in line with the Basel Committee's timeline for implementation of the leverage ratio disclosure requirements, enhance the transparency and comparability of disclosures relating to the composition of leverage ratio across banks. While a minimum ratio of 3% is envisaged by the Basel Committee, final adjustments to the definition and calibration of the leverage ratio are only scheduled to be finalised by 2017, with a view to making it a regulatory compliance requirement from 1 January 2018.

Other Key Prudential Provisions

On 28 November 2014, the MAS issued the new MAS Notice 649. MAS Notice 649, which took effect on 1 January 2015 for a bank incorporated and headquartered in Singapore, introduces a new liquidity requirement framework to implement the Basel III LCR rules. Under MAS Notice 649, a bank incorporated and headquartered in Singapore must maintain at all times, a Singapore Dollar LCR

requirement of at least 100% and an all currency LCR requirement of at least 60% by 1 January 2015, with the all currency LCR requirement increasing by 10% each year to 100% by 2019.

In December 2015, the MAS issued MAS Notice 651 on Liquidity Coverage Ratio Disclosure ("**MAS Notice 651**"), which applies to D-SIBs and took effect on 1 January 2016. Under MAS Notice 651, a D-SIB that is incorporated in Singapore and headquartered in Singapore is required to disclose quantitative and qualitative information about its LCR at the banking group level. MAS Notice 651 also sets out guidance on disclosure of non-mandatory quantitative and qualitative information that a D-SIB is encouraged to make.

Under Section 39 of the Banking Act and MAS Notice 758 on Minimum Cash Balance ("**MAS Notice 758**"), a bank is also required to maintain, during a maintenance period, in its current account and custody cash account an aggregate minimum cash balance with MAS of at least an average of 3% of its average Qualifying Liabilities (as defined in MAS Notice 613 on Minimum Liquid Assets ("**MAS Notice 613**")) computed during the relevant two-week period beginning on a Thursday and ending on a Wednesday. MAS had stated in November 2014 that MAS Notice 758 would be amended to include the definition of Qualifying Liabilities under MAS Notice 649 instead of referencing MAS Notice 613, which would be cancelled with effect from 1 January 2016. To-date, the MAS has neither amended the definition of Qualifying Liabilities in MAS Notice 758 nor cancelled MAS Notice 613.

Under Section 29 of the Banking Act, the MAS may, by notice in writing to any bank in Singapore, impose such requirements as may be necessary or expedient for the purposes of limiting the exposure of the bank to: (a) a substantial shareholder group of the bank (where the bank is incorporated in Singapore); (b) the financial group of the bank; (c) a director group of the bank; and (d) any other person or class of persons as may be prescribed. For the purposes of this paragraph, (a) "substantial shareholder group" means a group of persons comprising any substantial shareholder (i.e. holding or having an interest in not less than 5% of the total voting rights) of the bank, every affiliate of such substantial shareholder of the bank, and where the bank is a subsidiary of a financial holding company or a parent bank ("**Holding Company**"), any substantial shareholder of the Holding Company and every affiliate of such substantial shareholder. Where a "substantial shareholder" is an individual, this term shall include a reference to a family member of the substantial shareholder; (b) "financial group" means a group of companies comprising (in the case of a SIB) every company in which the bank acquires or holds, directly or indirectly, a major stake (as defined below); and (c) "director group" means a group of persons comprising any director of the bank, every firm or limited liability partnership in which the director is a partner, a manager, an agent, a guarantor or a surety, every individual of whom, and every company in which, the director is a guarantor or surety and every company of which the director (i) is an executive officer; (ii) owns more than half of the total number of issued shares (whether legally or beneficially); (iii) controls more than half of the voting power; or (iv) controls the composition of the board of directors. In this paragraph, a reference to "director" includes the spouse, parent and child of a director of the bank. Regulation 24 of the Banking Regulations has prescribed that the MAS may also impose requirements for the purpose of limiting the exposure of the bank to: (a) any officer (other than a director) or employee of the bank or other person who receives remuneration from the bank other than for services rendered to the bank or any company that is treated as part of the bank's group of companies according to Singapore FRS; and (b) a group of persons, who are financially dependent on one another or where one person (the controlling person) controls every other person in that group, and where at least one of the persons is a counterparty to the bank. For these purposes, a person is controlled by the controlling person if the person is (i) a person in which the controlling person holds more than half of the total number of issued shares (whether legally or beneficially); (ii) a person in which the controlling person controls more than half of the voting power; (iii) a person in which the controlling person controls the composition of the board of directors; (iv) a subsidiary of a person described in (i) to (iii) above; or (v) a person the policies of which the controlling person is in a position to determine. The MAS issued MAS Notice 639 on Exposures to Single Counterparty Groups (last revised on 17 February 2014) ("**MAS Notice 639**")

pursuant to Section 29 of the Banking Act. MAS Notice 639 sets out the limits on a bank in Singapore's exposures to a single counterparty group, the types of exposures to be included in or excluded from those limits, the basis for computation of exposures, the approach for aggregating exposures to counterparties that pose a single risk to the bank, the recognition of credit risk mitigation and aggregating of exposures at the bank group level. MAS Notice 639 sets out requirements on "large exposures limit" and "substantial exposures limit" to a "single counterparty group" (as respectively defined in MAS Notice 639), on a Solo level and a Group level. Pursuant to MAS Notice 639, the MAS has set out that:

(a) at Solo level, a SIB shall not permit (i) the aggregate of its exposures to a single counterparty group to exceed 25% or such other percentage of its eligible total capital as may be approved by the MAS; and (ii) the aggregate of exposures exceeding 10% of its eligible total capital to any single counterparty group to exceed 50% or such other percentage of its total exposures as may be approved by the MAS; and

(b) at Group level, a SIB shall aggregate its exposures to a single counterparty group (other than the exposures to the financial group of the bank) with the exposures of its subsidiaries and the exposures of all other companies treated as part of the bank group to the same counterparty group and shall not permit (i) the aggregate of the exposures of the bank group to a single counterparty group to exceed 25% or such other percentage of the eligible total capital of the bank group as may be approved by MAS; and (ii) the aggregate of the exposures of the bank group exceeding 10% of the eligible total capital of the bank group to any single counterparty group, to exceed 50% or such other percentage of the bank group's total exposures as may be approved by MAS. The term "eligible total capital," in relation to a SIB, has the same meaning as "Eligible Total Capital" in MAS Notice 637, on a Solo level and in relation to a bank group, has the same meaning as "Eligible Total Capital" in MAS Notice 637, on a Group level.

Exposures would have to be calculated based on the maximum loss that a bank may incur as a result of the failure of a specified counterparty to meet any of its obligations.

Every bank in Singapore shall make adequate provisions for bad and doubtful debts and before any profit or loss is declared, ensure that the provision is adequate.

MAS Notice 643 on Transactions with Related Parties (dated 2 April 2013, and last revised on 30 June 2014) ("**MAS Notice 643**") was issued by the MAS pursuant to Section 55(1) of the Banking Act. MAS Notice 643 sets out requirements relating to transactions of banks in Singapore with related parties, which seek to minimise the risk of abuses arising from conflicts of interest. MAS Notice 643 was initially scheduled to take effect from 1 July 2014, but on 30 June 2014, the MAS amended MAS Notice 643 such that its effective date will be separately specified by the MAS by notice in writing. As of the date of this Offering Circular, the MAS has not yet specified the effective date of MAS Notice 643. The MAS issued two consultation papers on 5 December 2013 and 25 January 2016, with proposals to amend and clarify the scope of MAS Notice 643. The MAS has proposed that banks start complying with the requirements in the amended MAS Notice 643 one year from the date on which the amended MAS Notice 643 is issued. In addition, the Banking (Amendment) Bill (the "**Banking Amendment Bill 2016**") was passed in Parliament on 29 February 2016, although it is not yet in force. The Banking Amendment Bill 2016 will introduce powers enabling the MAS to prohibit, restrict or direct a bank to terminate any transaction that the bank enters into with its related parties if it is deemed to be detrimental to depositors' interests.

A bank in Singapore is prohibited from carrying on or entering into any partnership, joint venture or other arrangement with any person to carry on any business except: (a) banking business; (b) business which is regulated or authorised by the MAS or if carried on in Singapore, would be regulated or authorised by the MAS under any written law; (c) business which is incidental to (a) or (b); (d) business or a class of

business prescribed by the MAS; or (e) any other business approved by the MAS (Section 30 of the Banking Act).

A bank in Singapore, either directly or through any subsidiary of the bank or any other company in the bank group, can hold any beneficial interest in the share capital of a company (and such other investment, interest or right as may be prescribed by the MAS) ("**equity investment**"), whether involved in financial business or not, so long as such equity investment does not exceed in the aggregate 2% of the capital funds of the bank or such other percentage as the MAS may prescribe. Such a restriction on a bank's equity investment does not apply to any interest held by way of security in the ordinary course of the bank's business or to any shareholding or interest acquired or held by a bank in the course of satisfaction of debts due to the bank, where such interest is disposed of at the earliest suitable opportunity. In addition, any major stake approved by the MAS under Section 32 of the Banking Act and any equity investment in a single company acquired or held by a bank when acting as a stabilising manager in relation to an offer of securities issued by the company will not be subject to the restrictions on equity investment described above.

A bank in Singapore cannot hold or acquire, directly or indirectly, a major stake in any company without first obtaining the approval of the MAS (Section 32 of the Banking Act). A "major stake" means: (a) any beneficial interest exceeding 10% of the total number of issued shares in a company; (b) control over more than 10% of the voting power in a company; or (c) any interest in a company, where directors of the company are accustomed or under an obligation, whether formal or informal, to act in accordance with the bank's directions, instructions or wishes, or where the bank is in a position to determine the policy of the company. The Banking Amendment Bill 2016 will amend the major stake provisions to clarify that the requirement applies to major stakes in any entity, including unincorporated bodies.

No bank in Singapore shall hold or acquire, directly or through a subsidiary of the bank or any other company in the banking group, interests in or rights over immovable property, wherever situated, the value of which exceeds in the aggregate 20% of the capital funds of the bank or such other percentage as the MAS may prescribe (Section 33 of the Banking Act). The Banking Regulations further provide that the property sector exposure of a bank in Singapore shall not exceed 35% of the total eligible assets of that bank. Under the Banking Act and the Banking Regulations, a bank can invest in properties subject to an aggregate of 20% of its capital funds, but it is not allowed to engage in property development or management. However, a bank is permitted to carry on property management services in relation to investment properties that are owned by the bank or any company in which the bank has acquired or holds a major stake (in this paragraph, "**banking group**"), properties that have been foreclosed by the banking group in satisfaction of debts owed to it and properties occupied and used in the business of the banking group.

With effect from 31 December 2013, SIBs are permitted to issue covered bonds subject to conditions under MAS Notice 648. The aggregate value of assets in the cover pools for all covered bonds issued by the bank and special purpose vehicles on behalf of the bank, and residential mortgage loans and assets eligible for inclusion in cover pools (but which have not been included) and which are transferred to the special purpose vehicles, must not exceed 4% of the value of the total assets of the bank at all times. The total assets of the bank include the assets of the overseas branches of the bank incorporated in Singapore but not its subsidiaries, whether in Singapore or overseas. MAS Notice 648 was amended on 4 June 2015 to refine the regulatory framework governing covered bond issuance and grant further operational flexibility to banks seeking to issue covered bonds in Singapore.

DBS Bank was designated as a D-SIB on 30 April 2015. The framework for D-SIBs is set out in the MAS' monograph on the MAS' Framework for Impact and Risk Assessment of Financial Institutions (revised in September 2015), which builds on the proposals set out in the MAS Consultation Paper on the Proposed Framework for Systemically Important Banks in Singapore dated 25 June 2014. The MAS has not published any further detailed requirements applicable to D-SIBs. Broadly, D-SIBs will be subject to more

intensive supervision by the MAS than banks which are not so designated, and in particular certain HLA requirements and LCR requirements. However, designation as a D-SIB should not affect DBS Bank's HLA and LCR requirements. The proposed HLA and LCR requirements in respect of D-SIBs (which include the requirement to maintain minimum CET1 CAR requirements that are two percentage points higher than those already established by the Basel Committee) are already incorporated in existing capital and liquidity requirements applicable to SIBs under MAS Notice 637 and MAS Notice 649. Accordingly, DBS Bank is already subject to these requirements.

Corporate Governance Regulations and Guidelines

The Guidelines on Corporate Governance for Financial Holding Companies, Banks, Direct Insurers, Reinsurers and Captive Insurers which are Incorporated in Singapore (dated 3 April 2013) (the "**Guidelines**") comprises the Code of Corporate Governance 2012 for companies listed on the SGX-ST and supplementary principles and guidelines from the MAS. The Guidelines and the Banking (Corporate Governance) Regulations 2005, define what is meant by an independent director and set out the requirements for the composition of the board of directors and board committees, such as the Nominating Committee, Remuneration Committee and Audit Committee. The Guidelines also, set out, *inter alia*, the principle that there should be a clear division of responsibilities between the leadership of the board of directors of a bank and the executives of a bank, as well as the principle that there should be a strong and independent element on the board of directors of a bank, which is able to exercise objective judgment on corporate affairs independently, in particular, from the management of the bank and 10% shareholders of the bank (as defined in the Guidelines). The Guidelines also encourage the separation of the roles of Chairman and CEO and outline how this is to be applied. The Guidelines further set out the principle that the board of directors of a bank should ensure that the bank's related party transactions are undertaken on an arm's length basis.

Other Requirements

The MAS issues licenses under the Banking Act to banks to transact banking business in Singapore. Such licenses may be revoked if the MAS is satisfied, among other things, that the bank: (a) is carrying on its business in a manner likely to be detrimental to the interests of the depositors of the bank or has insufficient assets to cover its liabilities to its depositors or the public; (b) is contravening the provisions of the Banking Act; or (c) has been convicted of any offence under the Banking Act or any of its directors or officers holding a managerial or executive position has been convicted of any offence under the Banking Act.

In the event of the winding up of a bank, the following liabilities in Singapore of the bank shall, amongst themselves, rank in the following order of priority: (a) firstly, any premium contributions due and payable by the bank under the Deposit Insurance and Policy Owners' Protection Schemes Act, Chapter 77B of Singapore) (the "**Deposit Insurance and Policy Owners' Protection Schemes Act**"); (b) secondly, liabilities incurred by the bank in respect of insured deposits, up to the amount of compensation paid or payable out of the Deposit Insurance Fund by the Singapore Deposit Insurance Corporation Limited under the Deposit Insurance and Policy Owners' Protection Schemes Act in respect of such insured deposits; (c) thirdly, deposit liabilities incurred by the bank with non-bank customers, other than those specified in paragraph (b) above and paragraph (d) below; and (d) fourthly, deposit liabilities incurred by the bank with non-bank customers when operating an Asian Currency Unit approved under the Banking Act. As between liabilities of the same class referred to in each of the paragraphs (a) to (d) above, such liabilities shall rank equally between themselves. The liabilities specified above shall have priority over all unsecured liabilities of the bank other than the preferential debts specified in section 328(1) of the Companies Act, Chapter 50 of Singapore.

Unless otherwise expressly provided in the Banking Act, a bank in Singapore and its officers may not disclose customer information to any other person without the written consent of the customer.

The Banking Amendment Bill 2016 will require banks to inform the MAS of any development that materially affects the bank adversely, and in the case of SIBs, any development that materially affects the bank or its related entities adversely. The Banking Amendment Bill 2016 will formalise the MAS' expectation for banks to institute risk management systems and controls that are commensurate with their business profiles and operations.

Currently, banks in Singapore have to maintain separate accounting units for their DBU and their Asian Currency Unit ("**ACU**"). The MAS announced in June 2015 that it will remove the DBU-ACU divide. On 31 August 2015, the MAS issued a consultation paper entitled "Removing the DBU-ACU Divide – Implementation Issues", setting out the proposed consequential amendments to regulatory requirements following the removal of the DBU-ACU divide. In particular, the MAS proposed to make consequential amendments to Section 62 of the Banking Act to remove references to the ACU and to provide instead that Singapore dollar deposit liabilities incurred by the bank with non-bank customers would rank above foreign currency denominated deposit liabilities incurred by the bank with non-bank customers (but behind premium contributions under the Deposit Insurance and Policy Owners' Protection Schemes Act and liabilities in respect of insured deposits).

Resolution Powers

Under the MAS Act and the Banking Act, the MAS has resolution powers in respect of Singapore licensed banks. Broadly speaking, the MAS has powers to (amongst other things) assume control of a bank, impose moratoriums and/or order transfers of business. On 23 June 2015, the MAS issued a consultation paper on Proposed Enhancements to Resolution Regime for Financial Institutions in Singapore. This consultation paper contains proposals to enhance the MAS' resolution powers in areas such as recovery and resolution planning, temporary stays and suspensions, statutory bail-in powers, cross-border recognition of resolution actions, creditor safeguards and resolution funding. In particular, the MAS has proposed (a) to first apply the statutory bail-in powers to Singapore-incorporated banks and bank holding companies, (b) that the statutory bail-in regime be applied to unsecured subordinated debt and unsecured subordinated loans, issued or contracted after the effective date of the relevant legislative amendments implementing the statutory bail-in regime, and (c) that statutory powers be introduced for the MAS to either convert into equity or write down contingent convertible instruments and contractual bail-in instruments, whose terms had not been triggered prior to entry into resolution. This consultation paper sets out high level proposed policy changes, and the MAS has stated that it will consult on the legislative amendments after considering the feedback on the policy proposals in this consultation paper.

Examinations and Reporting Arrangements for Banks

The MAS conducts on-site examinations of banks. Banks are also subject to annual audit by an external auditor approved by the MAS, who, aside from the annual balance sheet and profit and loss account, must report to the MAS immediately if in the course of the performance of his duties as an auditor of the bank, he is satisfied that:

(a) there has been a serious breach or non-observance of the provisions of the Banking Act or that otherwise a criminal offence involving fraud or dishonesty has been committed;

(b) losses have been incurred which reduce the capital funds of the bank by 50%;

(c) serious irregularities have occurred, including irregularities that jeopardise the security of the creditors; or

(d) he is unable to confirm that the claims of creditors are still covered by the assets.

Banks incorporated in Singapore shall not, except with the prior written approval of the MAS, appoint the same audit firm for more than five consecutive financial years. The Banking Amendment Bill 2016 will empower MAS to direct banks to remove their external auditors if they have not discharged their statutory duties satisfactorily.

All banks in Singapore are required to submit periodic statistical returns, financial reports and auditors' reports to the MAS, including returns covering minimum cash balances and liquidity returns, statements of assets and liabilities, total foreign exchange business transacted and Renminbi business activities.

The MAS may also require ad hoc reports to be submitted.

Directors and Executive Officers of Banks

A bank incorporated in Singapore must not permit a person who is subject to certain circumstances set out in Section 54(1) of the Banking Act (for example where the person is an undischarged bankrupt, whether in Singapore or elsewhere) to act as its executive officer or director without the prior written consent of the MAS. The MAS may also direct the removal of a director or executive officer of a bank incorporated in Singapore on the basis of three grounds set out in Section 54(2) of the Banking Act (one of which is where the executive officer or director wilfully contravened or wilfully caused the bank to contravene any provision of the Banking Act) where MAS thinks that such removal is necessary in the public interest or for the protection of the depositors of the bank. Similar provisions apply to financial holding companies by virtue of the MAS Act.

The Banking Amendment Bill 2016 will amend the three existing grounds in Section 54(2) for removal of directors and executive officers with ceasing to be fit and proper as a single criterion. The grounds for removal of directors and executive officers will be aligned with the criteria for approving their appointment. Banks will also be required to notify the MAS of any development that could affect the fitness and propriety of their key appointment holders.

Financial Benchmarks

The MAS announced proposals for a new regulatory framework for financial benchmarks on 14 June 2013. The proposals include (a) introducing specific criminal and civil sanctions under the SFA for manipulation of any financial benchmark (including Singapore Interbank Offer Rates, Swap Offer Rates and Foreign Exchange spot benchmarks), and (b) subjecting the setting of key financial benchmarks to regulatory oversight. The MAS will license administrators and submitters of key financial benchmarks and such persons will be subject to regulatory requirements. On 29 July 2014, the MAS issued a consultation paper on Proposed Amendments to the Securities and Futures Act on Regulation of Financial Benchmarks. This consultation paper sets out the draft legislative amendments to the SFA to effect the above proposals.

Supervision by Other Agencies

The DBS Group's overseas operations are also supervised by the regulatory agencies in their respective jurisdictions – in particular, DBSHK is supervised by the Hong Kong Monetary Authority, DBS Indonesia is supervised by the Financial Services Authority of Indonesia ("**OJK**"), the DBS Group's Indian branches are supervised by the Reserve Bank of India, the DBS China is supervised by the Chinese Banking Regulatory Commission, DBS Taiwan is supervised by the Financial Supervisory Commission and DBS Bank, Australia Branch is supervised by APRA.

Apart from being supervised by the MAS, DBS Vickers Securities (Singapore) Pte Ltd, the Singapore stockbroking and futures trading arm of the DBS Group, is also required to comply with various rules issued by the Singapore Exchange Securities Trading Limited, The Central Depository (Pte) Limited, the Singapore Exchange Derivatives Trading Limited and the Singapore Exchange Derivatives Clearing Limited.

RELATED PARTY TRANSACTIONS

The DBS Group conducts banking transactions with a number of related parties. Related parties of the DBS Group as defined under Singapore FRS include associated companies, joint venture companies, Directors and management personnel of the DBS Group. Related party transactions include deposit taking, loans and credit card facilities. All of the related party transactions undertaken by the DBS Group parties are made in the ordinary course of business and are carried out on arm's length terms. For a more detailed description, see the DBS Group's most recent annual consolidated financial statements which are set forth beginning on page F-2 of this Offering Circular.

TAXATION

The following summary of certain United States, Singapore, United Kingdom, Hong Kong, Australian and United Arab Emirates and DIFC income tax consequences of the purchase, ownership and disposition of the Notes is based upon laws, regulations, rulings and decisions now in effect, all of which are subject to change (possibly with retroactive effect). The summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Notes and does not purport to deal with the consequences applicable to all categories of investors, some of which may be subject to special rules. Persons considering the purchase of the Notes should consult their own tax advisors concerning the application of United States, Singapore, United Kingdom Hong Kong, Australian and United Arab Emirates and DIFC income tax laws to their particular situations as well as any consequences of the purchase, ownership and disposition of the Notes arising under the laws of any other taxing jurisdiction.

United States Taxation

The following is a summary of certain U.S. federal income tax consequences of the acquisition, ownership and disposition of Notes by, in the case of the section titled "U.S. Holders" below, a U.S. Holder (as defined below) and, in the case of the section titled "All Holders" below, by all holders. This summary does not address the material U.S. federal income tax consequences of every type of Note which may be issued under the Programme, and the relevant Pricing Supplement may contain additional or modified disclosure concerning certain U.S. federal income tax consequences relevant to such type of Note as appropriate. This summary deals only with purchasers that will hold the Notes as capital assets. The discussion does not cover all aspects of U.S. federal income taxation that may be relevant to, or the actual tax effect that any of the matters described herein will have on, the acquisition, ownership or disposition of Notes by particular investors (including consequences under the alternative minimum tax or Medicare tax on net investment income), and does not address state, local, foreign or other federal tax laws (e.g., estate or gift tax). In particular, this summary does not address tax considerations applicable to investors that own (directly, indirectly or by attribution) 5% or more of the voting stock of DBSH, nor does this summary discuss all of the tax considerations that may be relevant to certain types of investors subject to special treatment under the U.S. federal income tax laws (such as financial institutions, insurance companies, individual retirement accounts and other tax-deferred accounts, entities or arrangements treated as a partnership for U.S. federal income tax purposes or other pass through entities, tax-exempt organisations, dealers in securities or currencies, investors that will hold the Notes as part of straddles, hedging transactions or conversion transactions for U.S. federal income tax purposes, investors who have ceased to be U.S. citizens or lawful permanent residents, investors holding the Notes in connection with a trade or business conducted outside of the United States, U.S. expatriates or U.S. Holders whose functional currency is not the U.S. dollar). Moreover, the summary deals only with Notes with a term of 30 years or less. The U.S. federal income tax consequences of owning Notes with a longer term will be discussed in the applicable Pricing Supplement.

As used herein, the term "**U.S. Holder**" means a beneficial owner of Notes that is, for U.S. federal income tax purposes, (i) an individual citizen or resident of the United States, (ii) a corporation, or other entity treated as a corporation, created or organised under the laws of the United States or any State thereof, including the District of Columbia, (iii) an estate the income of which is subject to U.S. federal income tax without regard to its source or (iv) a trust, if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or the trust has validly elected to be treated as a domestic trust for U.S. federal income tax purposes.

The U.S. federal income tax treatment of a partner in an entity or arrangement treated as a partnership for U.S. federal income tax purposes that holds Notes will depend on the status of the partner and the activities of the partnership. Prospective purchasers that are entities or arrangements treated as partnerships for U.S. federal income tax purposes should consult their tax advisor concerning the U.S. federal income tax consequences to their partners of the acquisition, ownership and disposition of Notes by the partnership.

This summary is based on the tax laws of the United States including the Internal Revenue Code of 1986, as amended (the "**Code**"), its legislative history, existing and proposed regulations thereunder, published rulings and court decisions, all as currently in effect and all subject to change at any time, possibly with retroactive effect.

Bearer Notes are not being offered to U.S. Holders. A U.S. Holder who owns a Bearer Note may be subject to limitations under United States income tax laws, including the limitations provided in sections 165(j) and 1287(a) of the Code.

THE SUMMARY OF U.S. FEDERAL INCOME TAX CONSEQUENCES SET OUT BELOW IS FOR GENERAL INFORMATION ONLY AND DOES NOT ADDRESS THE MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES OF EVERY TYPE OF NOTE WHICH MAY BE ISSUED UNDER THE PROGRAMME. IT IS NOT INTENDED TO BE RELIED UPON BY PURCHASERS FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED UNDER THE CODE. ADDITIONAL U.S. FEDERAL INCOME TAX CONSEQUENCES, IF ANY, APPLICABLE TO A PARTICULAR ISSUANCE OF NOTES WILL BE SET FORTH IN THE APPLICABLE PRICING SUPPLEMENT. PROSPECTIVE PURCHASERS SHOULD CONSULT THEIR TAX ADVISORS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF OWNING THE NOTES, INCLUDING THE APPLICABILITY AND EFFECT OF STATE, LOCAL, FOREIGN AND OTHER FEDERAL TAX LAWS AND POSSIBLE CHANGES IN TAX LAW.

U.S. Holders

Characterisation of the Notes

The characterisation of a Series or Tranche of Notes may be uncertain and will depend on the terms of those Notes. The determination of whether an obligation represents debt, equity, or some other instrument or interest is based on all the relevant facts and circumstances. There may be no statutory, judicial or administrative authority directly addressing the characterisation of some of the types of Notes that are anticipated to be issued under the Programme or of instruments similar to the Notes.

Depending on the terms of a particular Series or Tranche of Notes, the Notes may not be characterised as debt for U.S. federal income tax purposes despite the form of the Notes as debt instruments. For example, Notes of a Series or Tranche may be more properly characterised as notional principal contracts, collateralised put options, prepaid forward contracts, or some other type of financial instrument. Alternatively, the Notes may be characterised as equity, or as representing an undivided proportionate ownership interest in the assets of, and share of the liabilities of the Issuers. Additional alternative characterisations may also be possible. Further possible characterisations, if applicable, may be discussed in the relevant Pricing Supplement.

Additionally, there is no direct legal authority as to the proper U.S. federal income tax treatment of a perpetual instrument that is denominated as a debt instrument and has significant debt features, but is subject to a Write-Off in the case of a Trigger Event, such as the Perpetual Capital Securities. As a consequence, it is unclear whether the Perpetual Capital Securities should be properly characterised as debt or equity for U.S. federal income tax purposes. To the extent the Issuers are required to take a position, they intend to take the position that the Perpetual Capital Securities are properly characterised as equity for U.S. federal income tax purposes. This position will be binding on a U.S. Holder unless the

U.S. Holder expressly discloses that itis adopting a contrary position on its income tax return. However, the Issuers' position is not binding on the U.S. Internal Revenue Service (the "**IRS**") or the courts and there can be no assurance that this characterisation will be accepted by the IRS or a court. If the Perpetual Capital Securities are properly characterised as debt for U.S. federal income tax purposes, then the U.S. federal income tax consequences of acquisition, ownership and disposition of Perpetual Capital Securities by a U.S. Holder would be the same as the consequences described below under "—*Notes Treated as Debt*".

No rulings will be sought from the IRS regarding the characterisation of any of the Notes issued hereunder for U.S. federal income tax purposes. Each U.S. Holder should consult its own tax advisor about the proper characterisation of the Notes for U.S. federal income tax purposes and consequences to the U.S. Holder of acquiring, owning or disposing of the Notes.

The following summary assumes that (i) the Notes other than Perpetual Capital Securities are properly treated as debt and (ii) that Perpetual Capital Securities are properly treated as equity, in each case, for U.S. federal income tax purposes.

Notes Treated as Debt

For the avoidance of doubt, references to "Notes" in this section "—Notes Treated as Debt" do not include Perpetual Capital Securities.

Payments of Interest

Interest on a Note, whether payable in U.S. dollars or a currency, composite currency or basket of currencies other than U.S. dollars (a "**foreign currency**"), other than interest on a "Discount Note" that is not "qualified stated interest" (each as defined below under "Original Issue Discount – General"), will be taxable to a U.S. Holder as ordinary income at the time it is received or accrued, depending on the holder's method of accounting for tax purposes. Interest paid by the Issuers on the Notes and original issue discount, if any, accrued with respect to the Notes (as described below under "Original Issue Discount") generally will constitute income from sources outside the United States and will generally be treated as "passive category income" for U.S. foreign tax credit purposes. Prospective purchasers should consult their tax advisors concerning the applicability of the foreign tax credit and source of income rules to income attributable to the Notes.

Original Issue Discount

General

The following is a summary of the principal U.S. federal income tax consequences of the ownership of Notes issued with original issue discount ("**OID**").

A Note, other than a Note with a term of one year or less (a "**Short-Term Note**"), will be treated as issued with OID (a "**Discount Note**") if the excess of the Note's "stated redemption price at maturity" over its issue price is equal to or more than a de minimis amount (0.25% of the Note's stated redemption price at maturity multiplied by the number of complete years to its maturity). An obligation that provides for the payment of amounts other than qualified stated interest before maturity (an "**instalment obligation**") will be treated as a Discount Note if the excess of the Note's stated redemption price at maturity over its issue price is equal to or greater than 0.25% of the Note's stated redemption price at maturity multiplied by the weighted average maturity of the Note. A Note's weighted average maturity is the sum of the following amounts determined for each payment on a Note (other than a payment of qualified stated interest): (i) the number of complete years from the issue date until the payment is made multiplied by (ii) a fraction, the numerator of which is the amount of the payment and the denominator of which is the Note's stated redemption price at maturity. Generally, the issue price of a Note will be the first price at which a substantial amount of Notes included in the issue of which the Note is a part is sold to persons other than bond houses, brokers, or similar persons or organisations acting in the capacity of

underwriters, placement agents, or wholesalers. The stated redemption price at maturity of a Note is the total of all payments provided by the Note that are not payments of "qualified stated interest". A "qualified stated interest payment" is generally any one of a series of stated interest payments on a Note that are unconditionally payable at least annually at a single fixed rate (with certain exceptions for lower rates paid during some periods), or a variable rate (in the circumstances described below under "Variable Interest Rate Notes"), applied to the outstanding principal amount of the Note. Solely for the purposes of determining whether a Note has OID, the Issuers will be deemed to exercise any call option that has the effect of decreasing the yield on the Note, and the U.S. Holder will be deemed to exercise any put option that has the effect of increasing the yield on the Note.

U.S. Holders of Discount Notes must include OID in income calculated on a constant-yield method before the receipt of cash attributable to the income, and generally will have to include in income increasingly greater amounts of OID over the life of the Discount Notes. The amount of OID includible in income by a U.S. Holder of a Discount Note is the sum of the daily portions of OID with respect to the Discount Note for each day during the taxable year or portion of the taxable year on which the U.S. Holder holds the Discount Note. The daily portion is determined by allocating to each day in any "accrual period" a pro rata portion of the OID allocable to that accrual period. Accrual periods with respect to a Note may be of any length selected by the U.S. Holder and may vary in length over the term of the Note as long as (i) no accrual period is longer than one year and (ii) each scheduled payment of interest or principal on the Note occurs on either the final or first day of an accrual period. The amount of OID allocable to an accrual period equals the excess of (a) the product of the Discount Note's adjusted issue price at the beginning of the accrual period and the Discount Note's yield to maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) over (b) the sum of the payments of qualified stated interest on the Note allocable to the accrual period. The "adjusted issue price" of a Discount Note at the beginning of any accrual period is the issue price of the Note increased by (x) the amount of accrued OID for each prior accrual period and decreased by (y) the amount of any payments previously made on the Note that were not qualified stated interest payments.

Acquisition Premium

A U.S. Holder that purchases a Discount Note for an amount less than or equal to the sum of all amounts payable on the Note after the purchase date, other than payments of qualified stated interest, but in excess of its adjusted issue price (any such excess being "**acquisition premium**") and that does not make the election described below under "Election to Treat All Interest as Original Issue Discount," is permitted to reduce the daily portions of OID by a fraction, the numerator of which is the excess of the U.S. Holder's adjusted basis in the Note immediately after its purchase over the Note's adjusted issue price, and the denominator of which is the excess of the sum of all amounts payable on the Note after the purchase date, other than payments of qualified stated interest, over the Note's adjusted issue price.

Short-Term Notes

In general, an individual or other cash basis U.S. Holder of a Short-Term Note is not required to accrue OID (as specially defined below for the purposes of this paragraph) for U.S. federal income tax purposes unless it elects to do so (but may be required to include any stated interest in income as the interest is received). Accrual basis U.S. Holders and certain other U.S. Holders are required to accrue OID on Short-Term Notes on a straight-line basis or, if the U.S. Holder so elects, under the constant-yield method (based on daily compounding). In the case of a U.S. Holder not required and not electing to include OID in income currently, any gain realised on the sale or retirement of the Short-Term Note will be ordinary income to the extent of the OID accrued on a straight-line basis (unless an election is made to accrue the OID under the constant-yield method) through the date of sale or retirement. U.S. Holders who are not required and do not elect to accrue OID on Short-Term Notes will be required to defer

deductions for interest on borrowings allocable to Short-Term Notes in an amount not exceeding the deferred income until the deferred income is realised.

For purposes of determining the amount of OID subject to these rules, all interest payments on a Short-Term Note are included in the Short-Term Note's stated redemption price at maturity. A U.S. Holder may elect to determine OID on a Short-Term Note as if the Short-Term Note had been originally issued to the U.S. Holder at the U.S. Holder's purchase price for the Short-Term Note. This election will apply to all obligations with a maturity of one year or less acquired by the U.S. Holder on or after the first day of the first taxable year to which the election applies, and may not be revoked without the consent of the IRS.

Market Discount

A Note, other than a Short-Term Note, generally will be treated as purchased at a market discount (a "**Market Discount Note**") if the Note's stated redemption price at maturity or, in the case of a Discount Note, the Note's "revised issue price," exceeds the amount for which the U.S. Holder purchased the Note by at least 0.25% of the Note's stated redemption price at maturity or revised issue price, respectively, multiplied by the number of complete years to the Note's maturity (or, in the case of a Note that is an instalment obligation, the Note's weighted average remaining maturity). If this excess is not sufficient to cause the Note to be a Market Discount Note, then the excess constitutes "de minimis market discount". For this purpose, the "revised issue price" of a Note generally equals its issue price, increased by the amount of any OID that has accrued on the Note and decreased by the amount of any payments previously made on the Note that were not qualified stated interest payments.

Any gain recognised on the sale or retirement of a Market Discount Note (including any payment on a Note that is not qualified stated interest) generally will be treated as ordinary income to the extent that the gain does not exceed the accrued market discount on the Note. Alternatively, a U.S. Holder of a Market Discount Note may elect to include market discount in income currently over the life of the Note. This election will apply to all debt instruments with market discount acquired by the electing U.S. Holder on or after the first day of the first taxable year to which the election applies. This election may not be revoked without the consent of the IRS. A U.S. Holder of a Market Discount Note that does not elect to include market discount in income currently may be required to defer deductions for interest on borrowings incurred to purchase or carry a Market Discount Note that is in excess of the interest and OID on the Note includible in the U.S. Holder's income, to the extent that this excess interest expense does not exceed the portion of the market discount allocable to the days on which the Market Discount Note was held by the U.S. Holder.

Market discount will accrue on a straight-line basis unless the U.S. Holder elects to accrue the market discount on a constant-yield method. This election applies only to the Market Discount Note with respect to which it is made and is irrevocable.

Election to Treat All Interest as Original Issue Discount

A U.S. Holder may elect to include in gross income all interest that accrues on a Note using the constant-yield method described above under "Original Issue Discount – General," with certain modifications. For purposes of this election, interest includes stated interest, OID, de minimis OID, market discount, de minimis market discount and unstated interest, as adjusted by any amortizable bond premium (described below under "Notes Purchased at a Premium") or acquisition premium. This election will generally apply only to the Note with respect to which it is made and may not be revoked without the consent of the IRS. If the election to apply the constant-yield method to all interest on a Note is made with respect to a Market Discount Note, the electing U.S. Holder will be treated as having made the election discussed above under "Market Discount" to include market discount in income currently over the life of all debt instruments with market discount held or thereafter acquired by the U.S. Holder. U.S. Holders should consult their tax advisors concerning the propriety and consequences of this election.

Variable Interest Rate Notes

Notes that provide for interest at variable rates ("**Variable Interest Rate Notes**") generally will bear interest at a "qualified floating rate" and thus will be treated as "variable rate debt instruments" under Treasury regulations governing accrual of OID. A Variable Interest Rate Note will qualify as a "variable rate debt instrument" if (a) its issue price does not exceed the total non-contingent principal payments due under the Variable Interest Rate Note by more than a specified de minimis amount, (b) it provides for stated interest, paid or compounded at least annually, at (i) one or more qualified floating rates, (ii) a single fixed rate and one or more qualified floating rates, (iii) a single objective rate, or (iv) a single fixed rate and a single objective rate that is a qualified inverse floating rate, and (c) it does not provide for any principal payments that are contingent (other than as described in (a) above).

A "qualified floating rate" is any variable rate where variations in the value of the rate can reasonably be expected to measure contemporaneous variations in the cost of newly borrowed funds in the currency in which the Variable Interest Rate Note is denominated. A fixed multiple of a qualified floating rate will constitute a qualified floating rate only if the multiple is greater than 0.65 but not more than 1.35. A variable rate equal to the product of a qualified floating rate and a fixed multiple that is greater than 0.65 but not more than 1.35, increased or decreased by a fixed rate, will also constitute a qualified floating rate. In addition, two or more qualified floating rates that can reasonably be expected to have approximately the same values throughout the term of the Variable Interest Rate Note (e.g., two or more qualified floating rates with values within 25 basis points of each other as determined on the Variable Interest Rate Note's issue date) will be treated as a single qualified floating rate. Notwithstanding the foregoing, a variable rate that would otherwise constitute a qualified floating rate but which is subject to one or more restrictions such as a maximum numerical limitation (i.e., a cap) or a minimum numerical limitation (i.e., a floor) may, under certain circumstances, fail to be treated as a qualified floating rate.

An "objective rate" is a rate that is not itself a qualified floating rate but which is determined using a single fixed formula and which is based on objective financial or economic information (e.g., one or more qualified floating rates or the yield of actively traded personal property). A rate will not qualify as an objective rate if it is based on information that is within the control of the Issuers (or a related party) or that is unique to the circumstances of the Issuers (or a related party), such as dividends, profits or the value of the Issuers' stock (although a rate does not fail to be an objective rate merely because it is based on the credit quality of the Issuers). Other variable interest rates may be treated as objective rates if so designated by the IRS in the future. Despite the foregoing, a variable rate of interest on a Variable Interest Rate Note will not constitute an objective rate if it is reasonably expected that the average value of the rate during the first half of the Variable Interest Rate Note's term will be either significantly less than or significantly greater than the average value of the rate during the final half of the Variable Interest Rate Note's term. A "qualified inverse floating rate" is any objective rate where the rate is equal to a fixed rate minus a qualified floating rate, as long as variations in the rate can reasonably be expected to inversely reflect contemporaneous variations in the qualified floating rate. If a Variable Interest Rate Note provides for stated interest at a fixed rate for an initial period of one year or less followed by a variable rate that is either a qualified floating rate or an objective rate for a subsequent period and if the variable rate on the Variable Interest Rate Note's issue date is intended to approximate the fixed rate (e.g., the value of the variable rate on the issue date does not differ from the value of the fixed rate by more than 25 basis points), then the fixed rate and the variable rate together will constitute either a single qualified floating rate or objective rate, as the case may be.

A qualified floating rate or objective rate in effect at any time during the term of the instrument must be set at a "current value" of that rate. A "current value" of a rate is the value of the rate on any day that is no earlier than three months prior to the first day on which that value is in effect and no later than one year following that first day.

If a Variable Interest Rate Note that provides for stated interest at either a single qualified floating rate or a single objective rate throughout the term thereof qualifies as a “variable rate debt instrument,” then any stated interest on the Note which is unconditionally payable in cash or property (other than debt instruments of the Issuers) at least annually will constitute qualified stated interest and will be taxed accordingly. Thus, a Variable Interest Rate Note that provides for stated interest at either a single qualified floating rate or a single objective rate throughout the term thereof and that qualifies as a “variable rate debt instrument” will generally not be treated as having been issued with OID unless the Variable Interest Rate Note is issued at a “true” discount (i.e., at a price below the Note’s stated principal amount) equal to or in excess of a specified de minimis amount. OID on a Variable Interest Rate Note arising from “true” discount is allocated to an accrual period using the constant yield method described above by assuming that the variable rate is a fixed rate equal to (i) in the case of a qualified floating rate or qualified inverse floating rate, the value, as at the issue date, of the qualified floating rate or qualified inverse floating rate, or (ii) in the case of an objective rate (other than a qualified inverse floating rate), a fixed rate that reflects the yield that is reasonably expected for the Variable Interest Rate Note.

In general, any other Variable Interest Rate Note that qualifies as a “variable rate debt instrument” will be converted into an “equivalent” fixed rate debt instrument for purposes of determining the amount and accrual of OID and qualified stated interest on the Variable Interest Rate Note. Such a Variable Interest Rate Note must be converted into an “equivalent” fixed rate debt instrument by substituting any qualified floating rate or qualified inverse floating rate provided for under the terms of the Variable Interest Rate Note with a fixed rate equal to the value of the qualified floating rate or qualified inverse floating rate, as the case may be, as at the Variable Interest Rate Note’s issue date. Any objective rate (other than a qualified inverse floating rate) provided for under the terms of the Variable Interest Rate Note is converted into a fixed rate that reflects the yield that is reasonably expected for the Variable Interest Rate Note. In the case of a Variable Interest Rate Note that qualifies as a “variable rate debt instrument” and provides for stated interest at a fixed rate in addition to either one or more qualified floating rates or a qualified inverse floating rate, the fixed rate is initially converted into a qualified floating rate (or a qualified inverse floating rate, if the Variable Interest Rate Note provides for a qualified inverse floating rate). Under these circumstances, the qualified floating rate or qualified inverse floating rate that replaces the fixed rate must be such that the fair market value of the Variable Interest Rate Note as at the Variable Interest Rate Note’s issue date is approximately the same as the fair market value of an otherwise identical debt instrument that provides for either the qualified floating rate or qualified inverse floating rate rather than the fixed rate. Subsequent to converting the fixed rate into either a qualified floating rate or a qualified inverse floating rate, the Variable Interest Rate Note is converted into an “equivalent” fixed rate debt instrument in the manner described above.

Once the Variable Interest Rate Note is converted into an “equivalent” fixed rate debt instrument pursuant to the foregoing rules, the amount of OID and qualified stated interest, if any, are determined for the “equivalent” fixed rate debt instrument by applying the general OID rules to the “equivalent” fixed rate debt instrument and a U.S. Holder of the Variable Interest Rate Note will account for the OID and qualified stated interest as if the U.S. Holder held the “equivalent” fixed rate debt instrument. In each accrual period, appropriate adjustments will be made to the amount of qualified stated interest or OID assumed to have been accrued or paid with respect to the “equivalent” fixed rate debt instrument in the event that these amounts differ from the actual amount of interest accrued or paid on the Variable Interest Rate Note during the accrual period.

If a Variable Interest Rate Note, such as a Note the payments on which are determined by reference to an index, does not qualify as a “variable rate debt instrument,” then the Variable Interest Rate Note will be treated as a contingent payment debt obligation. See “Contingent Payment Debt Instruments” below for a discussion of the U.S. federal income tax treatment of such Notes.

Notes Purchased at a Premium

A U.S. Holder that purchases a Note for an amount in excess of its principal amount, or for a Discount Note, its stated redemption price at maturity, may elect to treat the excess as "amortizable bond premium," in which case the amount required to be included in the U.S. Holder's income each year with respect to interest on the Note will be reduced by the amount of amortizable bond premium allocable (based on the Note's yield to maturity) to that year.

Any election to amortise bond premium will apply to all bonds (other than bonds the interest on which is excludable from gross income for U.S. federal income tax purposes) held by the U.S. Holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the U.S. Holder, and is irrevocable without the consent of the IRS. See also "Original Issue Discount – Election to Treat All Interest as Original Issue Discount".

Contingent Payment Debt Instruments

Certain Series and/or Tranches of Notes may be treated as "contingent payment debt instruments" for U.S. federal income tax purposes ("**Contingent Notes**"). Under applicable U.S. Treasury regulations, interest on Contingent Notes will be treated as OID, and must be accrued on a constant-yield basis based on a yield to maturity that reflects the rate at which the Relevant Issuer would issue a comparable fixed-rate non-exchangeable instrument (the "**comparable yield**"), in accordance with a projected payment schedule. This projected payment schedule must include each non-contingent payment on the Contingent Notes and an estimated amount for each contingent payment, and must produce the comparable yield.

The Issuers are required to provide to holders, solely for U.S. federal income tax purposes, a schedule of the projected amounts of payments on Contingent Notes. This schedule must produce the comparable yield.

THE COMPARABLE YIELD AND PROJECTED PAYMENT SCHEDULE WILL NOT BE DETERMINED FOR ANY PURPOSE OTHER THAN FOR THE DETERMINATION OF INTEREST ACCRUALS AND ADJUSTMENTS THEREOF IN RESPECT OF CONTINGENT NOTES FOR UNITED STATES FEDERAL INCOME TAX PURPOSES AND WILL NOT CONSTITUTE A PROJECTION OR REPRESENTATION REGARDING THE ACTUAL AMOUNTS PAYABLE TO THE HOLDERS OF THE NOTES.

The use of the comparable yield and the calculation of the projected payment schedule will be based upon a number of assumptions and estimates and will not be a prediction, representation or guarantee of the actual amounts of interest that may be paid to a U.S. Holder or the actual yield of the Contingent Notes. A U.S. Holder will generally be bound by the comparable yield and the projected payment schedule determined by the Issuers, unless the U.S. Holder determines its own comparable yield and projected payment schedule and explicitly discloses such schedule to the IRS, and explains to the IRS the reason for preparing its own schedule. The Issuers' determination, however, is not binding on the IRS, and it is possible that the IRS could conclude that some other comparable yield or projected payment schedule should be used instead.

A U.S. Holder of a Contingent Note will generally be required to include OID in income pursuant to the rules discussed in the third paragraph under "Original Issue Discount – General," above, applied to the projected payment schedule. The "adjusted issue price" of a Contingent Note at the beginning of any accrual period is the issue price of the Note increased by the amount of accrued OID for each prior accrual period, and decreased by the projected amount of any payments on the Note. No additional income will be recognised upon the receipt of payments of stated interest in amounts equal to the annual payments included in the projected payment schedule described above. Any differences between actual payments received by the U.S. Holder on the Note in a taxable year and the projected amount of those payments will be accounted for as additional interest (in the case of a positive adjustment) or as an offset to interest income in respect of the Note (in the case of a negative adjustment), for the taxable year in

which the actual payment is made. If the negative adjustment for any taxable year exceeds the amount of OID on the Contingent Notes for that year, the excess will be treated as an ordinary loss, but only to the extent the U.S. Holder's total OID inclusions on the Contingent Notes exceed the total amount of any ordinary loss in respect of the Contingent Notes claimed by the U.S. Holder under this rule in prior taxable years. Any negative adjustment that is not allowed as an ordinary loss for the taxable year is carried forward to the next taxable year, and is taken into account in determining whether the U.S. Holder has a net positive or negative adjustment for that year. However, any negative adjustment that is carried forward to a taxable year in which the Contingent Note is sold, exchanged or retired, to the extent not applied to OID accrued for such year, reduces the U.S. Holder's amount realised on the sale, exchange or retirement.

Sale and Retirement of Notes

Notes other than Contingent Notes

A U.S. Holder will generally recognise gain or loss on the sale or retirement of a Note equal to the difference between the amount realised on the sale or retirement and the tax basis of the Note. Except to the extent described above under "Original Issue Discount – Market Discount" or "Original Issue Discount – Short Term Notes" or attributable to accrued but unpaid interest or changes in exchange rates (as discussed below), gain or loss recognised on the sale or retirement of a Note will be capital gain or loss and will be long-term capital gain or loss if the U.S. Holder's holding period in the Notes exceeds one year. The deductibility of capital losses is subject to limitations. Gain or loss realised by a U.S. Holder on the sale or retirement of a Note generally will constitute income or loss from sources within the United States.

A U.S. Holder's tax basis in a Note will generally be its cost, increased by the amount of any OID or market discount included in the U.S. Holder's income with respect to the Note and the amount, if any, of income attributable to de minimis OID and de minimis market discount included in the U.S. Holder's income with respect to the Note, and reduced by (i) the amount of any payments that are not qualified stated interest payments, and (ii) the amount of any amortizable bond premium applied to reduce interest on the Note.

Contingent Notes

Gain from the sale or retirement of a Contingent Note will be treated as interest income taxable at ordinary income (rather than capital gains) rates. Any loss will be ordinary loss to the extent that the U.S. Holder's total interest inclusions to the date of sale or retirement exceed the total net negative adjustments that the U.S. Holder took into account as ordinary loss, and any further loss will be capital loss. Gain or loss realised by a U.S. Holder on the sale or retirement of a Contingent Note will generally be foreign source.

A U.S. Holder's tax basis in a Contingent Note will generally be equal to its cost, increased by the amount of interest previously accrued with respect to the Note (determined without regard to any positive or negative adjustments reflecting the difference between actual payments and projected payments), increased or decreased by the amount of any positive or negative adjustment that the Holder is required to make to account for the difference between the Holder's purchase price for the Note and the adjusted issue price of the Note at the time of the purchase, and decreased by the amount of any projected payments scheduled to be made on the Note to the U.S. Holder through such date (without regard to the actual amount paid).

Foreign Currency Notes

Interest

If an interest payment is denominated in, or determined by reference to, a foreign currency, the amount of income recognised by a cash basis U.S. Holder will be the U.S. dollar value of the interest payment,

based on the exchange rate in effect on the date of receipt, regardless of whether the payment is in fact converted into U.S. dollars.

An accrual basis U.S. Holder may determine the amount of income recognised with respect to an interest payment denominated in, or determined by reference to, a foreign currency in accordance with either of two methods. Under the first method, the amount of income accrued will be based on the average exchange rate in effect during the interest accrual period (or, in the case of an accrual period that spans two taxable years of a U.S. Holder, the part of the period within the taxable year).

Under the second method, the U.S. Holder may elect to determine the amount of income accrued on the basis of the exchange rate in effect on the last day of the accrual period (or, in the case of an accrual period that spans two taxable years, the exchange rate in effect on the last day of the part of the period within the taxable year).

Additionally, if a payment of interest is actually received within five business days of the last day of the accrual period, an electing accrual basis U.S. Holder may instead translate the accrued interest into U.S. dollars at the exchange rate in effect on the day of actual receipt. Any such election will apply to all debt instruments held by the U.S. Holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the U.S. Holder, and will be irrevocable without the consent of the IRS.

Upon receipt of an interest payment (including a payment attributable to accrued but unpaid interest upon the sale or retirement of a Note) denominated in, or determined by reference to, a foreign currency, the accrual basis U.S. Holder may recognise U.S. source exchange gain or loss (taxable as ordinary income or loss) equal to the difference between the amount received (translated into U.S. dollars at the spot rate on the date of receipt) and the amount previously accrued, regardless of whether the payment is in fact converted into U.S. dollars.

OID

OID for each accrual period on a Discount Note that is denominated in, or determined by reference to, a foreign currency, will be determined in the foreign currency and then translated into U.S. dollars in the same manner as stated interest accrued by an accrual basis U.S. Holder, as described above. Upon receipt of an amount attributable to OID (whether in connection with a payment on the Note or a sale or disposition of the Note), a U.S. Holder may recognise U.S. source exchange gain or loss (taxable as ordinary income or loss) equal to the difference between the amount received (translated into U.S. dollars at the spot rate on the date of receipt) and the amount previously accrued, regardless of whether the payment is in fact converted into U.S. dollars.

Market Discount

Market discount on a Note that is denominated in, or determined by reference to, a foreign currency, will be accrued in the foreign currency. If the U.S. Holder elects to include market discount in income currently, the accrued market discount will be translated into U.S. dollars at the average exchange rate for the accrual period (or portion thereof within the U.S. Holder's taxable year). Upon the receipt of an amount attributable to accrued market discount, the U.S. Holder may recognise U.S. source exchange gain or loss (which will be taxable as ordinary income or loss) determined in the same manner as for accrued interest or OID. A U.S. Holder that does not elect to include market discount in income currently will recognise, upon the sale or retirement of the Note, the U.S. dollar value of the amount accrued, calculated at the spot rate on that date, and no part of this accrued market discount will be treated as exchange gain or loss.

Bond Premium

Bond premium (including acquisition premium) on a Note that is denominated in, or determined by reference to, a foreign currency, will be computed in units of the foreign currency, and any such bond premium that is taken into account currently will reduce interest income in units of the foreign currency.

On the date bond premium offsets interest income, a U.S. Holder may recognise U.S. source exchange gain or loss (taxable as ordinary income or loss) equal to the amount offset multiplied by the difference between the spot rate in effect on the date of the offset, and the spot rate in effect on the date the Notes were acquired by the U.S. Holder. A U.S. Holder that does not elect to take bond premium (other than acquisition premium) into account currently generally will recognise a capital loss when the Note matures.

Foreign Currency Contingent Note

Special rules apply to determine the accrual of OID, and the amount, timing, source and character of any gain or loss on a Contingent Note that is denominated in, or determined by reference to, a foreign currency (a "**Foreign Currency Contingent Note**"). The rules applicable to Foreign Currency Contingent Notes are complex, and U.S. Holders are urged to consult their tax advisers concerning the application of these rules.

Under these rules, a U.S. Holder of a Foreign Currency Contingent Note will generally be required to accrue OID in the foreign currency in which the Foreign Currency Contingent Note is denominated (i) at a yield at which the Relevant Issuer would issue a fixed rate debt instrument denominated in the same foreign currency with terms and conditions similar to those of the Foreign Currency Contingent Note, and (ii) in accordance with a projected payment schedule determined by the Relevant Issuer, under rules similar to those described above under "Contingent Payment Debt Instruments". The amount of OID on a Foreign Currency Contingent Note that accrues in any accrual period will be the product of the comparable yield of the Foreign Currency Contingent Note (adjusted to reflect the length of the accrual period) and the adjusted issue price of the Foreign Currency Contingent Note. The adjusted issue price of a Foreign Currency Contingent Note will generally be determined under the rules described above, and will be denominated in the foreign currency of the Foreign Currency Contingent Note.

OID on a Foreign Currency Contingent Note will be translated into U.S. dollars under translation rules similar to those described above under "Foreign Currency–Interest". Any positive adjustment (i.e. the excess of actual payments over projected payments) in respect of a Foreign Currency Contingent Note for a taxable year will be translated into U.S. dollars at the spot rate on the last day of the taxable year in which the adjustment is taken into account, or if earlier, the date on which the Foreign Currency Contingent Note is disposed of. The amount of any negative adjustment on a Foreign Currency Contingent Note (i.e. the excess of projected payments over actual payments) that is offset against accrued but unpaid OID will be translated into U.S. dollars at the same rate at which the OID was accrued. To the extent a net negative adjustment exceeds the amount of accrued but unpaid OID, the negative adjustment will be treated as offsetting OID that has accrued and been paid on the Foreign Currency Contingent Note, and will be translated into U.S. dollars at the spot rate on the date the Foreign Currency Contingent Note was issued. Any net negative adjustment carry forward will be carried forward in the relevant foreign currency.

Sale or Retirement of Notes other than Foreign Currency Contingent Notes

As discussed above under "Purchase, Sale and Retirement of Notes," a U.S. Holder will generally recognise gain or loss on the sale or retirement of a Note equal to the difference between the amount realised on the sale or retirement and its tax basis in the Note. A U.S. Holder's tax basis in a Note that is denominated in a foreign currency will be determined by reference to the U.S. dollar cost of the Note. The U.S. dollar cost of a Note purchased with foreign currency will generally be the U.S. dollar value of the purchase price on the date of purchase or, in the case of Notes traded on an established securities market, as defined in the applicable U.S. Treasury Regulations, that are purchased by a cash basis U.S. Holder (or an accrual basis U.S. Holder that so elects), on the settlement date for the purchase.

The amount realised on a sale or retirement for an amount in foreign currency will be the U.S. dollar value of this amount on the date of sale or retirement or, in the case of Notes traded on an established

securities market, as defined in the applicable U.S. Treasury Regulations, sold by a cash basis U.S. Holder (or an accrual basis U.S. Holder that so elects), on the settlement date for the sale. Such an election by an accrual basis U.S. Holder must be applied consistently from year to year and cannot be revoked without the consent of the IRS.

A U.S. Holder will recognise U.S. source exchange rate gain or loss (taxable as ordinary income or loss) on the sale or retirement of a Note equal to the difference, if any, between the U.S. dollar values of the U.S. Holder's purchase price for the Note (as adjusted for amortised bond premium, if any) (i) on the date of sale or retirement and (ii) the date on which the U.S. Holder acquired the Note. Any such exchange rate gain or loss will be realised only to the extent of total gain or loss realised on the sale or retirement (including any exchange gain or loss with respect to the receipt of accrued but unpaid interest).

Sale or Retirement of Foreign Currency Contingent Notes

Upon a sale, exchange or retirement of a Foreign Currency Contingent Note, a U.S. Holder will generally recognise taxable gain or loss equal to the difference between the amount realised on the sale, exchange or retirement and the U.S. Holder's tax basis in the Foreign Currency Contingent Note, both translated into U.S. dollars as described below. A U.S. Holder's tax basis in a Foreign Currency Contingent Note will equal (i) the cost thereof (translated into U.S. dollars at the spot rate on the issue date), (ii) increased by the amount of OID previously accrued on the Foreign Currency Contingent Note (disregarding any positive or negative adjustments and translated into U.S. dollars using the exchange rate applicable to such OID) and (iii) decreased by the projected amount of all prior payments in respect of the Foreign Currency Contingent Note. The U.S. dollar amount of the projected payments described in clause (iii) of the preceding sentence is determined by (i) first allocating the payments to the most recently accrued OID to which prior amounts have not already been allocated and translating those amounts into U.S. dollars at the rate at which the OID was accrued and (ii) then allocating any remaining amount to principal and translating such amount into U.S. dollars at the spot rate on the date the Foreign Currency Contingent Note was acquired by the U.S. Holder. For this purpose, any accrued OID reduced by a negative adjustment carry forward will be treated as principal.

The amount realised by a U.S. Holder upon the sale, exchange or retirement of a Foreign Currency Contingent Note will equal the amount of cash and the fair market value (determined in foreign currency) of any property received. If a U.S. Holder holds a Foreign Currency Contingent Note until its scheduled maturity, the U.S. dollar equivalent of the amount realised will be determined by separating such amount realised into principal and one or more OID components, based on the principal and OID comprising the U.S. Holder's basis, with the amount realised allocated first to OID (and allocated to the most recently accrued amounts first) and any remaining amounts allocated to principal. The U.S. dollar equivalent of the amount realised upon a sale, exchange or unscheduled retirement of a Foreign Currency Contingent Note will be determined in a similar manner, but will first be allocated to principal and then any accrued OID (and will be allocated to the earliest accrued amounts first). Each component of the amount realised will be translated into U.S. dollars using the exchange rate used with respect to the corresponding principal or accrued OID. The amount of any gain realised upon a sale, exchange or unscheduled retirement of a Foreign Currency Contingent Note will be equal to the excess of the amount realised over the holder's tax basis, both expressed in foreign currency, and will be translated into U.S. dollars using the spot rate on the payment date. Gain from the sale or retirement of a Foreign Currency Contingent Note will generally be treated as interest income taxable at ordinary income (rather than capital gains) rates. Any loss will be ordinary loss to the extent that the U.S. Holder's total OID inclusions to the date of sale or retirement exceed the total net negative adjustments that the U.S. Holder took into account as ordinary loss, and any further loss will be capital loss. Gain or loss realised by a U.S. Holder on the sale or retirement of a Foreign Currency Contingent Note will generally be foreign source. Prospective purchasers should consult their tax advisers as to the foreign tax credit implications of the sale or retirement of Foreign Currency Contingent Notes.

A U.S. Holder will also recognise U.S. source exchange rate gain or loss (taxable as ordinary income or loss) on the receipt of foreign currency in respect of a Foreign Currency Contingent Note if the exchange rate in effect on the date the payment is received differs from the rate applicable to the principal or accrued OID to which such payment relates.

Disposition of Foreign Currency

Foreign currency received on a payment on a Note or on the sale or other disposition of a Note will have a tax basis equal to its U.S. dollar value at the time the foreign currency is received. Foreign currency that is purchased will generally have a tax basis equal to the U.S. dollar value of the foreign currency on the date of purchase. Any gain or loss recognised on a sale or other disposition of a foreign currency (including its use to purchase Notes or upon exchange for U.S. dollars) will be U.S. source ordinary income or loss.

Fungible Issue

The Issuers may, without the consent of the Holders of outstanding Notes, issue additional Notes with identical terms. These additional Notes, even if they are treated for non-tax purposes as part of the same series as the original Notes, in some cases may be treated as a separate issue for U.S. federal income tax purposes. In such a case, among other things, the additional Notes may be considered to have been issued with OID even if the original Notes had no OID, or the additional Notes may have a greater amount of OID than the original Notes. These differences may affect the market value of the original Notes if the additional Notes are not otherwise distinguishable from the original Notes.

Perpetual Capital Securities

Distributions

General.

Distributions on Perpetual Capital Securities by the Issuers, before reduction for any withholding tax paid by the Issuers with respect thereto (and including any additional amounts paid in respect of such withholding), generally will be taxable to a U.S. Holder as dividend income to the extent of the Issuers' current or accumulated earnings and profits (as determined for U.S. federal income tax purposes), and will not be eligible for the dividends received deduction allowed to corporations. Distributions in excess of current and accumulated earnings and profits will be treated as a non-taxable return of capital to the extent of the U.S. Holder's basis in the Perpetual Capital Securities and thereafter as capital gain. However, the Issuers do not maintain calculations of their earnings and profits in accordance with U.S. federal income tax accounting principles. U.S. Holders should therefore assume that any Distributions by the Issuers with respect to Perpetual Capital Securities will be reported as ordinary dividend income. U.S. Holders should consult their own tax advisers with respect to the appropriate U.S. federal income tax treatment of any Distributions on Perpetual Capital Securities received from the Issuers.

Effect of Singaporean Withholding Taxes.

As discussed under "*—Distributions on Perpetual Capital Securities—General*", the amount of Distribution income on the Perpetual Capital Securities will include amounts, if any, withheld in respect of Singaporean taxes. For more information on Singaporean withholding taxes, please see the discussion under "*—Singapore Taxation*" below. Distributions that the Issuers pay with respect to the Perpetual Capital Securities will be considered foreign-source income to U.S. Holders. Subject to applicable limitations, some of which vary depending upon the U.S. Holder's circumstances, Singaporean income taxes withheld from interest payments on the Perpetual Capital Securities to a U.S. Holder not eligible for an exemption from Singaporean withholding tax will be creditable against the U.S. Holder's U.S. federal income tax liability.

The foreign tax credit rules are complex. Prospective purchasers should consult their tax advisers concerning the foreign tax credit implications of the payment of Singaporean (or other non-U.S.) taxes.

Sale, redemption, maturity or Write-Off

For U.S. federal income tax purposes, gain or loss realised on the sale, redemption, maturity or Write Off of the Perpetual Capital Securities will be capital gain or loss, and will be long-term capital gain or loss if the U.S. Holder held the Perpetual Capital Securities for more than one year. The amount of the gain or loss will equal the difference between the U.S. Holder's tax basis in the Perpetual Capital Securities disposed of and the amount realised on the disposition, in each case as determined in U.S. dollars. A U.S. Holder's adjusted tax basis in a Perpetual Capital Security will generally be its U.S. dollar cost. Such gain or loss will generally be U.S.-source gain or loss for foreign tax credit purposes. The deductibility of capital losses is subject to limitations.

A U.S. Holder that receives a payment in a currency other than U.S. dollars on the sale, exchange, redemption or Write-Off of the Perpetual Capital Securities generally will realise an amount equal to the U.S. dollar value of the currency received at the spot rate on the date of disposition (or, if the Perpetual Capital Securities are traded on an established securities market and the U.S. Holder is a cash-basis or electing accrual-basis taxpayer, at the spot rate on the settlement date). A U.S. Holder that realises gain or loss on the date of disposition of the Perpetual Capital Securities will also recognise foreign currency gain or loss based on the difference in the foreign currency spot rate on the date of disposition and the settlement date. A U.S. Holder will have a tax basis in the foreign currency received equal to its U.S. dollar value at the spot rate on the settlement date. Any currency gain or loss realised in the sale, exchange, redemption or other disposition of the Perpetual Capital Securities or on a subsequent conversion or other disposition of the foreign currency for a different U.S. dollar amount generally will be treated as U.S. source ordinary income or loss.

*Passive Foreign Investment Company Considerations ("**PFIC**")*

A foreign corporation will be a PFIC in any taxable year in which, after taking into account the income and assets of the corporation and certain subsidiaries pursuant to applicable "look-through rules," either (i) at least 75% of its gross income is "passive income" or (ii) at least 50% of the average value of its assets is attributable to assets which produce passive income or are held for the production of passive income. Although interest income generally is passive income, a special rule allows banks to treat their banking business income as non-passive. To qualify for this rule, a bank must satisfy certain requirements regarding its licensing and activities. Each Issuer believes that (i) it currently meets these requirements, (ii) it was not a PFIC for its 2015 taxable year, and (iii) it will not be a PFIC for its current taxable year or in the foreseeable future.However, each Issuer's possible status as a PFIC must be determined annually and may be subject to change if the Relevant Issuer fails to qualify under this special rule for any year in which a U.S. Holder holds Perpetual Capital Securities. If an Issuer were to be treated as a PFIC in any year, U.S. Holders would be required (i) to pay a special U.S. addition to tax on certain distributions and gains on sale of the Perpetual Capital Securities of the Relevant Issuer and (ii) to pay tax on any gain from the sale of the Perpetual Capital Securities of the Relevant Issuer at ordinary income (rather than capital gains) rates in addition to paying the special addition to tax on this gain.

A U.S. Holder who owns, or who is treated as owning, PFIC stock during any taxable year in which the Relevant Issuer is classified as a PFIC may be required to file IRS Form 8621. Prospective purchasers should consult their tax advisers regarding the requirement to file IRS Form 8621 and the potential application of the PFIC regime to the Issuers.

Backup Withholding and Information Reporting

In general, payments of interest, accruals of OID, and Distributions on, and the proceeds of a sale, redemption or other disposition of, the Notes payable to a U.S. Holder by a U.S. paying agent or other U.S. intermediary will be reported to the IRS and to the U.S. Holder as may be required under applicable regulations. Backup withholding will apply to these payments, including payments of OID, if the U.S. Holder fails to provide an accurate taxpayer identification number or certification of exempt status or otherwise fails to comply with applicable certification requirements. Certain U.S. Holders (including, among others, corporations) are not subject to backup withholding. U.S. Holders should consult their tax advisors as to their qualification for exemption from backup withholding and the procedure for obtaining an exemption.

Reportable Transactions

A U.S. taxpayer that participates in a "reportable transaction" will be required to disclose its participation to the IRS. The scope and application of these rules is not entirely clear. A U.S. Holder may be required to treat a foreign currency exchange loss from the Notes as a reportable transaction if the loss exceeds U.S.$50,000 in a single taxable year, if the U.S. Holder is an individual or trust, or higher amounts for other non-individual U.S. Holders. In the event the acquisition, holding or disposition of Notes constitutes participation in a "reportable transaction" for purposes of these rules, a U.S. Holder will be required to disclose its investment by filing Form 8886 with the IRS.

A penalty in the amount of U.S.$10,000 in the case of a natural person and U.S.$50,000 in all other cases is generally imposed on any taxpayer that fails to timely file an information return with the IRS with respect to a transaction resulting in a loss that is treated as a reportable transaction. Prospective purchasers are urged to consult their tax advisors regarding the application of these rules.

Foreign Financial Asset Reporting

Certain holders are required to report the holding of certain foreign financial assets, including debt or equity of foreign entities, if the aggregate value of all of these assets exceeds U.S.$50,000 at the end of the taxable year or U.S.$75,000 at any time during the taxable year. The thresholds are higher for individuals living outside of the United States and married couples filing jointly. The Notes are expected to constitute foreign financial assets subject to these requirements unless the Notes are regularly traded on an established securities market and held in an account at a domestic financial institution. U.S. Holders should consult their tax advisors regarding the application of this reporting requirement.

All Holders

FATCA Withholding

Pursuant to certain provisions of U.S. law, commonly known as FATCA, a "foreign financial institution" may be required to withhold on certain payments it makes ("foreign passthru payments") to persons that fail to meet certain certification, reporting, or related requirements. The Issuers believe that they are foreign financial institutions for these purposes. A number of jurisdictions (including Singapore) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Certain aspects of the application of these rules to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, is not clear at this time. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply to foreign passthru payments prior to 1 January 2019 and Notes that are not treated as equity for U.S. federal income tax purposes and that have a fixed term issued on or prior to the date that is six months after the date on which final regulations defining "foreign passthru payments" are filed with the U.S. Federal Register generally would be "grandfathered" for purposes of FATCA withholding unless materially modified after such date. However, if additional Notes (as described under "T*erms and Conditions—*

Further Issues") that are not distinguishable from grandfathered Notes are issued after the expiration of the grandfather period and are subject to withholding under FATCA, then withholding agents may treat all the Notes in the series, including grandfathered Notes, as subject to withholding under FATCA. Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Notes. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, none of the Issuers, the Joint Arrangers, Dealers or any other persons involved in the Programme will be required to pay additional amounts as a result of the withholding.

Singapore Taxation

The statements below are general in nature and are based on certain aspects of current tax laws in Singapore and administrative guidelines and circulars issued by the MAS in force as at the date of this Offering Circular and are subject to any changes in such laws, administrative guidelines or circulars, or the interpretation of those laws, guidelines or circulars, occurring after such date, which changes could be made on a retroactive basis. Neither these statements nor any other statements in this Offering Circular are intended or are to be regarded as advice on the tax position of any holder of the Notes or of any person acquiring, selling or otherwise dealing with the Notes or on any tax implications arising from the acquisition, sale or other dealings in respect of the Notes. The statements made herein do not purport to be a comprehensive or exhaustive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Notes and do not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or financial institutions in Singapore which have been granted the relevant Financial Sector Incentive(s)) may be subject to special rules or tax rates. Prospective holders of the Notes are advised to consult their own tax advisors as to the Singapore or other tax consequences of the acquisition, ownership of or disposal of the Notes, including the effect of any foreign, state or local tax laws to which they are subject. It is emphasised that none of the Issuers, the Joint Arrangers and any other persons involved in the Programme accepts responsibility for any tax effects or liabilities resulting from the subscription for, purchase, holding or disposal of the Notes.

The disclosure below is on the assumption that the IRAS regards (a) Subordinated Notes containing non-viability loss absorption provisions as debt securities for the purposes of the ITA and eligible for the qualifying debt securities scheme; and (b) Notes constituting Perpetual Capital Securities as "AT1 instruments" within the meaning of Section 10O(2) of the ITA. If any tranche of the Subordinated Notes is not regarded as debt securities for the purposes of the ITA or any tranche of Notes constituting Perpetual Capital Securities is not regarded as "AT1 instruments" within the meaning of Section 10O(2) of the ITA, and/or holders thereof are not eligible for the tax concessions under the qualifying debt securities scheme, the tax treatment to holders may differ. Investors and holders of any tranche of such Notes should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding and disposal of any tranche of the Subordinated Notes.

Interest and Other Payments

Subject to the following paragraphs, under Section 12(6) of the ITA the following payments are deemed to be derived from Singapore:

(a) any interest, commission, fee or any other payment in connection with any loan or indebtedness or with any arrangement, management, guarantee, or service relating to any loan or indebtedness which is (i) borne, directly or indirectly, by a person resident in Singapore or a permanent establishment in Singapore (except in respect of any business carried on outside Singapore through a permanent establishment outside Singapore or any immovable property situated outside Singapore) or (ii) deductible against any income accruing in or derived from Singapore; or

(b) any income derived from loans where the funds provided by such loans are brought into or used in Singapore.

Such payments, where made to a person not known to the paying party to be a resident in Singapore for tax purposes, are generally subject to withholding tax in Singapore. The rate at which tax is to be withheld for such payments (other than those subject to the 15% final withholding tax described below) to non-resident persons (other than non-resident individuals) is currently 17%. The applicable rate for non-resident individuals is currently 22%. However, if the payment is derived by a person not resident in Singapore otherwise than from any trade, business, profession or vocation carried on or exercised by such person in Singapore and is not effectively connected with any permanent establishment in Singapore of that person, the payment is subject to a final withholding tax of 15%. The rate of 15% may be reduced by applicable tax treaties.

Certain Singapore-sourced investment income derived by individuals from financial instruments is exempt from tax, including:

(a) interest from debt securities derived on or after 1 January 2004;

(b) discount income (not including discount income arising from secondary trading) from debt securities derived on or after 17 February 2006; and

(c) prepayment fee, redemption premium and break cost from debt securities derived on or after 15 February 2007,

except where such income is derived through a partnership in Singapore or is derived from the carrying on of a trade, business or profession in Singapore.

Withholding Tax Exemption on Qualifying Payments by Specified Entities

Pursuant to Section 45I of the ITA, payments of income which are deemed under Section 12(6) of the ITA to be derived from Singapore and which are made by a specified entity shall be exempt from withholding tax if such payments are liable to be made by such specified entity for the purpose of its trade or business under a debt security which is issued within the period from 17 February 2012 to 31 March 2021. Notwithstanding the above, permanent establishments in Singapore of non-resident persons are required to declare such payments in their annual income tax returns and will be assessed to tax on such payments (unless specifically exempt from tax).

A specified entity includes a bank licensed under the Banking Act, Chapter 19 of Singapore or a merchant bank approved under the MAS Act, Chapter 186 of Singapore.

Qualifying Debt Securities Scheme

As the Programme as a whole is arranged by Financial Sector Incentive (Bond Market) Companies (as defined in the ITA) prior to 1 January 2014 and by Financial Sector Incentive (Bond Market), Financial Sector Incentive (Standard-Tier) or Financial Sector Incentive (Capital Market) Companies (as defined in the ITA) from 1 January 2014, any tranche of the Notes ("**Relevant Notes**") which are debt securities issued under the Programme from the date of this Offering Circular to 31 December 2018 would be, pursuant to the ITA and the MAS Circular FSD Cir 02/2013 entitled "Extension and Refinement of Tax Concessions for Promoting the Debt Market" issued by the MAS on 28 June 2013 (the "**MAS Circular**"), qualifying debt securities ("**QDS**") for the purposes of the ITA, to which the following treatment shall apply:

(a) subject to certain prescribed conditions having been fulfilled (including the furnishing of a return on debt securities in respect of the Relevant Notes in the prescribed format within such period as the relevant authorities may specify and such other particulars in connection with the Relevant Notes as the relevant authorities may require to the MAS and such other relevant authorities as may be prescribed and the inclusion by the Relevant Issuer in all offering documents relating to the

Relevant Notes of a statement to the effect that where interest, discount income, prepayment fee, redemption premium or break cost from the Relevant Notes is derived by a person who is not resident in Singapore and who carries on any operation in Singapore through a permanent establishment in Singapore, the tax exemption for qualifying debt securities shall not apply if the non-resident person acquires the Relevant Notes using funds from that person's operations through the Singapore permanent establishment), interest, discount income (not including discount income arising from secondary trading), prepayment fee, redemption premium and break cost (collectively the "**Qualifying Income**") from the Relevant Notes paid by the Relevant Issuer and derived by a holder who is not resident in Singapore and who (aa) does not have any permanent establishment in Singapore or (bb) carries on any operation in Singapore through a permanent establishment in Singapore but the funds used by that person to acquire the Relevant Notes are not obtained from such person's operation through a permanent establishment in Singapore, are exempt from Singapore tax. "Funds from Singapore operations" means, in relation to a person, the funds and profits of that person's operations through a permanent establishment in Singapore;

(b) subject to certain conditions having been fulfilled (including the furnishing of a return on debt securities in respect of the Relevant Notes in the prescribed format within such period as the relevant authorities may specify and such other particulars in connection with the Relevant Notes as the relevant authorities may require to the MAS and such other relevant authorities as may be prescribed), Qualifying Income paid by the Relevant Issuer and derived by any company or a body of persons (as defined in the ITA) in Singapore is subject to tax at a concessionary rate of 10% (except for holders of the relevant Financial Sector Incentive(s) who may be taxed at different rates); and

(c) subject to:

(i) the Relevant Issuer including in all offering documents relating to the Relevant Notes a statement to the effect that any person whose interest, discount income, prepayment fee, redemption premium or break cost derived from the Relevant Notes is not exempt from tax shall include such income in a return of income made under the ITA; and

(ii) the furnishing to the MAS and such other relevant authorities as may be prescribed of a return on debt securities in respect of the Relevant Notes in the prescribed format within such period as the relevant authorities may specify and such other particulars in connection with the Relevant Notes as the relevant authorities may require,

payments of Qualifying Income derived from the Relevant Notes are not subject to withholding of tax by the Relevant Issuer.

Notwithstanding the foregoing:

(a) if during the primary launch of any tranche of Relevant Notes, the Relevant Notes of such tranche are issued to fewer than four persons and 50% or more of the issue of such Relevant Notes is beneficially held or funded, directly or indirectly, by related parties of the Relevant Issuer, such Relevant Notes would not qualify as QDS; and

(b) even though a particular tranche of Relevant Notes are QDS, if, at any time during the tenure of such tranche of Relevant Notes, 50% or more of such Relevant Notes which are outstanding at any time during the life of their issue is beneficially held or funded, directly or indirectly, by any related party(ies) of the Relevant Issuer, Qualifying Income derived from such Relevant Notes held by:

(i) any related party of the Relevant Issuer; or

(ii) any other person where the funds used by such person to acquire such Relevant Notes are obtained, directly or indirectly, from any related party of the Relevant Issuer,

shall not be eligible for the tax exemption or concessionary rate of tax described above.

The term "related party," in relation to a person, means any other person who, directly or indirectly, controls that person, or is controlled, directly or indirectly, by that person, or where he and that other person, directly or indirectly, are under the control of a common person.

The terms "break cost," "prepayment fee" and "redemption premium" are defined in the ITA as follows:

(a) "break cost," in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by any loss or liability incurred by the holder of the securities in connection with such redemption;

(b) "prepayment fee," in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by the terms of the issuance of the securities; and

(c) "redemption premium," in relation to debt securities and qualifying debt securities, means any premium payable by the issuer of the securities on the redemption of the securities upon their maturity.

References to "break cost," "prepayment fee" and "redemption premium" in this Singapore tax disclosure have the same meaning as defined in the ITA.

Where interest, discount income, prepayment fee, redemption premium and break cost (i.e. the Qualifying Income) is derived from any of the Relevant Notes by any person who is not resident in Singapore and who carries on any operations in Singapore through a permanent establishment in Singapore, the tax exemption available for QDS under the ITA (as mentioned above) shall not apply if such person acquires such Relevant Notes using funds and profits of such person's operations through a permanent establishment in Singapore. Any person whose interest, discount income, prepayment fee, redemption premium or break cost (i.e. the Qualifying Income) derived from the Relevant Notes is not exempt from tax is required to include such income in a return of income made under the ITA.

Under the Qualifying Debt Securities Plus Scheme ("**QDS Plus Scheme**"), subject to certain conditions having been fulfilled (including the submission of a return on debt securities in respect of the QDS in the prescribed format within such period as relevant authorities may specify and such other particulars in connection with the QDS as the relevant authorities may require to the MAS and such other relevant authorities as may be prescribed), income tax exemption is granted on Qualifying Income derived by any investor from QDS (excluding Singapore government securities) which:

(a) are issued during the period from 16 February 2008 to 31 December 2018;

(b) have an original maturity of not less than 10 years;

(c) cannot be redeemed, called, exchanged or converted within 10 years from the date of their issue; and

(d) cannot be "re-opened" with a resulting tenure of less than 10 years to the original maturity date.

However, even if a particular tranche of Relevant Notes are QDS which qualify under the QDS Plus Scheme, if, at any time during the tenure of such tranche of Relevant Notes, 50% or more of such Relevant Notes which are outstanding at any time during the life of their issue is beneficially held or funded, directly or indirectly, by any related party(ies) of the Relevant Issuer, Qualifying Income from such Relevant Notes derived by:

(a) any related party of the Relevant Issuer; or

(b) any other person where the funds used by such person to acquire such Relevant Notes are obtained, directly or indirectly, from any related party of the Relevant Issuer,

shall not be eligible for the tax exemption under the QDS Plus Scheme as described above.

The MAS Circular states that, with effect from 28 June 2013, the QDS Plus Scheme will be refined to allow QDS with certain standard early termination clauses (as prescribed in the MAS Circular) to qualify for the QDS Plus Scheme at the point of issuance of such debt securities. The MAS has also clarified that if such debt securities are subsequently redeemed prematurely pursuant to such standard early termination clauses before the 10th year from the date of issuance of such debt securities, the tax exemption granted under the QDS Plus Scheme to Qualifying Income accrued prior to such redemption will not be clawed back. Under such circumstances, the QDS Plus status of such debt securities will be revoked prospectively for such outstanding debt securities (if any), and holders thereof may still enjoy the tax benefits under the QDS Scheme if the QDS conditions continue to be met.

The MAS has stated that, notwithstanding the above, QDS with embedded options with economic value (such as call, put, conversion or exchange options which can be triggered at specified prices or dates and are built into the pricing of such debt securities at the onset) which can be exercised within ten years from the date of issuance of such debt securities will continue to be excluded from the QDS Plus Scheme from such date of issuance.

Capital Gains

Any gains considered to be in the nature of capital made from the sale of the Notes will not be taxable in Singapore. However, any gains derived by any person from the sale of the Notes as part of a trade or business carried on by that person in Singapore may be taxable as such gains are considered revenue in nature.

Holders of the Notes who apply or who are required to apply FRS 39 for Singapore income tax purposes may be required to recognise gains or losses (not being gains or losses in the nature of capital) for tax purposes in accordance with the provisions of FRS 39 (as modified by the applicable provisions of Singapore income tax law) even though no sale or disposal of the Notes is made. See also “Adoption of FRS 39 Treatment for Singapore Income Tax Purposes”.

Adoption of FRS 39 Treatment for Singapore Income Tax Purposes

The IRAS has issued a circular entitled “Income Tax Implications Arising from the Adoption of FRS 39 – Financial Instruments: Recognition and Measurement” (“**FRS 39 Circular**”). The ITA has since been amended to give effect to the FRS 39 Circular.

The FRS 39 Circular generally applies, subject to certain “opt-out” provisions, to taxpayers who are required to comply with FRS 39 for financial reporting purposes.

Holders of the Notes who may be subject to the tax treatment under the FRS 39 Circular should consult their own accounting and tax advisors regarding the Singapore income tax consequences of their acquisition, holding or disposal of the Notes.

Estate Duty

Singapore estate duty has been abolished with respect to all deaths occurring on or after 15 February 2008.

Stamp Duty

Singapore stamp duty is not chargeable upon the transfer of any Notes through the book-entry settlement system of CDP.

United Kingdom Taxation

The comments below are of a general nature based on current UK tax law as applied in England and Wales and published HM Revenue & Customs practice (which may not be binding on HM Revenue & Customs) relating only to (i) the UK withholding tax treatment of payments of interest in respect of the Notes and (ii) the UK stamp treatment of issues and transfers of the Notes, and are not intended to be exhaustive. References in this part to "**interest**" shall mean amounts that are treated as interest for the purposes of UK taxation. References in this part to "**London Notes**" shall mean Notes (excluding Perpetual Capital Securities) issued from DBS Bank's London branch and "**Other Notes**" shall mean Notes issued by DBS Bank other than from its London branch, or by DBSH.

Any Noteholders who are in doubt as to their own tax position should consult their professional advisors.

UK Withholding Tax on Interest Payments

Assuming that interest on the Other Notes does not have a UK source, payments of interest on Other Notes may be made by the Relevant Issuer without withholding or deduction for or on account of UK income tax.

Interest paid on London Notes is likely to have a UK source. Accordingly, if London Notes are issued for a term of one year or more (or with the intention, or under arrangements the effect of which is, to render such Notes part of a borrowing with a total term of one year or more), any interest ("**Yearly Interest**") paid on those London Notes will be paid under deduction of UK income tax at the basic rate (currently 20%), subject to certain exceptions and, in particular, to the exceptions listed below.

Where Notes are to be, or may fail to be, redeemed at a premium, as opposed to being issued at a discount, then any such element of premium may constitute a payment of interest. Payments of interest are subject to United Kingdom withholding tax as outlined above.

Regulatory Capital Exemption

Pursuant to the Taxation of Regulatory Capital Securities Regulations 2013 (the "**Regulations**") payments of Yearly Interest on a London Note which is a regulatory capital security within the meaning of the Regulations may be made without deduction of or withholding on account of UK income tax provided that there are not arrangements the main purpose, or one of the main purposes, of which is to obtain a tax advantage for any person as a result of the application of the Regulations in respect of that security. Strictly, any London Notes that are Subordinated Notes will not qualify as regulatory capital securities under the Regulations (in short, because they would be issued by a Singapore bank under MAS regulations and would not constitute "Tier 2 instruments" under Commission Regulation (EU) No 575/2013). However, in practice HM Revenue & Customs may be prepared to treat any such Subordinated Notes as regulatory capital securities for the purpose of the Regulations, with the consequence that the above exemption from the obligation to deduct amounts in respect of UK income tax from payments of Yearly Interest on such Notes may be available.

Bank Interest Exemption

To the extent that, at the time any Yearly Interest is paid on a London Note other than a Subordinated Note, DBS Bank is a bank as defined in section 991 of the Income Tax Act 2007 and that Yearly Interest is paid in the ordinary course of DBS Bank's business, within the meaning of Section 878 of the Income Tax Act 2007, that Yearly Interest may be paid without deduction of or withholding on account of UK income tax.

Quoted Eurobond Exemption

Where the London Notes are and continue to be "quoted Eurobonds", payments of Yearly Interest by DBS Bank on the London Notes may be made without deduction of or withholding on account of UK income tax.

The London Notes issued will constitute "quoted Eurobonds" provided that they carry a right to interest and that they are and continue to be listed on a recognised stock exchange, within the meaning of Section 1005 of the Income Tax Act 2007. The SGX-ST is a recognised stock exchange for these purposes. Securities will be treated as listed on the SGX-ST if they are both admitted to trading on the Main Board or Bond Market of the SGX-ST and are officially listed in Singapore in accordance with provisions corresponding to those generally applicable in countries in the European Economic Area.

U.K. Stamp Duty and Stamp Duty Reserve Tax

Since none of the Issuers are incorporated in the United Kingdom, no United Kingdom Stamp Duty Reserve Tax will be payable in connection with the issue or transfer of Notes provided that the Notes are not registered in a register kept in the United Kingdom, and no United Kingdom stamp duty should be payable on the issue of any Notes. United Kingdom stamp duty may in theory be payable on a transfer of Notes where the Notes are transferred by means of a written instrument of transfer which is executed in the UK or which relates to any property situated in, or to any matter or thing done or to be done in the United Kingdom, subject to a number of exemptions including the loan capital exemption in Section 79 of the Finance Act 1986 which may apply depending on the detailed terms of the relevant Notes. Persons who are in any doubt regarding the application of any stamp duty exemption to any Notes should seek appropriate professional advice.

The Proposed Financial Transactions Tax ("FTT")

On 14 February 2013, the European Commission published a proposal (the "**Commission's Proposal**") for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**participating Member States**"). However, Estonia has since stated that it will not participate.

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

Under the Commission's Proposal, the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

A joint statement issued on 8 December 2015 by participating Member States (other than Estonia) indicated a high level of agreement on the scope of the FTT.

However, the FTT proposal remains subject to further negotiation between the participating Member States and the scope of any such tax is uncertain. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate. Prospective holders of Notes are advised to seek their own professional advice in relation to the FTT.

Hong Kong Taxation

The statements herein regarding taxation are based on the laws of Hong Kong in force as at the date of this document and are subject to any changes in law occurring after such date, which changes could be made on a retroactive basis. The following summary relates to Notes (excluding Perpetual Capital Securities) issued by DBS Bank's Hong Kong branch ("**Hong Kong Notes**") and does not purport to be a comprehensive description of all of the tax considerations that may be relevant to a decision to purchase,

own or dispose of the Notes and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers or certain professional investors) may be subject to special rules. Investors should consult their own tax advisors regarding the tax consequences of an investment in the Notes.

Withholding Tax

No withholding tax is payable in Hong Kong in respect of payments of principal or interest on Hong Kong Notes or in respect of any capital gains arising from the sale of Hong Kong Notes.

Profits Tax

Hong Kong profits tax is chargeable on every person carrying on a trade, profession or business in Hong Kong in respect of profits arising in or derived from Hong Kong from such trade, profession or business (excluding profits arising from the sale of capital assets).

Under the Inland Revenue Ordinance (Cap. 112) of Hong Kong (the "**Inland Revenue Ordinance**"), as it is currently applied in the Inland Revenue Department, interest on Hong Kong Notes may be deemed to be profits arising in or derived from Hong Kong from a trade, profession or business carried on in Hong Kong in the following circumstances:

(i) interest on Hong Kong Notes is derived from Hong Kong and is received by or accrues to a company, other than a financial institution, carrying on a trade, profession or business in Hong Kong; or

(ii) interest on Hong Kong Notes is derived from Hong Kong and is received by or accrues to a person, other than a company (such as a partnership), carrying on a trade, profession or business in Hong Kong and is in respect of the funds of that trade, profession or business; or

(iii) interest on Hong Kong Notes is received by or accrues to a financial institution (as defined in the Inland Revenue Ordinance) and arises through or from the carrying on by the financial institution of its business in Hong Kong.

Pursuant to the Exemption from Profits Tax (Interest Income) Order, interest income accruing to a person other than a financial institution, on deposits (denominated in any currency and whether or not the deposit is evidenced by a certificate of deposit) placed with, *inter alia*, an authorised institution in Hong Kong (within the meaning of section 2 of the Banking Ordinance (Cap. 155) of Hong Kong) is exempt from the payment of Hong Kong profits tax. This exemption does not apply, however, to deposits that are used to secure or guarantee money borrowed in certain circumstances. Provided no prospectus involving the issue of the Hong Kong Notes is registered under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, the issue of the Hong Kong Notes is expected to constitute a deposit to which the above exemption from payment will apply.

Sums received by or accrued to a financial institution by way of gains or profits arising through or from the carrying on by the financial institution of its business in Hong Kong from the sale, disposal and redemption of Hong Kong Notes will be subject to profits tax.

Sums derived from the sale, disposal or redemption of Hong Kong Notes will be subject to Hong Kong profits tax where received by or accrued to a person, other than a financial institution, who carries on a trade, profession or business in Hong Kong and the sum has a Hong Kong source. The source of such sums will generally be determined by having regard to the manner in which the Hong Kong Notes are acquired and disposed.

Stamp Duty

Stamp duty will not be payable on the issue of Hong Kong Notes which are Bearer Notes by the Relevant Issuer, provided either:

(i) such Notes are denominated in a currency other than the currency of Hong Kong and are not repayable in any circumstances in the currency of Hong Kong; or

(ii) such Notes constitute loan capital (as defined in the Stamp Duty Ordinance (Cap. 117) of Hong Kong).

If stamp duty is payable it is payable by the Relevant Issuer on the issue of Hong Kong Notes which are Bearer Notes at a rate of 3% of the market value of the Notes at the time of issue.

No stamp duty will be payable on any subsequent transfer of Hong Kong Notes which are Bearer Notes.

No stamp duty is payable on the issue of Hong Kong Notes which are Registered Notes.

Stamp duty may be payable on any transfer of Hong Kong Notes which are Registered Notes issued by the Relevant Issuer if the relevant transfer is required to be registered in Hong Kong. Stamp duty will, however, not be payable on any transfers of Hong Kong Notes which are Registered Notes, provided that either:

(i) the Registered Notes are denominated in a currency other than the currency of Hong Kong and are not repayable in any circumstances in the currency of Hong Kong; or

(ii) the Registered Notes constitute loan capital (as defined in the Stamp Duty Ordinance (Cap. 117) of Hong Kong).

If stamp duty is payable in respect of the transfer of Registered Notes it will be payable at the rate of 0.2% (of which 0.1% is payable by the seller and 0.1% is payable by the purchaser) normally by reference to the consideration or its value, whichever is higher. If, in the case of either the sale or purchase of such Registered Notes, stamp duty is not paid, both the seller and the purchaser may be liable jointly and severally to pay any unpaid stamp duty and also any penalties for late payment. If stamp duty is not paid on or before the due date (two days after the sale or purchase if effected in Hong Kong or 30 days if effected elsewhere) a penalty of up to 10 times the duty payable may be imposed. In addition, stamp duty is payable at the fixed rate of HK$5.00 on each instrument of transfer executed in relation to any transfer of the Registered Notes if the relevant transfer is required to be registered in Hong Kong.

Australia Taxation

Notes issued by DBSH or by DBS Bank other than through its Australia Branch

*The following is a summary of the Australian withholding tax treatment under the Income Tax Assessment Acts of 1936 and 1997 of Australia (together, "**Australian Tax Act**"), at the date of this Offering Circular, of payments of interest on the Notes to be issued by DBSH or by DBS Bank (other than through its Australia Branch) (each a "**non-Australian Issuer**") under the Programme and certain other tax matters. It is not exhaustive and, in particular, does not deal with the position of certain classes of Noteholders (including, dealers in securities, custodians or other third parties who hold Notes on behalf of other persons).*

The summary is not intended to be, nor should it be construed as, legal or tax advice to any particular Noteholders. It is a general guide only and should be treated with appropriate caution. Prospective Noteholders who are in any doubt as to their tax position should consult their professional advisors on the tax implications of an investment in the Notes for their particular circumstances.

Interest withholding tax

So long as a non-Australian Issuer continues to be a non-resident of Australia and the Notes issued by it are not attributable to a permanent establishment of that non-Australian Issuer in Australia, payments of

principal and interest (and in the case of Perpetual Capital Securities, Distributions) made under Notes issued by it should not be subject to Australian interest withholding tax.

Other tax matters

Under Australian laws as presently in effect:

(a) *death duties* - no Notes will be subject to death, estate or succession duties imposed by Australia, or by any political subdivision or authority therein having power to tax, if held at the time of death;

(b) *stamp duty and other taxes - n*o *ad valorem* stamp, issue, registration or similar taxes are payable in Australia on the issue or transfer of any Notes (and in the case of Perpetual Capital Securities provided that no person either alone or together with associates acquires Perpetual Capital Securities which would entitle them to a distribution of 50% or more of the property of the Issuer);

(c) *other withholding taxes on payments in respect of Notes* - so long as a non-Australian Issuer continues to be a non-resident of Australia and does not issue Notes in carrying on a business at or through a permanent establishment in Australia, the tax file number requirements of Part VA of the Australian Tax Act and Section 12-140 of Schedule 1 to the Taxation Administration Act 1953 of Australia ("**Taxation Administration Act**") should not apply to the non-Australian Issuer in connection with Notes issued by that non-Australian Issuer;

(d) *supply withholding tax* - payments in respect of the Notes can be made free and clear of the "supply withholding tax" imposed under Section 12-190 of Schedule 1 to the Taxation Administration Act, provided that a non-Australian Issuer does not issue the Notes, use the proceeds of Notes issued or make payments on the Notes in the course or furtherance of an enterprise carried on in Australia; and

(e) *goods and services tax (GST)* - neither the issue nor receipt of the Notes will give rise to a liability for GST in Australia on the basis that the supply of Notes will comprise either an input taxed financial supply or (in the case of an offshore subscriber) a supply which is outside the scope of the GST law. Furthermore, neither the payment of principal or interest by that non-Australian Issuer nor the disposal of the Notes, would give rise to any GST liability in Australia.

Notes issued by the Australia Branch of DBS Bank

*The following is a summary of the Australian withholding tax treatment under the Australian Tax Act, at the date of this Offering Circular, of payments of interest (as defined in the Australian Tax Act) on or Senior Notes (the "**Australian Notes**") to be issued by the Australia Branch of DBS Bank (the "**Australian Issuer**") under the Programme and certain other tax matters. It is not exhaustive and, in particular, does not deal with the position of certain classes of holders of Australian Notes (including, dealers in securities, custodians or other third parties who hold Australian Notes on behalf of other persons).*

Prospective holders of Australian Notes should also be aware that particular terms of issue of any Series of Australian Notes may affect the tax treatment of that and other Series of Australian Notes.

This summary is not intended to be, nor should it be construed as, legal or tax advice to any particular holder of Australian Notes. It is a general guide only and should be treated with appropriate caution. Prospective holders of Australian Notes who are in any doubt as to their tax position should consult their professional advisors on the tax implications of an investment in the Australian Notes for their particular circumstances.

Interest withholding tax

An exemption from Australian interest withholding tax imposed under Division 11A of Part III of the Australian Tax Act ("**IWT**") is available, in respect of the Australian Notes issued by an Australian Issuer under Section 128F of the Australian Tax Act if the following conditions are met:

(a) the Australian Issuer is a company as defined in Section 128F(9) (which includes certain companies acting as a trustee) and either a resident of Australia or a non-resident carrying on business at or through a permanent establishment in Australia when it issues those Australian Notes and when interest (as defined in Section 128A(1AB) of the Australian Tax Act) is paid. Interest is defined to include amounts in the nature of, or in substitution for, interest and certain other amounts;

(b) those Australian Notes are issued in a manner which satisfies the public offer test. There are five principal methods of satisfying the public offer test, the purpose of which is to ensure that lenders in capital markets are aware that the Australian Issuer is offering those Australian Notes for issue. In summary, the five methods are:

    (i) offers to 10 or more unrelated persons carrying on a business of providing finance, or investing or dealing in securities, in the course of operating in financial markets;

    (ii) offers to 100 or more investors of a certain type;

    (iii) offers of listed Australian Notes;

    (iv) offers via publicly available information sources; and

    (v) offers to a dealer, manager or underwriter who offers to sell those Australian Notes within 30 days by one of the preceding methods.

(c) the Australian Issuer does not know, or have reasonable grounds to suspect, at the time of issue, that those Australian Notes or interests in those Australian Notes were being, or would later be, acquired, directly or indirectly, by an "**associate**" (as defined in Section 128F(9) of the Australian Tax Act) of the Australian Issuer, except as permitted by Section 128F(5) of the Australian Tax Act; and

(d) at the time of the payment of interest, the Australian Issuer does not know, or have reasonable grounds to suspect, that the payee is an "associate" (as defined in Section 128F(9) of the Australian Tax Act) of the Australian Issuer, except as permitted by Section 128F(6) of the Australian Tax Act.

    An "associate" of the Issuer for the purposes of section 128F of the Australian Tax Act includes:

    (i) a person or entity which holds more than 50% of the voting shares of, or otherwise controls, the Issuer;

    (ii) an entity in which more than 50% of the voting shares are held by, or which is otherwise controlled by, the Issuer;

    (iii) a trustee of a trust where the Issuer is capable of benefiting (whether directly or indirectly) under that trust; and

    (iv) a person or entity who is an "associate" of another person or company which is an "associate" of the Issuer under paragraph (i) above.

Compliance with Section 128F of the Australian Tax Act

Unless otherwise specified in any relevant supplement to this Offering Circular, the Australian Issuer intends to issue the Australian Notes in a manner which will satisfy the requirements of Section 128F of the Australian Tax Act.

The Australian Issuer intends to issue Australian Notes which will be characterised as both "debt interests" and "debentures" for the purposes of the Australian Tax Act.

Exemptions under recent tax treaties

The Australian government has signed or amended double tax conventions ("**New Treaties**") with a number of countries (each a "**Specified Country**") which contain certain exemptions from IWT.

In broad terms, the New Treaties effectively prevent IWT applying to interest derived by:

(a) the government of the relevant Specified Country and certain governmental authorities and agencies in the Specified Country; or

(b) a "financial institution" which is a resident of a "Specified Country" and which is unrelated to and dealing wholly independently with the Australian Issuer. The term "**financial institution**" refers to either a bank or any other enterprise which substantially derives its profits by carrying on a business of raising and providing finance. However, interest under a back-to-back loan or an economically equivalent arrangement will not qualify for this exemption.

The Australian Federal Treasury maintains a listing of Australia's double tax conventions which provides details of country, status, withholding tax rate limits and Australia's domestic implementation which is available to the public at the Federal Treasury's Department's website.

Payment of additional amounts

As set out in more detail in the terms and conditions for the Australian Notes, if the Australian Issuer is at any time compelled or authorised by law to deduct or withhold an amount in respect of any Australian withholding taxes imposed or levied by the Commonwealth of Australia in respect of the Australian Notes, the Australian Issuer must, subject to certain exceptions, pay such additional amounts as shall result in receipt by the holders of those Australian Notes of such amounts as would have been received by them had no such deduction or withholding been required. If the Australian Issuer is compelled, as a result of any change in, or amendment to, any law to deduct or withhold an amount in respect of any withholding taxes, the Australian Issuer will have the option to redeem those Australian Notes in accordance with the Note Conditions.

Other tax matters

Under Australian laws as presently in effect:

(a) *death duties* - no Australian Notes will be subject to death, estate or succession duties imposed by Australia, or by any political subdivision or authority therein having power to tax, if held at the time of death;

(b) *stamp duty and other taxes* - no *ad valorem* stamp, issue, registration or similar taxes are payable in Australia on the issue or transfer of any Australian Notes;

(c) *supply withholding tax*- payments in respect of the Australian Notes can be made free and clear of the "supply withholding tax" imposed under Section 12-190 of Schedule 1 to the Taxation Administration Act;

(d) *TFN/ABN withholding* - withholding tax is imposed on the payment of interest on certain registered securities unless the relevant payee has quoted an Australian tax file number

("**TFN**"), (in certain circumstances) an Australian Business Number ("**ABN**") or proof of some other exception (as appropriate)

Assuming the requirements of section 128F of the Australian Tax Act are satisfied with respect to the Notes, then such withholding should not apply to payments to a non-resident of Australia for Australian tax purposes that does not acquire or hold the Notes in carrying on a business at or through a permanent establishment located in Australia.

The rate of withholding tax is 49% for the 2015-16 and 2016-17 income years and, under current law, will be reduced to 47% following the 2016-17 income year;

(e) *goods and services tax (GST)* - neither the issue nor receipt of the Australian Notes will give rise to a liability for GST in Australia on the basis that the supply of Australian Notes will comprise either an input taxed financial supply or (in the case of an offshore subscriber) a GST-free supply. Furthermore, neither the payment of principal or interest by the Australian Issuer, nor the disposal of the Australian Notes, would give rise to any GST liability in Australia; and

(f) *garnishee Directions by the Commissioner of Taxation* - the Commissioner may give a direction requiring the Australian Issuer to deduct from any payment to a holder of the Australian Notes any amount in respect of Australian tax payable by the holder. If the Australian Issuer is served with such a direction, then the Australian Issuer will comply with that direction and make any deduction required by that direction.

United Arab Emirates Taxation (excluding the DIFC)

There is currently in force in the emirates of Abu Dhabi and Dubai legislation establishing a general corporate taxation regime (the Abu Dhabi Income Tax Decree 1965 (as amended) and the Dubai Income Tax Decree 1969 (as amended)). The regime is, however, not enforced save in respect of companies active in the hydrocarbon industry, some related service industries and branches of foreign banks operating in the UAE. It is not known whether the legislation will or will not be enforced more generally or within other industry sectors in the future. Under current legislation, there is no requirement for withholding or deduction for or on account of United Arab Emirates or Dubai taxation in respect of payments made by the Relevant Issuer under the Notes.

The Constitution of the United Arab Emirates specifically reserves to the Federal Government of the United Arab Emirates the right to raise taxes on a federal basis for purposes of funding its budget. It is not known whether this right will be exercised in the future.

The United Arab Emirates has extended its double taxation arrangements with certain other countries, but these are not extensive in number.

DIFC Taxation

Pursuant to Article 14 of Law No. (9) of 2004 in respect of the DIFC (the "**DIFC Law**"), entities licensed, registered or otherwise authorised to carry on financial services in the DIFC and their employees shall be subject to a zero rate of tax for a period of 50 years from 13 September 2004. This zero rate of tax applies to income, corporation and capital gains tax. In addition, this zero rate of tax will also extend to repatriation of capital and to transfers of assets or profits or salaries to any party outside the DIFC. Article 14 of the DIFC Law also provides that it is possible to renew the 50-year period to a similar period upon issuance of a resolution by the Ruler of the Emirate of Dubai. As a result no payments by the Relevant Issuer under the Notes are subject to any DIFC tax, whether by withholding or otherwise.

ERISA AND CERTAIN OTHER CONSIDERATIONS

Section 406 of the U.S. Employee Retirement Income Security Act of 1974, as amended ("**ERISA**") and Section 4975 of the Code prohibit certain transactions involving the assets of employee benefit plans and other plans subject to such provisions, including collective investment funds and separate accounts whose underlying assets include the assets of such plans (collectively, the "**Plans**") and persons (referred to as "**parties in interest**" or "**disqualified persons**") having certain relationships to such Plans, unless a statutory or administrative exemption applies to the transaction. A party in interest or disqualified person who engages in a non-exempt prohibited transaction may be subject to excise taxes or other penalties and liabilities under ERISA or Section 4975 of the Code. Accordingly, each original or subsequent purchaser or transferee of a Note that is or may become a Plan is responsible for determining that its purchase and holding of such Note will not constitute a prohibited transaction under Section 406 of ERISA or Section 4975 of the Code.

The U.S. Department of Labor (the "**DOL**") has promulgated a regulation describing what constitutes the assets of a Plan for purposes of ERISA and Section 4975 of the Code (as modified by Section 3(42) of ERISA, the "**Plan Asset Regulation**"). Pursuant to a look-through rule under the Plan Asset Regulation, if a Plan invests in an "equity interest" of an entity, then the Plan's assets include both the equity interest and an undivided interest in each of the entity's underlying assets, unless an exception applies. If the underlying assets of the entity are deemed to be "plan assets," the fiduciary responsibility and prohibited transaction provisions of ERISA or Section 4975 of the Code may apply to the underlying assets and activities of the entity, and there may be an increase in the exposure to liability under ERISA and Section 4975 of the Code of various providers of fiduciary or other services to the entity, and the activities of the entity may be restricted or limited. There is an exception, among others, to the look-through rule under the Plan Asset Regulation applicable to an "operating company" which is generally an entity that is primarily engaged in the production or sale of products or services (other than the investment of capital) directly or through majority-owned subsidiaries. Each of the Issuers considers itself to qualify as an operating company within the meaning of the Plan Asset Regulation, but no assurances are provided as to such qualification.

For purposes of the Plan Asset Regulation, an equity interest includes any interest in an entity other than an instrument that is treated as indebtedness under applicable local law and which has no substantial equity features.

Unless otherwise provided in the relevant Pricing Supplement, the Issuers will proceed based on the position that the Notes should not be considered at the time of issuance to be "equity interests" of the Relevant Issuer for purposes of the Plan Asset Regulation (see "Taxation - U.S. Holders - Characterisation of the Notes") and subject to the requirements discussed herein, the Notes may generally be purchased and held by Plans. Each purchaser or transferee of a Note or any interest therein will be deemed to have represented and agreed that (a) it is not an employee benefit plan or other plan subject to Title I of ERISA and Section 4975 of the Code, any entity whose underlying assets are deemed for purposes of ERISA or Section 4975 of the Code to include "plan assets" by reason of any such plan's investment in the entity, or a governmental, church, non-U.S. or other employee benefit plan which is subject to any U.S. federal, state or local law, or non-U.S. law, that is substantially similar to Section 406 of ERISA or Section 4975 of the Code, or (b) its purchase, holding and disposition of a Note (or any interest therein) will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code (or, in the case of a governmental, church, non-U.S. or other employee benefit plan, a non-exempt violation of any substantially similar law). Any purported transfer of a Note, or any interest therein to a purchaser or transferee that does not comply with the above requirements will be of no force and effect and shall be null and void ab initio.

In addition, ERISA imposes certain requirements on Plans, and on those persons who are fiduciaries with respect to Plans. Investments by Plans are subject to ERISA's general fiduciary requirements, including, but not limited to, the requirement of investment prudence and diversification and the requirement that a Plan's investments be made in accordance with the documents governing the Plan.

THE PRECEDING DISCUSSION IS ONLY A SUMMARY OF CERTAIN ERISA AND OTHER U.S. IMPLICATIONS OF AN INVESTMENT IN THE SECURITIES AND DOES NOT PURPORT TO BE COMPLETE. PROSPECTIVE INVESTORS SHOULD CONSULT WITH THEIR OWN LEGAL, TAX, FINANCIAL AND OTHER ADVISORS PRIOR TO INVESTING TO REVIEW THESE IMPLICATIONS IN LIGHT OF SUCH INVESTOR'S PARTICULAR CIRCUMSTANCES.

SUBSCRIPTION AND SALE

Subject to the terms and on the conditions contained in an amended and restated dealer agreement dated 14 April 2016 (the "**Dealer Agreement**") between the Issuers, the Programme Dealers and the Joint Arrangers, the Notes will be offered on a continuous basis by the Issuers to the Programme Dealers. However, the Issuers have reserved the right to issue Notes directly on its own behalf to Dealers that are not Programme Dealers. The Notes may be resold at prevailing market prices, or at prices related thereto, at the time of such resale, as determined by the relevant Dealer. The Notes may also be sold by the Issuers through Dealers, acting as agents of the Issuers. The Dealer Agreement also provides for Notes to be issued in syndicated Tranches that are jointly or severally underwritten by two or more Dealers.

The Issuers will pay each relevant Dealer a commission as agreed between the Relevant Issuer and the Dealer in respect of Notes subscribed by it. The Issuers have agreed to reimburse the Joint Arrangers for certain of their expenses incurred in connection with the establishment of the Programme and the Dealers for certain of their activities in connection with the Programme. The Relevant Issuer may also from time to time agree with the relevant Dealer(s) that it may pay certain third parties commissions (including, without limitation, rebates to private banks).

The Issuers have agreed to indemnify the Dealers against certain liabilities in connection with the offer and sale of the Notes. The Dealer Agreement entitles the Dealers to terminate any agreement that they may make to subscribe Notes in certain circumstances prior to payment for such Notes being made to the Issuers.

In order to facilitate the offering of any Tranche of the Notes, one or more Dealers named as Stabilising Managers (or persons acting on behalf of any Stabilising Manager) in the relevant Pricing Supplement, to the extent permitted by applicable laws and regulations, may engage in transactions that stabilise, maintain or otherwise affect the market price of the relevant Notes during and after the offering of the relevant Tranche. Specifically, such persons may over-allot or create a short position in the Notes for their own account by selling more Notes than have been sold to them by the Issuers. Such persons may also elect to cover any such short position by purchasing Notes in the open market. In addition, such persons may stabilise or maintain the price of the Notes by bidding for or purchasing Notes in the open market and may impose penalty bids, under which selling concessions allowed to syndicate members or other broker-dealers participating in the offering of the Notes are reclaimed if Notes previously distributed in the offering are repurchased in connection with stabilisation transactions or otherwise. The effect of these transactions may be to stabilise or maintain the market price of the Notes at a level above that which might otherwise prevail in the open market. The imposition of a penalty bid may also affect the price of the Notes to the extent that it discourages resales thereof. No representation is made as to whether such stabilisation activities will take place at all or the magnitude or effect of any such stabilising or other transactions. Such transactions, if commenced, may be discontinued at any time. Stabilisation activities are subject to certain prescribed time limits in certain jurisdictions. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes.

See "Clearing and Settlement – Book-Entry Ownership – Pre-issue Trades Settlement for Registered Notes" with respect to the settlement of any Notes issued.

Each Dealer has further agreed, and each further Dealer appointed under the Programme will be required to further agree, that it will not directly or indirectly offer, sell, resell, re-offer or deliver Notes to any entity listed under "Related Parties of the Issuers" below or in any such list being updated in writing

by the Issuers and delivered to the Dealers in accordance with Clause 8.26 (Related Parties Information) of the Dealer Agreement.

Related Parties of the Issuers

Set out below is a list of the related parties of DBSH and DBS Bank Ltd. as at 31 December 2015 for the purposes of the Qualifying Debt Securities Scheme under Singapore tax regulations. See "Taxation – Singapore Taxation – Qualifying Debt Securities Scheme". Set out below is also a list of Offshore Associates (as defined below) of DBS Bank Ltd., Australia Branch as at 31 December 2015 for the purposes of Australian tax legislation. See "Taxation – Australia Taxation". Such list shall be superseded and replaced by any subsequent list issued by the Issuers to each of the Dealers in accordance with the terms of the Dealer Agreement (as may be amended, updated or superseded from time to time).

Entities which are both related parties of DBS Group Holdings Ltd and DBS Bank Ltd. and Offshore Associates of DBS Bank Ltd., Australia Branch (as Issuer)

(A) Main operating subsidiaries and associated companies:

1. DBS Bank (China) Limited
2. DBS Bank (Hong Kong) Limited
3. DBS Bank (Taiwan) Ltd
4. DBS Vickers Securities Holdings Pte Ltd
5. PT Bank DBS Indonesia
6. The Islamic Bank of Asia Limited
7. Central Boulevard Development Pte. Ltd.
8. Changsheng Fund Management Company Limited
9. Hwang Capital (Malaysia) Berhad
10. Network for Electronic Transfers (Singapore) Pte Ltd

(B) Others:

11. AXS Pte. Ltd.
12. Carrollton Pte. Ltd.
13. Dao Heng Finance Limited
14. DBS Asia Capital Limited
15. DBS Asia Hub 2 Private Limited
16. DBS Capital Funding Corporation
17. DBS Capital Funding II Corporation
18. DBS Capital Investments Ltd
19. DBS China Square Limited
20. DBS COMPASS Limited
21. DBS Diamond Holdings Ltd.
22. DBS Group (HK) Limited
23. PSBC Consumer Finance Company Limited
24. DBS Group Holdings (Hong Kong) Ltd.
25. DBS Insurance Agency (Taiwan) Limited
37. DBS Vickers Securities (USA) Inc.
38. DBS Vickers Securities (Singapore) Pte Ltd
39. DBS Vickers Securities Nominees (Hong Kong) Limited
40. DBS Vickers Securities Nominees (Singapore) Pte Ltd
41. DBSN Services Pte. Ltd.
42. DHB Limited
43. Hang Lung Bank (Nominee) Limited
44. Heedum Pte. Ltd.
45. Kendrick Services Limited
46. Lushington Investments Limited
47. Overseas Trust Bank Nominees Limited
48. Primefield Company Pte Ltd
49. PT DBS Vickers Securities (Indonesia)
50. Quickway Limited
51. Ting Hong Nominees Limited

26. DBS Investment & Financial Advisory Co., Ltd.
27. DBS Kwong On (Nominees) Limited
28. DBS Kwong On Limited
29. DBS Nominees (Private) Limited
30. DBS Trustee (Hong Kong) Limited
31. DBS Trustee H.K. (New Zealand) Limited
32. DBS Trustee Limited
33. DBS Vickers (Hong Kong) Limited
34. DBS Vickers Securities (Hong Kong) Limited
35. DBS Vickers Securities (Thailand) Co., Ltd.
36. DBS Vickers Securities (UK) Limited
52. Vickers Ballas Consultancy Services Limited
53. Vickers Ballas Investment Management Limited
54. Century Horse Group Limited
55. Clearing and Payment Services Pte Ltd
56. AllianceDBS Research Sdn Bhd
57. ICCP Capital Markets Limited
58. Investment and Capital Corporation of the Philippines
59. Orix Leasing Singapore Limited
60. Raffles Fund 1 Limited
61. The Asian Entrepreneur Legacy One, L.P.

Additional entities which are Offshore Associates of DBS Bank Ltd., Australia Branch

62. Maju Holdings Pte. Ltd.
63. Temasek Holdings (Private) Ltd

Declaration of Interest

DBS Bank Ltd. is one of the Issuers and is also acting as a Joint Arranger and a Programme Dealer in respect of the Programme.

The Programme Dealers are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities. Each of the Programme Dealers and their respective affiliates have, from time to time, performed, and may in the future perform, various financial advisory and investment banking services for the Issuers, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Programme Dealers and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers, and such investment and securities activities may involve securities and/or instruments of the Issuers. The Programme Dealers and their respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or instruments and may at any time hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Selling Restrictions

United States

The Notes have not been and will not be registered under the Securities Act, and have not been registered or qualified under any state securities or “blue sky” laws of any state of the United States, and the Notes may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons, except in accordance with Regulation S or pursuant to an exemption from the registration

requirements of the Securities Act. Each Dealer has represented and agreed that it has not offered and sold the Notes of any identifiable Tranche and will not offer and sell the Notes of any identifiable Tranche (a) as part of their distribution at any time or (b) otherwise until 40 days after the later of the date of issue of the Notes of such Tranche and the completion of the distribution of such Tranche as determined and certified to each Issuer by the relevant Dealer (or in the case of a sale of an identifiable Tranche to or through more than one Dealer on a syndicated basis, by the Issuing and Paying Agent or the lead manager(s), as the case may be), except (A) to non-U.S. persons in offshore transactions, only in accordance with Regulation S as such terms are defined in Regulation S or (B) in accordance with Rule 144A under the Securities Act. Accordingly, each Dealer has represented and agreed that neither it, its affiliates nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to the Notes, and it and they have complied and will comply with the offering restrictions requirement of Regulation S. Each Dealer agrees that, at or prior to the confirmation of any sale of Notes, it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Notes from it during the 40-day distribution compliance period commencing upon completion of the distribution of an identifiable Tranche as determined and certified to the relevant Issuer a confirmation or notice to substantially the following effect:

> "The Securities covered hereby have not been registered under the U.S. Securities Act of 1933 (the "**Securities Act**"), and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of an identifiable Tranche of Notes except in either case in accordance with Regulation S or Rule 144A under the Securities Act. Terms used above have the meanings given to them by Regulation S under the Securities Act.
>
> Until 40 days after the later of the date of issue and the completion of the distribution of any Notes, an offer or sale of such Notes within the United States by any Dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act".

In addition, unless the Pricing Supplement or subscription agreement relating to one or more Tranches specifies that the applicable TEFRA exemption is either "C Rules" or "not applicable", each Dealer has represented in relation to each Tranche of Notes in bearer form that:

- except to the extent permitted under U.S. Treas. Reg. Section 1.163-5(c)(2)(i)(D) (or any successor rules in substantially the same form that are applicable for purposes of Section 4701 of the Code) (the "**D Rules**"), (i) it has not offered or sold, and during the restricted period it will not offer or sell, Notes in bearer form to a person who is within the United States or its possessions or to a United States person, and (ii) it has not delivered and agrees that it will not deliver within the United States or its possessions definitive Notes in bearer form that are sold during the restricted period;
- it has and agrees that throughout the restricted period it will have in effect procedures reasonably designed to ensure that its employees or agents who are directly engaged in selling Notes are aware that such Notes may not be offered or sold during the restricted period to a person who is within the United States or its possessions or to a United States person, except as permitted by the D Rules;
- if it is a United States person, that it is acquiring the Notes in bearer form for purposes of resale in connection with their original issue and if it retains Notes for its own account, it will only do so in accordance with the requirements of U.S. Treas. Reg. Section 1.163-5(c)(2)(i)(D)(6) (or any successor rules in substantially the same form that are applicable for purposes of Section 4701 of the Code);
- with respect to each affiliate that acquires Notes in bearer form from a Dealer for the purpose of offering or selling such Notes during the restricted period, it either (a) repeats and confirms the

representations contained in the first three bullet points above on behalf of such affiliate or (b) agrees that it will obtain from such affiliate for the benefit of the Issuers the representations and agreements contained in the first three bullet points above; and

- it has not and agrees that it will not enter into any written contract (as defined in United States Treas. Reg. Section 1.163-5(c)(2)(i)(D)(4)) (or any successor rules in substantially the same form that are applicable for purposes of Section 4701 of the Code) pursuant to which any other party to the contract (other than one of its affiliates or another Dealer) has offered or sold, or during the restricted period will offer or sell, any Notes, except where pursuant to the contract the Dealer has obtained or will obtain from that party, for the benefit of the Issuers and the relevant Dealers, the representations contained in, and that party's agreement to comply with, the provisions of the first four bullet points above.

Terms used in this paragraph have the meanings given to them by the Code, as amended, and U.S. Treasury regulations promulgated thereunder, including the D Rules.

Notes issued pursuant to the D Rules (other than temporary Global Notes) and any receipts or coupons appertaining thereto will bear the following legend: "Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code".

In addition, to the extent that the Pricing Supplement or the subscription agreement relating to one or more tranches of the Notes in bearer form specifies that the applicable TEFRA exemption is "C Rules", under U.S. Treas. Reg. section 1.163-5(c)(2)(i)(C) (or any successor rules in substantially the same form that are applicable for purposes of Section 4701 of the Code) (the "**C Rules**"), such Notes in bearer form must be issued and delivered outside the United States and its possessions in connection with their original issuance. In relation to each Tranche, each Dealer has represented and agreed that it has not offered, sold or delivered, and shall not offer, sell or deliver, directly or indirectly, such Notes in bearer form within the United States or its possessions in connection with their original issuance. Further, each Dealer has represented and agreed in connection with the original issuance of such Notes in bearer form that it has not communicated, and will not communicate, directly or indirectly, with a prospective purchaser if either such purchaser or it is within the United States or its possessions or otherwise involve its U.S. office in the offer or sale of such Notes in bearer form. Terms used in this paragraph have the meanings given to them by the Code, as amended, and U.S. Treasury regulations promulgated thereunder, including the C Rules.

In connection with an offer or sale of any Notes in the United States or an offering in reliance on or pursuant to Regulation S, each Dealer has represented and agreed that, it is (a) a "qualified institutional buyer" within the meaning of Rule 144A and an "accredited investor" within the meaning of Rule 501(a) under the Securities Act or (b) a non-U.S. person outside of the United States.

Notwithstanding anything above to the contrary, it is understood that the Notes may be offered and sold in the United States, and in connection therewith each Dealer has represented and agreed or will represent and agree that:

- offers, sales, resales and other transfers of Notes made in the United States made or approved by a Dealer (including offers, resales or other transfers made or approved by a Dealer in connection with secondary trading) shall be made with respect to Registered Notes only and shall be effected pursuant to an exemption from the registration requirements of the Securities Act;

- offers, sales, resales and other transfers of Notes made in the United States will be made only in private transactions to institutional investors that are reasonably believed to qualify as "qualified institutional buyers" within the meaning of Rule 144A;

- the Notes will be offered in the United States only by approaching prospective purchasers on an individual basis. No general solicitation or general advertising within the meaning of Rule 502(c) under the Securities Act will be used in connection with the offering of the Notes in the United States;
- no sale of the Notes in the United States to any one purchaser will be for less than U.S.$200,000 (or its foreign currency equivalent) principal amount and no Note will be issued in connection with such a sale in a smaller principal amount. If the purchaser is a non-bank fiduciary acting on behalf of others, each person for whom it is acting must purchase at least U.S.$200,000 (or its foreign currency equivalent) principal amount of the Notes; and
- each Note sold in the United States shall contain a legend stating that such Note has not been, and will not be, registered under the Securities Act, and that any resale or other transfer of such Note or any interest therein may be made only:

  (vi) to the Issuers or any subsidiary thereof;

  (vii) to a qualified institutional buyer in a transaction which meets the requirements of Rule 144A;

  (viii) outside the United States to a non-U.S. person pursuant to Regulation S under the Securities Act;

  (ix) pursuant to an exemption from registration under the Securities Act provided by Rule 144 thereunder (if available); or

  (x) pursuant to an effective registration statement under the Securities Act.

Resale or secondary market transfer of Notes in the United States may be made in the manner and to the parties specified above and to qualified institutional buyers in transactions which meet the requirements of Rule 144A.

Each of the Issuers represents and agrees that any resale or other transfer, or attempted resale or other transfer of Notes sold as part of a private placement in the United States made other than in compliance with the restrictions set out in paragraphs (i) through (v) above shall not be recognised by the Issuers or any agent of the Issuers and shall be void. The certificates for the Notes sold in the United States shall bear a legend to this effect.

Each issue of other types of Notes may be subject to such additional U.S. selling restrictions as the Issuers and the relevant Dealer may agree as a term of the issue and purchase of such Notes, which additional selling restrictions shall be set out in the applicable Pricing Supplement or subscription agreement, as the case may be. The relevant Dealer agrees that it shall offer, sell and deliver such Notes only in compliance with such additional U.S. selling restrictions.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Offering Circular as completed by the Pricing Supplement in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

(i) if the relevant Pricing Supplement in relation to the Notes specify that an offer of those Notes may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a "**Non-exempt Offer**"), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus has subsequently been completed by the relevant Pricing Supplement contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or Pricing Supplement, as applicable, and the Relevant Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;

(ii) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(iii) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuers for any such offer; or

(iv) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in (ii) to (iv) above shall require the Issuers or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of Notes to the public" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression "Prospectus Directive" means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in the Relevant Member State.

United Kingdom

Each Dealer has represented and agreed that, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(i) in relation to any Notes which have a maturity of less than one year, (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (b) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuers;

(ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuers; and

(iii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Hong Kong

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes, except for Notes which are a "structured product" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "SFO") other than (a) to "professional investors" as defined in the SFO and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and

(ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under that Ordinance.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the "**Financial Instruments and Exchange Act**"). Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and any other relevant laws and regulations of Japan.

Singapore

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge that this Offering Circular has not been registered as a prospectus with the MAS. Accordingly, each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it has not offered or sold any Notes or caused such Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell such Notes or cause such Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of such Notes, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFA) under Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to an offer referred to in Section 275(1), or to any person pursuant to Section 275(1A), and in accordance with the applicable conditions specified in Section 275, of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(i) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(ii) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

(i) to an institutional investor under Section 274 of the SFA or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Sections 275(1A), 276(3)(i)(B) or 276(4)(i)(B) of the SFA;

(ii) where no consideration is or will be given for the transfer;

(iii) where the transfer is by operation of law;

(iv) as specified in Section 276(7) of the SFA; or

(v) as specified in Regulation 32 of the Securities and Futures (Offer of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

Indonesia

Each Dealer has acknowledged that the Notes does not constitute and shall not be deemed a public offering within the meaning of Law No. 8 Year 1995 regarding the Capital Markets (10 November 1995) and its implementing regulations. Each Dealer has represented and agreed that, in any offering of Notes, the Dealers in aggregate will not, directly or indirectly, expressly or implicitly:

(i) deliver this Offering Circular or offer Notes to more than 100, or sell Notes to more than 50, persons in Indonesia and/or citizens of Indonesia (wherever they are domiciled or located); or

(ii) offer Notes by way of any mass media, including any newspaper, magazine, film, television, radio or other electronic media or any letter, brochure or other printed matter, distributed to more than 100 persons in Indonesia and/or citizens of Indonesia (wherever they are domiciled or located).

Taiwan

The Notes may be made available outside Taiwan, the Republic of China ("**Taiwan**") for purchase outside Taiwan by investors resident or domiciled in Taiwan but are not permitted to be offered or sold in Taiwan. No person or entity in Taiwan has been authorised to offer or sell the Notes in Taiwan.

Australia

Each Dealer has represented, warranted and agreed that no prospectus or other disclosure document (as defined in the Corporations Act 2001 of Australia (the "**Australian Corporations Act**")) in relation to the Program or any Notes has been or will be lodged with the Australian Securities and Investments Commission ("**ASIC**") or the securities exchange operated by ASX Limited (ABN 98 008 624 691) ("**ASX Limited**"). Each Dealer has represented and agreed that it:

(a) has not offered, and will not offer for issue or sale and has not invited, and will not invite applications, for issue, or offers to purchase, the Notes in Australia (including an offer or invitation which is received by a person in Australia); and

(b) has not distributed or published, and will not distribute or publish, any draft, preliminary or definitive information memorandum, advertisement or other offering material relating to the Notes in Australia,

unless:

(i) the aggregate consideration payable by each offeree or invitee is at least A$500,000 (or its equivalent in other currencies, but disregarding moneys lent by the offeror or its associates) or the offer or invitation otherwise does not require disclosure to the investors in accordance with Part 6D.2 or Chapter 7 of the Australian Corporations Act;

(ii) the offer does not constitute an offer to a "retail client" for the purposes of section 761G of the Australian Corporations Act;

(iii) such action complies with all applicable laws, regulations and directives; and

(iv) such action does not require any document to be lodged with ASIC or ASX Limited.

In addition, in the event that the Australia Branch of DBS Bank (the "**Australian Issuer**") issues the Notes (the "**Australian Notes**"), the Dealer has represented, warranted and agreed that it will:

(a) use reasonable endeavours to assist the Australian Issuer in ensuring that the Australian Notes are offered for sale in a manner which will allow payments of interest (as defined in section 128A(1AB) of the Income Tax Assessment Act of 1936 of Australia (the "**Australian Tax Act**")) on the Australian Notes to be exempt from withholding tax under section 128F of the Australian Tax Act and, in particular, will, within 30 days of any Australian Note being issued to it, offer that Australian Note:

    (i) to at least 10 persons, each of whom the employees of the Dealer involved in the sale do not know or suspect to be an "associate" (as defined in section 128F(9) of the Australian Tax Act) of any of the other offerees, and each of whom carries on a business of providing finance, or investing or dealing in securities in the course of operating in financial markets; or

    (ii) as a result of negotiations being initiated publicly in electronic form, or another form, that is used in financial markets for dealing in debentures which are similar to the Australian Notes;

(b) provide such information:

    (i) which is specified in any additional documentation negotiated and agreed in relation to a specific issue of the Australian Notes; or

    (ii) which the Dealer is reasonably able to provide to enable the Australian Issuer to demonstrate the manner in which the Australian Notes were issued; and

(c) otherwise provide, so far as it is reasonably able to do so, any other information relating to the issuance and distribution of the Australian Notes as may reasonably be required by the Australian Issuer in order to establish that payments of interest are exempt from withholding tax under section 128F of the Australian Tax Act,

provided that in no circumstances shall the Dealer be obligated to disclose (1) the identity of any offeree or purchaser of any Australian Note or any information from which such identity would be capable of being ascertained, or (2) any information, the disclosure of which would be contrary to, or prohibited by, any relevant law, regulation or directive or confidentiality agreement or undertaking binding on the Dealer.

In addition, the Dealer has agreed that, in connection with the primary distribution of the Australian Notes, it will not sell the Australian Notes to any person if, at the time of such sale, the employees of the Dealer involved in the sale knew or had reasonable grounds to suspect that, as a result of such sale, any Australian Note or an interest in any Australian Note was being, or would later be, acquired (directly or indirectly) by an Offshore Associate of the Australian Issuer (other than an Offshore Associate acting in the capacity of a dealer, manager or underwriter in relation to the placement of those Australian Notes or a clearing house, custodian, funds manager or responsible entity of a registered scheme within the meaning of the Australian Corporations Act). For the avoidance of doubt, if any employee of the Dealer making the offer, effecting the sale or otherwise directly involved in the sale of the Australian Notes, does not know, or does not have reasonable grounds to suspect, that a person is an Offshore Associate of the Australian Issuer, nothing in this paragraph obliges that Dealer to make positive enquiries of that person to confirm that person is not an Offshore Associate of the Australian Issuer.

"**Offshore Associate**" means an "associate" (as defined in section 128F(9) of the Australian Tax Act) that is either:

(a) a non-resident of Australia that does not acquire the Australian Notes in carrying on a business at or through a permanent establishment in Australia; or

(b) a resident of Australia that acquires the Australian Notes in carrying on a business at or through a permanent establishment outside Australia.

United Arab Emirates (excluding DIFC)

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the Notes to be issued under the Programme have not been and will not be offered, sold or publicly promoted or advertised by it in the United Arab Emirates other than in compliance with any laws applicable in the United Arab Emirates governing the issue, offering and sale of securities.

DIFC

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered and will not offer the Notes to be issued under the Programme to any person in the DIFC unless such offer is:

(a) an ''**Exempt Offer**'' in accordance with the Markets Rules (MKT Module) of the Dubai Financial Services Authority (the ''**DFSA**'') rulebook; and

(b) made only to persons who meet the Professional Client criteria set out in Rule 2.3.3 of the DFSA Conduct of Business module of the DFSA rulebook.

General

These selling restrictions may be modified by the agreement of the Issuers and any Dealers, following a change in applicable law, regulation or directive. Any such modification will be set out in the Pricing Supplement issued in respect of the issue of Notes to which it relates or in a supplement to this Offering Circular.

Each Dealer has agreed that it will, to the best of its knowledge and belief, comply with all relevant securities laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes this Offering Circular, any other offering material or any Pricing Supplement and neither the Issuers nor any other Dealer shall have responsibility therefor.

None of the Issuers and any of the Dealers represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating any such sale.

FORM OF PRICING SUPPLEMENT RELATING TO NOTES OTHER THAN PERPETUAL CAPITAL SECURITIES

Pricing Supplement dated [●]

[DBS BANK LTD.

[(acting through its [registered office in Singapore/[●] branch])]]

[DBS GROUP HOLDINGS LTD]

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]

under the U.S.$30,000,000,000 Global Medium Term Note Programme

This document constitutes the Pricing Supplement relating to the issue of Notes described herein.

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (as defined below) set forth in the Offering Circular dated on or about 14 April 2016 [and the supplemental Offering Circular] dated [●]]. This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with such Offering Circular [as so supplemented].

[The following language applies if any tranche of the Notes is intended to be "qualifying debt securities" (as defined in the Income Tax Act, Chapter 134 of Singapore):

Where interest, discount income, prepayment fee, redemption premium or break cost is derived from any of the Notes by any person who is not resident in Singapore and who carries on any operations in Singapore through a permanent establishment in Singapore, the tax exemption available for qualifying debt securities (subject to certain conditions) under the Income Tax Act, Chapter 134 of Singapore (the "**ITA**"), shall not apply if such person acquires such Notes using the funds and profits of such person's operations through a permanent establishment in Singapore. Any person whose interest, discount income, prepayment fee, redemption premium or break cost derived from the Notes is not exempt from tax (including for the reasons described above) shall include such income in a return of income made under the ITA.]

[*The following alternative language applies if the first tranche of an issue which is being increased was issued under Offering Circular with an earlier date*:

Terms used herein shall be deemed to be defined as such for the purposes of the Note Conditions (the "**Conditions**") set forth in the Offering Circular dated on or about 14 April 2016. This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with the Offering Circular dated on or about 14 April 2016 [and the supplemental Offering Circular dated [●]], save in respect of the Conditions which are extracted from the Offering Circular dated on or about 14 April 2016 and are attached hereto.]

[*Insert the following language for an issue of AMTNs*:

The Notes will be constituted by a deed poll ("**Note (AMTN) Deed Poll**") dated 14 April 2016 executed by DBS Bank and will be issued in certificated registered form by inscription on a register. The Notes are "AMTNs" for the purposes of the Offering Circular dated 14 April 2016 and the relevant Conditions.

Notes will be offered in Australia only in the wholesale capital markets and on the basis that no disclosure to investors is required under Part 6D.2 or Chapter 7 of the Corporations Act 2001 of Australia.]

Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or sub-paragraphs. Italics denote directions for completing the Pricing Supplement.

1	Issuer:	[DBS Bank Ltd. [(acting through its [registered office in Singapore/[●] branch])]]/ [DBS Group Holdings Ltd]
2	(i) Series Number:	[●]
	(ii) Tranche Number: [(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible).]	[●]
3	Specified Currency or Currencies:	[●]
4	Aggregate Nominal Amount:	
	(i) Series:	[●]
	(ii) Tranche:	[●]
5	(i) Issue Price:	[●] per cent. of the Aggregate Nominal Amount [plus accrued interest from [*insert date*] *(in the case of fungible issues only, if applicable)]*
	(ii) Net proceeds:	[[●] (*Required only for listed issues*)]
6	(i) Specified Denominations:	[●] *If the Specified Denomination is expressed to be €100,000 or its equivalent and multiples of a lower nominal amount (for example €1,000), insert the following:* *"€100,000 and integral multiples of [€1,000] in excess thereof up to and including [€199,000]. No Notes in definitive form will be issued with a denomination above [€199,000]".* *Notes (including Notes denominated in pounds sterling) in respect of which the issue proceeds are to be accepted by the issuer in the United Kingdom or whose issue otherwise constitutes a contravention of Section 19 of the FSMA and which have a maturity of less than one year must have a minimum redemption value of £100,000 (or its equivalent in other currencies).*
	(ii) Calculation Amount:	[●]
7	(i) Issue Date:	[●]
	(ii) Interest Commencement Date:	[*Specify*/Issue date/Not Applicable]
8	Maturity Date:	[*specify date or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant month and year*/None] *Note that for Renminbi or Hong Kong dollar denominated Fixed Rate Notes where the Interest Payment Dates are subject to modification it will be necessary to specify the Interest Payment Date falling in or nearest to the relevant month and year.*
9	Interest Basis:	[[●] per cent. Fixed Rate [from [●] to [●]]

		[[*specify reference rate*] +/– [●] per cent. Floating Rate] [from [●] to [●]] [Zero Coupon] [Other (*specify*)] (further particulars specified below)
10	Redemption/Payment Basis:	[Redemption at par] [Partly-Paid] [Instalment] [Other (*specify*)]
11	Change of Interest or Redemption:	*[Specify details of any Payment Basis: provision for convertibility of Notes into another interest or redemption/payment basis]*
12	Put/Call Options:	[Investor Put] [Issuer Call] [(further particulars specified below)]
13	Status of the Notes:	[Senior/Subordinated]
14	Listing:	[SGX-ST/*(specify)*/None]
15	Method of distribution:	[Syndicated/Non-syndicated]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

16	Fixed Rate Note Provisions:	[Applicable/Not Applicable/Applicable from and including the [Issue Date/Interest Payment Date falling on [●] to but excluding the [Interest Payment Date falling on [●]/Maturity Date]] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
	(i) Rate[(s)] of Interest:	[●] per cent. per annum [payable [annually/semi-annually/quarterly/monthly] in arrear]
	(ii) Interest Period:	[Each period from and including the [Issue Date]/[Interest Payment Date falling on [●]] to (but excluding) the [subsequent Interest Payment Date falling on [●]/[Maturity Date]], except that the first Interest Period will commence on (and include) the [Issue Date]/ [the Interest Payment Date falling on [●]] and the final Interest Period shall end (but exclude) the [Interest Payment Date falling on [●]]/[Maturity Date].]
	(iii) Interest Payment Date(s):	[●] in each year [commencing on the [Issue Date/Interest Payment Date falling on [●] and ending on the [Interest Payment Date falling on [●]/Maturity Date]] [adjusted in accordance with [specify Business Day Convention and any applicable Financial Centre(s) for the definition of "Business Day"]/not adjusted]
	(iv) Business Day Convention:	[Following Business Day Convention/Modified Following Business Day Convention/Preceding

		Business Day Convention/other (*give details*)/not adjusted]
	(v) Fixed Coupon Amount[(s)]:	[●] per Calculation Amount *For Renminbi or Hong Kong dollar denominated Fixed Rate Notes where the Interest Payment Dates are subject to modification, the following alternative wording is appropriate: "Each Fixed Coupon Amount shall be calculated by multiplying the product of the Rate of Interest and the Calculation Amount by the Day Count Fraction and rounding the resultant figure, in the case of Renminbi denominated Fixed Rate Notes, to the nearest CNY0.01, CNY0.005 being rounded upwards or, in the case of Hong Kong dollar denominated Fixed Rate Notes, to the nearest HK$0.01, HK$0.005 being rounded upwards."*
	(vi) Broken Amount(s):	[●] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [●]
	(vii) Day Count Fraction:	[30/360/Actual/Actual (ICMA/ISDA)/other]
	(viii) [Determination Dates:	[●] in each year (insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon. N.B. only relevant where Day Count Fraction is Actual/Actual (ICMA))]
	(ix) Other terms relating to the method of calculating interest for Fixed Rate Notes:	[Not Applicable/give details]
17	Floating Rate Note Provisions:	[Applicable/Not Applicable/Applicable from and including the [Issue Date/Interest Payment Date falling on [●] to but excluding the [Interest Payment Date falling on [●]/Maturity Date]] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*.)
	(i) Interest Period(s):	[Each period from and including the [Issue Date]/[Interest Payment Date falling on [●]] to (but excluding) the [subsequent Interest Payment Date falling on [●]/[Maturity Date]], except that the first Interest Period will commence on (and include) the [Issue Date]/ [the Interest Payment Date falling on [●]] and the final Interest Period shall end (but exclude) the [Interest Payment Date falling on [●]] /[Maturity Date].]
	(ii) Interest Payment Date(s):	[●] in each year [commencing on the [Issue Date/Interest Payment Date falling on [●] and ending on the [Interest Payment Date falling on [●]/Maturity Date]] [adjusted in accordance with [specify Business Day Convention and any applicable Financial Centre(s) for the definition of

		"Business Day"]/not adjusted]
	(iii) Interest Period End Date:	[●] (*Not applicable unless different from Interest Payment Date*)
	(iv) Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (give details)]
	(v) Business Centre(s):	[●] (*insert New York City for U.S. dollar denominated Notes to be held through DTC and for non-U.S. dollar denominated Notes where exchange into U.S. dollars is contemplated for DTC participants holding through Euroclear and Clearstream, Luxembourg*)
	(vi) Manner in which the Rate(s) of Interest is/are to be determined:	[Screen Rate Determination/ISDA Determination/other (give details)]
	(vii) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the [Agent]):	[●]
	(viii) Screen Rate Determination:	
	– Reference Rate:	[●]
	– Interest Determination Date(s):	[●]
	– Relevant Screen Page:	[●]
	(ix) ISDA Determination:	
	– Floating Rate Option:	[●]
	– Designated Maturity:	[●]
	– Reset Date:	[●]
	(x) Margin(s):	[+/-][●] per cent. per annum
	(xi) Minimum Rate of Interest:	[●] per cent. per annum
	(xii) Maximum Rate of Interest:	[●] per cent. per annum
	(xiii) Day Count Fraction:	[●]
	(xiv) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Note Conditions:	[●]
18	Zero Coupon Note Provisions:	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(i) Amortisation Yield:	[●] per cent. per annum
	(ii) Any other formula/basis of determining amount payable:	[●]

	PROVISIONS RELATING TO REDEMPTION	
19	Call Option:	[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
	(i) Optional Redemption Date(s):	[●]
	(ii) Optional Redemption Amount(s) of each Note and specified denomination method, if any, of calculation of such amount(s):	[●] per Calculation Amount
	(iii) If redeemable in part:	
	– Minimum Redemption Amount:	[●] per Calculation Amount
	– Maximum Redemption Amount:	[●] per Calculation Amount
	(iv) Notice period:	[●]
20	Put Option:	[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
	(i) Optional Redemption Date(s):	[●]
	(ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s):	[●] per Calculation Amount
	(iii) Notice period:	[●]
21	Variation instead of Redemption (Note Condition 5(g)):	[Applicable/Not Applicable] *(Only relevant for Subordinated Notes)*
22	Final Redemption Amount of each Note:	[●] per Calculation Amount
23	Early Redemption Amount:	
	Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons or on event of default and/ or the method of calculating the same (if required or if different from that set out in the Note Conditions):	[●]
	PROVISIONS RELATING TO LOSS ABSORPTION	
24	Loss Absorption Option: [DBS Bank Write-off on a Trigger Event (Note Condition 6(a))]/[DBSH Write-off on a Trigger Event (Note Condition 6(b))]	[Write-off Applicable/Not Applicable]
	GENERAL PROVISIONS APPLICABLE TO THE NOTES	
25	Form of Notes:	**Bearer Notes:** [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note] [Temporary Global Note exchangeable for

		Definitive Notes on [●] days' notice] [Permanent Global Note exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note] *(N.B. The exchange upon notice/at any time options should not be expressed to be applicable if the Specified Denomination of the Notes in paragraph 6 includes language substantially to the following effect: "€100,000 and integral multiples of €1,000 in excess thereof up to and including €199,000". Furthermore, such Specified Denomination construction is not permitted in relation to any issue of Notes which is to be represented on issue by a Temporary Global Note exchangeable for Definitive Notes.)* **Registered Notes:** [Regulation S Global Note (U.S.$/€[●] nominal amount) registered in the name of a nominee for [DTC/a common depositary for Euroclear and Clearstream, Luxembourg]] [Rule 144A Global Note (U.S.$[●] nominal amount) registered in the name of a nominee for [DTC/a common depositary for Euroclear and Clearstream, Luxembourg]] [**Registered Notes**]: *[If the Notes are AMTNs insert the following:* *The Notes are AMTNs as referred to in the Offering Circular and will be issued in registered certificated form, constituted by the Note (AMTN) Deed Poll and take the form of entries on a register to be maintained by the Australian Agent (as defined below). Copies of the Note (AMTN) Deed Poll are available from the Australian Agent at its principal office in Sydney.]*
26	Financial Centre(s) or other special provisions relating to Payment Dates:	[Not Applicable/give details. Note that this paragraph relates to *the date and place of payment, and not interest period end dates, to which sub-paragraphs 16(iii) and 17(iii) relate*] (*insert New York City for U.S. dollar denominated Notes to be held through DTC*)
27	Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature):	[Yes/No. *If yes, give details*]
28	Details relating to Partly-Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to	[Not Applicable/*give details*]

	forfeit the Notes and interest due on late payment:	
29	Details relating to Instalment Notes: amount of each instalment ("Instalment Amount"), date on which each payment is to be made ("Instalment Date"):	[Not Applicable/*give details*]
30	Other terms or special conditions:	[Not Applicable/*give details including if any conversion loss absorption option to be set out in Appendix to Pricing Supplement*]
	DISTRIBUTION	
31	(i) If syndicated, names of Managers:	[Not Applicable/*give names*]
	(ii) Stabilising Manager (if any):	[Not Applicable/*give name*]
32	If non-syndicated, name of Dealer:	[Not Applicable/*give name*]
33	Whether TEFRA D or TEFRA C was applicable or TEFRA rules not applicable:	[TEFRA D/TEFRA C/TEFRA not applicable (for Bearer Notes with a maturity of one year or less or Registered Notes)][1]
34	Additional selling restrictions:	[Not Applicable/*give details*]
	OPERATIONAL INFORMATION	
35	ISIN Code:	[●]
36	Common Code:	[●]
37	CUSIP:	[●]
38	CMU Instrument Number:	[●]
39	Any clearing system(s) other than The Central Depositary (Pte) Limited, The Central Moneymarkets Unit Service, Euroclear Bank SA/NV and Clearstream Banking S.A., The Depository Trust Company and/or Austraclear Ltd and the relevant identification number(s):	[Not Applicable/*give name(s) and number(s)*]
40	Delivery:	Delivery [against/free of] payment
41	Additional Paying Agent(s) (if any):	[●] *If the Notes are AMTNs insert the following:* *[BTA Institutional Services Australia Limited (ABN 48 002 916 396) has been appointed under the [Agency and Registry Services Agreement] dated 14 April 2016 as issuing and paying agent and registrar ("**Australian Agent**") in respect of the Notes. The Australian Agent's address is Level 2, 35 Clarence Street, Sydney NSW 2000, Australia.*
	GENERAL	
42	Applicable Governing Document:	[Amended and Restated Trust Deed dated on or

[1] Where TEFRA D is applicable, a Bearer Note must be issued in the form of a temporary Global Note exchangeable upon a U.S. tax certification for a Permanent Global Note or a Definitive Note

		about 14 April 2016] [Singapore Supplemental Trust Deed dated 14 April 2016]
43	Governing Law:	[English law/Laws of New South Wales, Australia] [save that the provisions relating to Subordinated Notes in relation to subordination, set-off and payment void and default and enforcement shall be governed by, and construed in accordance with, the laws of Singapore] [Singapore law]

[PURPOSE OF PRICING SUPPLEMENT

This Pricing Supplement comprises the final terms required for issue and admission to trading on the Singapore Exchange Securities Trading Limited of the Notes described herein pursuant to the U.S.$30,000,000,000 Global Medium Term Note Programme of DBS Bank Ltd. and DBS Group Holdings Ltd]

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in this Pricing Supplement.

Signed on behalf of [DBS Bank Ltd. acting through its [registered office in Singapore/[●] branch]]/[DBS Group Holdings Ltd]:

By: .....

Duly authorised

FORM OF PRICING SUPPLEMENT RELATING TO PERPETUAL CAPITAL SECURITIES

Pricing Supplement dated [●]

[DBS BANK LTD.]

[DBS GROUP HOLDINGS LTD]

Issue of [Aggregate Nominal Amount of Tranche] [Title of Perpetual Capital Securities]

under the U.S.$30,000,000,000 Global Medium Term Note Programme

This document constitutes the Pricing Supplement relating to the issue of Perpetual Capital Securities described herein.

Terms used herein shall be deemed to be defined as such for the purposes of the Perpetual Capital Securities Conditions (the "**Conditions**") set forth in the Offering Circular dated on or about 14 April 2016 [and the supplemental Offering Circular] dated [●]]. This Pricing Supplement contains the final terms of the Perpetual Capital Securities and must be read in conjunction with such Offering Circular [as so supplemented].

[The following language applies if any tranche of the Perpetual Capital Securities is intended to be "qualifying debt securities" (as defined in the Income Tax Act, Chapter 134 of Singapore):

Where interest, discount income, prepayment fee, redemption premium or break cost is derived from any of the Perpetual Capital Securities by any person who is not resident in Singapore and who carries on any operations in Singapore through a permanent establishment in Singapore, the tax exemption available for qualifying debt securities (subject to certain conditions) under the Income Tax Act, Chapter 134 of Singapore (the "ITA"), shall not apply if such person acquires such Perpetual Capital Securities using the funds and profits of such person's operations through a permanent establishment in Singapore. Any person whose interest, discount income, prepayment fee, redemption premium or break cost derived from the Perpetual Capital Securities is not exempt from tax (including for the reasons described above) shall include such income in a return of income made under the ITA.]

[*The following alternative language applies if the first tranche of an issue which is being increased was issued under Offering Circular with an earlier date*:

Terms used herein shall be deemed to be defined as such for the purposes of the Perpetual Capital Securities Conditions (the "**Conditions**") set forth in the Offering Circular dated on or about [●] 2016. This Pricing Supplement contains the final terms of the Perpetual Capital Securities and must be read in conjunction with the Offering Circular dated on or about 14 April 2016 [and the supplemental Offering Circular dated [●]], save in respect of the Conditions which are extracted from the Offering Circular dated on or about 14 April 2016 and are attached hereto.]

Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or sub-paragraphs. Italics denote directions for completing the Pricing Supplement.

1	Issuer:	[DBS Bank Ltd.]/ [DBS Group Holdings Ltd]
2	(i) Series Number:	[●]
	(ii) Tranche Number: [(If fungible with an existing Series, details of that Series, including the date on which the Perpetual Capital Securities become	[●]

	fungible).]	
3	Specified Currency or Currencies:	[●]
4	Aggregate Nominal Amount:	
	(i) Series:	[●]
	(ii) Tranche:	[●]
5	(i) Issue Price:	[●] per cent. of the Aggregate Nominal Amount [plus accrued Distributions from [*insert date*] *(in the case of fungible issues only, if applicable)]*
	(ii) Net Proceeds:	[[•] (*Required only for listed issues*)]
6	(i) Specified Denominations:	[●] *If the Specified Denomination is expressed to be €100,000 or its equivalent and multiples of a lower nominal amount (for example €1,000), insert the following:* *"€100,000 and integral multiples of [€1,000] in excess thereof up to and including [€199,000]. No Perpetual Capital Securities in definitive form will be issued with a denomination above [€199,000]".* *Perpetual Capital Securities (including Perpetual Capital Securities denominated in pounds sterling) in respect of which the issue proceeds are to be accepted by the issuer in the United Kingdom or whose issue otherwise constitutes a contravention of Section 19 of the FSMA and which have a maturity of less than one year must have a minimum redemption value of £100,000 (or its equivalent in other currencies).*
	(ii) Calculation Amount:	[●]
7	(i) Issue Date:	[●]
	(ii) Distribution Commencement Date:	[*Specify*/Issue date/Not Applicable]
8	Distribution	
	(i) Distribution Basis:	[[●] per cent. Fixed Rate [from [●] to [●]] [[*specify reference rate*] +/– [●] per cent. Floating Rate] [from [●] to [●]] [Other (*specify*)] (further particulars specified below)
	(ii) Distribution Stopper (Condition 5(e)):	[Applicable/Not Applicable]
9	Redemption/Payment Basis:	[Redemption at par] [Other (*specify*)]
10	Change of Distribution or Redemption:	*[Specify details of any Payment Basis: provision for convertibility of Perpetual Capital Securities into another Distribution or*

		redemption/payment basis]
11	Call Options:	[Issuer Call] [(further particulars specified below)]
12	Listing:	[SGX-ST/*(specify)*/None]
13	Method of distribution:	[Syndicated/Non-syndicated]

PROVISIONS RELATING TO DISTRIBUTION PAYABLE

14	Fixed Rate Perpetual Capital Security Provisions:	[Applicable/Not Applicable/Applicable from and including the [Issue Date/Distribution Payment Date falling on [●] to but excluding the [Distribution Payment Date falling on [●]] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
	(i) Rate[(s)] of Distribution:	
	(a) Initial Distribution Rate:	[●] per cent. per annum [payable [annually/semi-annually/quarterly/monthly] in arrear]
	(b) Reset:	[Applicable/Not Applicable]
	(A) First Reset Date:	[●]
	(B) Reset Date[s]:	The First Reset Date and each date falling every [●] after the First Reset Date
	(C) Relevant Rate:	[●]
	(D) Initial Spread:	[●]
	(ii) Distribution Period:	[Each period from and including the [Issue Date]/ [Distribution Payment Date falling on [•]] to (but excluding) the [subsequent Distribution Payment Date falling on [•]], except that the first Distribution Period will commence on (and include) the [Issue Date]/ [Distribution Payment Date falling on [•]] and the final Distribution Period shall end (but exclude) the [Distribution Payment Date falling on [•]].]
	(iii) Distribution Payment Date(s):	[●] in each year [commencing on the [Issue Date/Distribution Payment Date falling on [●] and ending on the [Distribution Payment Date falling on [●]]] [adjusted in accordance with [specify Business Day Convention and any applicable Financial Centre(s) for the definition of "Business Day"]/not adjusted]
	(iv) Business Day Convention:	[Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (*give details*)
	(v) Fixed Distribution Amount[(s)]:	[●] per Calculation Amount *For Renminbi or Hong Kong dollar*

		denominated Fixed Rate Perpetual Capital Securities where the Distribution Payment Dates are subject to modification, the following alternative wording is appropriate: "Each Fixed Coupon Amount shall be calculated by multiplying the product of the Rate of Distribution and the Calculation Amount by the Day Count Fraction and rounding the resultant figure, in the case of Renminbi denominated Fixed Rate Perpetual Capital Securities, to the nearest CNY0.01, CNY0.005 being rounded upwards or, in the case of Hong Kong dollar denominated Fixed Rate Perpetual Capital Securities, to the nearest HK$0.01, HK$0.005 being rounded upwards."
	(vi) Broken Amount(s):	[●] per Calculation Amount, payable on the Distribution Payment Date falling [in/on] [●]
	(vii) Day Count Fraction:	[30/360/Actual/Actual (ICMA/ISDA)/other]
	(viii) [Determination Dates:	[●] in each year (insert regular Distribution payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon. N.B. only relevant where Day Count Fraction is Actual/Actual (ICMA))]
	(ix) Other terms relating to the method of calculating Distribution for Fixed Rate Perpetual Capital Securities:	[Not Applicable/give details]
15	Floating Rate Perpetual Capital Security Provisions:	[Applicable/Not Applicable/Applicable from and including the [Issue Date/Distribution Payment Date falling on [●] to but excluding the [Distribution Payment Date falling on [●]]] (*If not applicable, delete the remaining sub-paragraphs of this paragraph.*)
	(i) Distribution Period(s):	[Each period from and including the [Issue Date]/[Distribution Payment Date falling on [•]] to (but excluding) the [subsequent Distribution Payment Date falling on [•]], except that the first Distribution Period will commence on (and include) the [Issue Date]/[the Distribution Payment Date falling on [•] and the final Distribution Period shall end (but exclude) the [Distribution Payment Date falling on [•]].]
	(ii) Distribution Payment Date(s):	[•] in each year [commencing on the [Issue Date/Distribution Payment Date falling on [•] and ending on the [Distribution Payment Date falling on [•]] [adjusted in accordance with [specify Business Day Convention and

		any applicable Financial Centre(s) for the definition of "Business Day"]/not adjusted]
(iii)	Distribution Period End Date:	[●] (*Not applicable unless different from Distribution Payment Date*)
(iv)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (give details)]
(v)	Business Centre(s):	[●] (*insert New York City for U.S. dollar denominated Perpetual Capital Securities to be held through DTC and for non-U.S. dollar denominated Perpetual Capital Securities where exchange into U.S. dollars is contemplated for DTC participants holding through Euroclear and Clearstream, Luxembourg*)
(vi)	Manner in which the Rate(s) of Distribution is/are to be determined:	[Screen Rate Determination/ISDA Determination/other (give details)]
(vii)	Party responsible for calculating the Rate(s) of Distribution and Distribution Amount(s) (if not the [Agent]):	[●]
(viii)	Screen Rate Determination:	
	– Reference Rate:	[●]
	– Distribution Determination Date(s):	[●]
	– Relevant Screen Page:	[●]
(ix)	ISDA Determination:	
	– Floating Rate Option:	[●]
	– Designated Maturity:	[●]
	– Reset Date:	[●]
(x)	Margin(s):	[+/-][●] per cent. per annum[1]
(xi)	Minimum Rate of Distribution:	[●] per cent. per annum
(xii)	Maximum Rate of Distribution:	[●] per cent. per annum
(xiii)	Day Count Fraction:	[●]
(xiv)	Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating Distribution on Floating Rate Perpetual Capital Securities, if different from those set out in the Conditions:	[●]

[1] Where there are different margins for different Distribution Accrual Periods, no step-up in the Rate of Distribution shall be permitted.

PROVISIONS RELATING TO REDEMPTION

16	Call Option:	[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
	(i) Optional Redemption Date(s):	[●]
	(ii) Optional Redemption Amount(s) of each Perpetual Capital Security and specified denomination method, if any, of calculation of such amount(s):	[●] per Calculation Amount
	(iii) If redeemable in part:	
	– Minimum Redemption Amount:	[●] per Calculation Amount
	– Maximum Redemption Amount:	[●] per Calculation Amount
	(iv) Notice period:	[●]
17	Variation instead of Redemption (Condition 6(f)):	[Applicable/Not Applicable]
18	Final Redemption Amount of each Perpetual Capital Security:	[●] per Calculation Amount
19	Early Redemption Amount:	
	Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons or on event of default and/ or the method of calculating the same (if required or if different from that set out in the Conditions):	[●]

PROVISIONS RELATING TO LOSS ABSORPTION

20	Loss Absorption Option: [DBS Bank Write-off on a Trigger Event (Condition 7(a))]/[DBSH Write-off on a Trigger Event (Condition 7(b))]	[Write-off Applicable /Not Applicable]

GENERAL PROVISIONS APPLICABLE TO THE PERPETUAL CAPITAL SECURITIES

21	Form of Perpetual Capital Securities:	[Regulation S Global Note (U.S.$/€[●] nominal amount) registered in the name of a nominee for [DTC/a common depositary for Euroclear and Clearstream, Luxembourg]] [Rule 144A Global Note (U.S.$[●] nominal amount) registered in the name of a nominee for [DTC/a common depositary for Euroclear and Clearstream, Luxembourg]]
22	Financial Centre(s) or other special provisions relating to Payment Dates:	[Not Applicable/give details. Note that this paragraph relates to *the date and place of payment, and not distribution period end dates, to which sub-paragraphs 14(ii) and 15(iii) relate*] (*insert New York City for U.S. dollar denominated Perpetual Capital Securities to be held through DTC*)

23	Other terms or special conditions:	[Not Applicable/*give details including if any conversion loss absorption option to be set out in Appendix to Pricing Supplement*]
	DISTRIBUTION	
24	(i) If syndicated, names of Managers:	[Not Applicable/*give names*]
	(ii) Stabilising Manager (if any):	[Not Applicable/*give name*]
25	If non-syndicated, name of Dealer:	[Not Applicable/*give name*]
26	Whether TEFRA D or TEFRA C was applicable or TEFRA rules not applicable:	TEFRA not applicable
27	Additional selling restrictions:	[Not Applicable/*give details*]
	OPERATIONAL INFORMATION	
28	ISIN Code:	[●]
29	Common Code:	[●]
30	CUSIP:	[●]
31	CMU Instrument Number:	[●]
32	Any clearing system(s) other than The Central Depositary (Pte) Limited, The Central Moneymarkets Unit Service, Euroclear Bank SA/NV and Clearstream Banking, S.A., The Depository Trust Company and/or Austraclear Ltd and the relevant identification number(s):	[Not Applicable/*give name(s) and number(s)*]
33	Delivery:	Delivery [against/free of] payment
34	Additional Paying Agent(s) (if any):	[●]
GENERAL		
35	Applicable Governing Document:	[Amended and Restated Trust Deed dated on or about 14 April 2016] [Singapore Supplemental Trust Deed dated 14 April 2016]
36	Governing Law:	[English law, save that the provisions in relation to subordination, set-off and payment void and default and enforcement shall be governed by, and construed in accordance with, the laws of Singapore] [Singapore law]

[PURPOSE OF PRICING SUPPLEMENT

This Pricing Supplement comprises the final terms required for issue and admission to trading on the Singapore Exchange Securities Trading Limited of the Perpetual Capital Securities described herein pursuant to the U.S.$30,000,000,000 Global Medium Term Note Programme of DBS Bank Ltd. and DBS Group Holdings Ltd]

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in this Pricing Supplement.

Signed on behalf of [DBS Bank Ltd.]/[DBS Group Holdings Ltd]:

By: .....

Duly authorised

CLEARING AND SETTLEMENT

*The following is a summary of the rules and procedures of Euroclear, Clearstream, Luxembourg, CDP, the CMU, DTC and the Austraclear System (together, the "**Clearing Systems**"), currently in effect, as they relate to clearing and settlement of transactions involving the Notes. The rules and procedures of these systems are subject to change at any time. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. None of the Issuers, the Joint Arrangers, any Dealer nor any party to the Agency Agreement will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Notes held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests. The applicable Pricing Supplement will specify the Clearing System(s) applicable for each Series.*

The Clearing Systems

DTC

DTC has advised the Issuers that it is a limited-purpose trust company organised under the New York Banking Law, a "banking organisation" within the meaning of the New York Banking Law, a member of the U.S. Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to Section 17A of the Exchange Act. DTC holds and provides asset servicing securities that its participants ("**Participants**") deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerised book-entry changes in Participants' accounts, thereby eliminating the need for physical movement of securities certificates. DTC is owned by a number of its direct participants ("**Direct Participants**"), which include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("**Indirect Participants**").

Under the rules, regulations and procedures creating and affecting DTC and its operations (the "**Rules**"), DTC makes book-entry transfers of Registered Notes among Direct Participants on whose behalf it acts with respect to Notes accepted into DTC's book-entry settlement system ("**DTC Notes**") as described below and receives and transmits distributions of principal and interest (in respect of Notes other than Perpetual Capital Securities) or Distributions (in respect of Perpetual Capital Securities only), as applicable, on DTC Notes. The Rules are on file with the U.S. Securities and Exchange Commission. Direct Participants and Indirect Participants with which beneficial owners of DTC Notes ("**Owners**") have accounts with respect to the DTC Notes similarly are required to make book-entry transfers and receive and transmit such payments on behalf of their respective Owners. Accordingly, although Owners who hold DTC Notes through Direct Participants or Indirect Participants will not possess Registered Notes, the Rules, by virtue of the requirements described above, provide a mechanism by which Direct Participants will receive payments and will be able to transfer their interest in respect of the DTC Notes.

Purchases of DTC Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the DTC Notes on DTC's records. The ownership interest of each actual purchaser of each DTC Note ("**Beneficial Owner**") is in turn to be recorded on the Direct and Indirect Participant's records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the DTC Notes are to

be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in DTC Notes, except in the event that use of the book-entry system for the DTC Notes is discontinued.

To facilitate subsequent transfers, all DTC Notes deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co, or such other nominee as may be requested by an authorised representative of DTC. The deposit of DTC Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the DTC Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such DTC Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the DTC Notes within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to DTC Notes unless authorised by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Relevant Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the DTC Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy). Payments of principal and interest (in respect of Notes other than Perpetual Capital Securities) or Distributions (in respect of Perpetual Capital Securities only), as applicable, on the DTC Notes will be made to DTC. DTC's practice is to credit Direct Participants' accounts on the due date for payment in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on the due date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC or the Issuers, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest (in respect of Notes other than Perpetual Capital Securities) or Distributions (in respect of Perpetual Capital Securities only), as applicable, to DTC is the responsibility of the Issuers, disbursement of such payments to Direct Participants is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners is the responsibility of Direct and Indirect Participants.

Under certain circumstances, including if there is an Event of Default or a Default, DTC will exchange the DTC Notes for definitive Registered Notes, which it will distribute to its Participants in accordance with their proportionate entitlements and which, if representing interests in a Rule 144A Global Certificate, will be legended as set forth under "Transfer Restrictions".

Since DTC may only act on behalf of Direct Participants, who in turn act on behalf of Indirect Participants, any Beneficial Owner desiring to pledge DTC Notes to persons or entities that do not participate in DTC, or otherwise take actions with respect to such DTC Notes, will be required to withdraw its Registered Notes from DTC as described below.

Euroclear and Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg each holds securities for participating organisations and facilitates the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in accounts of such participants. Euroclear and Clearstream,

Luxembourg provide to their respective participants, among other things, services for safekeeping, administration, clearance and settlement of internationally-traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg participants are financial institutions throughout the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. Indirect access to Euroclear and Clearstream, Luxembourg is also available to others, such as banks, brokers, dealers and trust companies which clear through or maintain a custodial relationship with a Euroclear or Clearstream, Luxembourg participant, either directly or indirectly. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective participants may settle trades with each other.

Distributions of principal with respect to book-entry interests in the Notes held through Euroclear or Clearstream, Luxembourg will be credited, to the extent received by the Paying Agent, to the cash accounts of Euroclear or Clearstream, Luxembourg participants in accordance with the relevant system's rules and procedures.

The CMU

The CMU is a central depositary service provided by the Central Moneymarkets Unit of the Hong Kong Monetary Authority (the "**HKMA**") for the safe custody and electronic trading between the members of this service ("**CMU Members**") of capital markets instruments ("**CMU Instruments**") which are specified in the CMU Service Reference Manual as capable of being held within the CMU. The CMU is only available to CMU Instruments issued by a CMU Member or by a person for whom a CMU Member acts as agent for the purposes of lodging instruments issued by such persons. Membership of the CMU is open to all members of the Hong Kong Capital Markets Association and "authorised institutions" under the Banking Ordinance (Cap. 155) of Hong Kong.

Compared to clearing services provided by Euroclear and Clearstream, Luxembourg, the standard custody and clearing service provided by the CMU is limited. In particular (and unlike Euroclear and Clearstream, Luxembourg), the HKMA does not as part of this service provide any facilities for the dissemination to the relevant CMU Members of payments (of interest or principal) under, or notices pursuant to the notice provisions of, the CMU Instruments. Instead, the HKMA advises the CMU Lodging and Paying Agent of the identities of the CMU Members to whose accounts payments in respect of the relevant CMU Instruments are credited, whereupon the CMU Lodging and Paying Agent will make the necessary payments of interest or principal or send notices directly to the relevant CMU Members. Similarly, the HKMA will not obtain certificates of non-U.S. beneficial ownership from CMU Members or provide any such certificates on behalf of CMU Members. The CMU Lodging and Paying Agent will collect such certificates from the relevant CMU Members identified from an instrument position report obtained by request from the HKMA for this purpose.

An investor holding an interest through an account with either Euroclear or Clearstream, Luxembourg in any Notes held in the CMU will hold that interest through the respective accounts which Euroclear and Clearstream, Luxembourg each have with the CMU.

CDP

In respect of Notes which are accepted for clearance by CDP in Singapore, clearance will be effected through an electronic book-entry clearance and settlement system for the trading of debt securities ("**Depository System**") maintained by CDP.

CDP, a wholly-owned subsidiary of Singapore Exchange Limited, is incorporated under the laws of Singapore and acts as a depository and clearing organisation. CDP holds securities for its accountholders and facilitates the clearance and settlement of securities transactions between accountholders through electronic book-entry changes in the securities accounts maintained by such accountholders with CDP.

In respect of Notes which are accepted for clearance by CDP, the entire issue of the Notes is to be held by CDP in the form of a Global Note for persons holding the Notes in securities accounts with CDP ("**Depositors**"). Delivery and transfer of Notes between Depositors is by electronic book-entries in the records of CDP only, as reflected in the securities accounts of Depositors. Although CDP encourages settlement on the third business day following the trade date of debt securities, market participants may mutually agree on a different settlement period if necessary.

Settlement of over-the-counter trades in the Notes through the Depository System may only be effected through certain corporate depositors ("**Depository Agents**") approved by CDP under the Securities and Futures Act, Chapter 289 of Singapore to maintain securities sub-accounts and to hold the Notes in such securities sub-accounts for themselves and their clients. Accordingly, Notes for which trade settlement is to be effected through the Depository System must be held in securities sub-accounts with Depository Agents. Depositors holding the Notes in direct securities accounts with CDP, and who wish to trade Notes through the Depository System, must transfer the Notes to be traded from such direct securities accounts to a securities sub-account with a Depository Agent for trade settlement.

CDP is not involved in money settlement between Depository Agents (or any other persons) as CDP is not a counterparty in the settlement of trades of debt securities. However, CDP will make payment of interest or distribution, as applicable, and repayment of principal on behalf of issuers of debt securities.

Although CDP has established procedures to facilitate transfer of interests in the Notes in global form among Depositors, it is under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuers, the Issuing and Paying Agent or any other agent will have the responsibility for the performance by CDP of its obligations under the rules and procedures governing its operations.

Book-Entry Ownership

This section does not apply to AMTNs.

Bearer Notes

The Issuers will make applications to Clearstream, Luxembourg and Euroclear for acceptance in their respective book-entry systems in respect of any Series of Bearer Notes. The Issuers may also apply to have Bearer Notes accepted for clearance through the CMU and CDP. In respect of Bearer Notes, a Temporary Global Note and/or a Permanent Global Note in bearer form without coupons will be deposited with a Common Depositary for Clearstream, Luxembourg and Euroclear and/or a sub-custodian for the CMU or CDP. Transfers of interests in a Temporary Global Note or a Permanent Global Note will be made in accordance with the normal Euromarket debt securities operating procedures of Clearstream, Luxembourg and Euroclear or the CMU or CDP. Each Global Note will have an ISIN and a Common Code or, if lodged with a sub-custodian for the CMU, will have a CMU Instrument Number.

Registered Notes

The Issuers may make applications to Clearstream, Luxembourg and Euroclear and the Issuers may also make applications to the CMU and CDP, for acceptance in their respective book-entry systems in respect of the Unrestricted Notes to be represented by each Unrestricted Global Certificate. Each Unrestricted Global Certificate will have an ISIN and a Common Code or, if lodged with a sub-custodian for the CMU, will have a CMU Instrument Number.

The Issuers may make application to DTC for acceptance in its book-entry settlement system of the Unrestricted Notes and/or the Restricted Notes represented by each Global Certificate. Each Global Certificate accepted for clearance in DTC will have a CUSIP number. Each Restricted Global Certificate will be subject to restrictions on transfer contained in a legend appearing on the front of such Certificate, as set out under "Transfer Restrictions". In certain circumstances, as described below in "Transfers of

Registered Notes," transfers of interests in a Restricted Global Certificate may be made as a result of which such legend is no longer applicable.

The custodian with whom the Global Certificates are deposited (the "**Custodian**") and DTC will electronically record the nominal amount of the individual beneficial interests represented by such Global Certificate to the accounts of persons who have accounts with DTC. Such accounts initially will be designated by or on behalf of the relevant Dealer. Ownership of beneficial interests in such a Global Certificate will be limited to Direct Participants or Indirect Participants, including, in the case of any Regulation S Global Certificate, the respective depositaries of Euroclear and Clearstream, Luxembourg. Ownership of beneficial interests in a Global Certificate accepted by DTC will be shown on, and the transfer of such ownership will be effected only through, records maintained by DTC or its nominee (with respect to the interests of Direct Participants) and the records of Direct Participants (with respect to interests of Indirect Participants).

Payments of the principal of, and interest on, each Global Certificate registered in the name of DTC's nominee will be to or to the order of its nominee as the registered owner of such Global Certificate. The Issuers expect that the nominee, upon receipt of any such payment, will immediately credit DTC participants' accounts with payments in amounts proportionate to their respective beneficial interests in the nominal amount of the relevant Global Certificate as shown on the records of DTC or the nominee. The Issuers also expect that payments by DTC participants to owners of beneficial interests in such Global Certificate held through such DTC participants will be governed by standing instructions and customary practices, as is now the case with securities held for the accounts of customers registered in the names of nominees for such customers. Such payments will be the responsibility of such DTC participants. None of the Issuers nor any Paying Agent or any Transfer Agent (each an "**Agent**") will have any responsibility or liability for any aspect of the records relating to or payments made on account of ownership interests in the Global Certificates or for maintaining, supervising or reviewing any records relating to such ownership interests.

All Registered Notes will initially be in the form of an Unrestricted Global Certificate and/or a Restricted Global Certificate. Individual definitive Registered Notes will only be available, in the case of Unrestricted Notes, in amounts specified in the applicable Pricing Supplement, and, in the case of Restricted Notes, in amounts of U.S.$200,000 (or its equivalent in other currencies), or higher integral multiples of U.S.$1,000 (or its equivalent in other currencies), in certain limited circumstances described below.

Individual Certificates

Registration of title to Registered Notes in a name other than a depositary or its nominee for Clearstream, Luxembourg and Euroclear or a sub-custodian for the CMU or CDP or for DTC will not be permitted unless (i) in the case of Restricted Notes, DTC notifies the Relevant Issuer that it is no longer willing or able to discharge properly its responsibilities as depositary with respect to the Restricted Global Certificate, or ceases to be a "clearing agency" registered under the Exchange Act, or is at any time no longer eligible to act as such and the Relevant Issuer is unable to locate a qualified successor within 90 days of receiving notice of such ineligibility on the part of DTC, or (ii) in the case of Unrestricted Notes, Clearstream, Luxembourg or Euroclear is or a sub-custodian for the CMU is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does, in fact, do so or, if such Global Certificate is held on behalf of CDP, and there shall have occurred and be continuing an Event of Default or Default or CDP is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise), or CDP announces an intention permanently to cease business and no Alternative Clearing System is available or CDP has notified the Relevant Issuer that it is unable or unwilling to act as depository for the Notes and to continue performing its duties under the Master Depository Services Agreement and no Alternative Clearing System is available. In such circumstances, the Relevant Issuer will cause sufficient individual definitive Registered Notes to be executed and delivered to the Registrar

for completion, authentication and dispatch to the relevant Noteholder(s). A person having an interest in a Global Certificate must provide the Registrar with:

(i) a written order containing instructions and such other information as the Relevant Issuer and the Registrar may require to complete, execute and deliver such individual definitive Registered Notes; and

(i) in the case of a Restricted Global Certificate only, a fully completed, signed certification substantially to the effect that the exchanging holder is not transferring its interest at the time of such exchange, or in the case of a simultaneous resale pursuant to Rule 144A, a certification that the transfer is being made in compliance with the provisions of Rule 144A. Individual definitive Registered Notes issued pursuant to this paragraph (ii) shall bear the legends applicable to transfers pursuant to Rule 144A.

Transfers of Registered Notes

Transfers of interests in Global Certificates within DTC, the CMU, CDP, Clearstream, Luxembourg and Euroclear will be effected in accordance with the usual rules and operating procedures of the relevant clearing system. The laws of some states in the United States require that certain persons take physical delivery in definitive form of securities. Consequently, the ability to transfer interests in a Restricted Global Certificate to such persons may be limited. Because DTC can only act on behalf of direct participants, who in turn act on behalf of indirect participants, the ability of a person having an interest in a Restricted Global Certificate to pledge such interest to persons or entities that do not participate in DTC, or otherwise take actions in respect of such interest, may be affected by the lack of a physical certificate in respect of such interest.

Beneficial interests in an Unrestricted Global Certificate may be held only through CDP, Clearstream, Luxembourg or Euroclear. Transfers may be made at any time by a holder of an interest in an Unrestricted Global Certificate to a transferee who wishes to take delivery of such interest through the Restricted Global Certificate for the same Series of Notes provided that any such transfer made on or prior to the expiration of the Distribution Compliance Period (as defined in “Subscription and Sale”) relating to the Notes represented by such Unrestricted Global Certificate will only be made upon receipt by the Registrar or any Transfer Agent of a written certificate from Euroclear or Clearstream, Luxembourg, as the case may be (based on a written certificate from the transferor of such interest), to the effect that such transfer is being made to a person whom the transferor reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A and in accordance with any applicable securities law of any state of the United States or any other jurisdiction. Any such transfer made thereafter of the Notes represented by such Unrestricted Global Certificate will only be made upon request through Clearstream, Luxembourg or Euroclear by the holder of an interest in the Unrestricted Global Certificate to the Issuing and Paying Agent and receipt by the Issuing and Paying Agent of details of that account at DTC to be credited with the relevant interest in the Restricted Global Certificate. Transfers at any time by a holder of any interest in the Restricted Global Certificate to a transferee who takes delivery of such interest through an Unrestricted Global Certificate will only be made upon delivery to the Registrar or any Transfer Agent of a certificate setting forth compliance with the provisions of Regulation S and giving details of the account at Euroclear or Clearstream, Luxembourg, as the case may be, and DTC to be credited and debited, respectively, with an interest in the relevant Global Certificates.

Subject to compliance with the transfer restrictions applicable to the Registered Notes described above and under “Transfer Restrictions,” cross-market transfers between DTC, on the one hand, and directly or indirectly through Clearstream, Luxembourg or Euroclear, on the other, will be effected by the relevant clearing system in accordance with its rules and through action taken by the Custodian, the Registrar and the Issuing and Paying Agent.

On or after the Issue Date for any Series of Registered Notes, transfers of Notes of such Series between accountholders in Clearstream, Luxembourg and Euroclear and transfers of Notes of such Series between participants in DTC will generally have a settlement day three business days after the trade date (T+3). The customary arrangements for delivery versus payment will apply to such transfers.

Cross-market transfers between accountholders in Clearstream, Luxembourg or Euroclear and DTC participants will need to have an agreed settlement date between the parties to such transfer. Because there is no direct link between DTC, on the one hand, and Clearstream, Luxembourg and Euroclear, on the other, transfers of interests in the relevant Global Registered Certificates will be effected through the Issuing and Paying Agent, the Custodian and the Registrar receiving instructions (and, where appropriate, certification) from the transferor and arranging for delivery of the interests being transferred to the credit of the designated account for the transferee. Transfers will be effected on the later of (i) three business days after the trade date for the disposal of the interest in the relevant Global Registered Certificate resulting in such transfer and (ii) two business days after receipt by the Issuing and Paying Agent or the Registrar, as the case may be, of the necessary certification or information to effect such transfer. In the case of cross-market transfers, settlement between Euroclear or Clearstream, Luxembourg and DTC participants cannot be made on a delivery versus payment basis. The securities will be delivered on a free delivery basis and arrangements for payment must be made separately.

For a further description of restrictions on transfer of Registered Notes, see “Transfer Restrictions”.

DTC will take any action permitted to be taken by a holder of Registered Notes (including, without limitation, the presentation of Restricted Global Certificates for exchange as described above) only at the direction of one or more participants in whose account with DTC interests in Restricted Global Certificates are credited and only in respect of such portion of the aggregate nominal amount of the relevant Restricted Global Certificates as to which such participant or participants has or have given such direction. However, in the circumstances described above, DTC will surrender the relevant Restricted Global Certificates for exchange for individual definitive Registered Notes (which will, in the case of Restricted Notes, bear the legend applicable to transfers pursuant to Rule 144A).

Although DTC, Clearstream, Luxembourg and Euroclear have agreed to the foregoing procedures in order to facilitate transfers of beneficial interests in the Global Certificates among participants and accountholders of DTC, Clearstream, Luxembourg and Euroclear, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or changed at any time. None of the Issuers or any Agent will have any responsibility for the performance by DTC, Clearstream, Luxembourg, Euroclear or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations.

While a Restricted Global Certificate is lodged with DTC or the Custodian, Restricted Notes represented by individual definitive Registered Notes will not be eligible for clearing or settlement through DTC, Clearstream, Luxembourg or Euroclear.

Pre-issue Trades Settlement for Registered Notes

It is expected that delivery of Notes will be made against payment therefor on the relevant Issue Date, which could be more than three business days following the date of pricing. Under Rule 15c6-l of the U.S. Securities and Exchange Commission under the Exchange Act, trades in the United States secondary market generally are required to settle within three business days (T+3), unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade Notes in the United States on the date of pricing or the next succeeding business days until the relevant Issue Date will be required, by virtue of the fact that the Notes initially will settle beyond T+3, to specify an alternate settlement cycle at the time of any such trade to prevent a failed settlement. Settlement procedures in other countries will vary. Purchasers of Notes may be affected by such local settlement practices and

purchasers of Notes who wish to trade Notes between the date of pricing and the relevant issue date should consult their own advisor.

The Austraclear System

Each Tranche of AMTNs will be represented by a single AMTN Certificate substantially in the form set out in the Note (AMTN) Deed Poll. DBS Bank shall issue and deliver, and procure the authentication by the Australian Agent of, such number of AMTNs Certificates as are required from time to time to represent all of the AMTNs of each Series. An AMTN Certificate is not a negotiable instrument nor is it a document of title in respect of any AMTNs it represents. In the event of a conflict between any AMTN Certificate and the Register, the Register shall prevail (subject to correction for fraud or proven error).

On issue of any AMTNs, DBS Bank will (unless otherwise specified in the applicable Pricing Supplement) procure that the AMTNs are lodged with the Austraclear System. On lodgement, Austraclear will become the sole registered holder and legal owner of the AMTNs. Subject to the Austraclear System Regulations, Accountholders may acquire rights against Austraclear in relation to those AMTNs as beneficial owners and Austraclear is required to deal with the AMTNs in accordance with the directions and instructions of the Accountholders. Any potential investors who are not Accountholders would need to hold their interest in the relevant AMTNs through a nominee who is an Accountholder. All payments by us in respect of AMTNs entered in the Austraclear System will be made directly to an account agreed with Austraclear or as it directs in accordance with the Austraclear System Regulations.

Holding of AMTNs through Euroclear and Clearstream, Luxembourg

Once lodged with the Austraclear System, interests in the AMTNs may be held through Euroclear or Clearstream, Luxembourg. In these circumstances, entitlements in respect of holdings of interests in the AMTNs in Euroclear would be held in the Austraclear System by HSBC Custody Nominees (Australia) Limited as nominee of Euroclear, while entitlements in respect of holdings of interests in the AMTNs in Clearstream, Luxembourg would be held in the Austraclear System by a nominee of J.P. Morgan Chase Bank N.A., as custodian for Clearstream, Luxembourg.

The rights of a holder of interests in AMTNs held through Euroclear or Clearstream, Luxembourg are subject to the respective rules and regulations of Euroclear and Clearstream, Luxembourg, the arrangements between Euroclear and Clearstream, Luxembourg and their respective nominees and the Austraclear System Regulations.

Transfers

Any transfer of AMTNs will be subject to the Australian Corporations Act and the other requirements set out in the terms and conditions of the AMTNs and, where the AMTNs are entered in the Austraclear System, the Austraclear System Regulations.

Secondary market sales of AMTNs settled in the Austraclear System will be settled in accordance with the Austraclear System Regulations.

Relationship of Accountholders with Austraclear System

Accountholders who acquire an interest in AMTNs lodged with the Austraclear System must look solely to Austraclear for their rights in relation to such AMTNs and will have no claim directly against the Issuer in respect of such AMTNs although under the Austraclear System Regulations, Austraclear may direct the Issuer to make payments direct to the relevant Accountholders.

Where Austraclear is registered as the holder of any AMTNs that is lodged with the Austraclear System, Austraclear may, where specified in the Austraclear System Regulations, transfer the AMTNs to the person in whose Security Record (as defined in the Austraclear System Regulations) those AMTNs are recorded and, as a consequence, remove those AMTNs from the Austraclear System.

Potential investors in AMTNs should inform themselves of, and satisfy themselves with, the Austraclear System Regulations and (where applicable) the rules of Euroclear and Clearstream, Luxembourg and the arrangements between them and their nominees in the Austraclear System.

AMTNs lodged with the Austraclear System will be transferable only in accordance with the rules and regulations (in force from time to time) of the Austraclear System. The transferor of an AMTN is deemed to remain the holder of such AMTN until the name of the transferee is entered in the Register in respect of such AMTN.

TRANSFER RESTRICTIONS

Restricted Notes

Each purchaser of Restricted Notes within the United States, by accepting delivery of this Offering Circular, will be deemed to have represented, agreed and acknowledged that:

(i) it is (a) a QIB, (b) acquiring such Restricted Notes for its own account or for the account of a QIB and (c) aware, and each beneficial owner of such Restricted Notes has been advised, that the sale of such Restricted Notes to it may be being made in reliance on Rule 144A;

(ii) it understands that such Restricted Notes have not been and will not be registered under the Securities Act and any other applicable U.S. state securities laws and (a) may not be offered, sold, pledged or otherwise transferred except (i) in accordance with Rule 144A to a person that it and any person acting on its behalf reasonably believe is a QIB purchasing for its own account or for the account of a QIB, (ii) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S or (iii) pursuant to an exemption from registration under the Securities Act provided by Rule 144 thereunder (if available), in each case in accordance with any applicable securities laws of any state of the United States; (b) the purchaser will, and each subsequent purchaser is required to, notify any subsequent purchaser of such Restricted Notes from it of the resale restrictions referred to in (a) above; and (c) no representation can be made as to the availability of the exemption provided by Rule 144 under the Securities Act for resale of the Restricted Notes. If the purchaser is a person other than a person outside the United States, it agrees that if it resells or otherwise transfers the Restricted Notes, it will do so only:

- to the Issuers or any of its respective affiliates;
- inside the United States to a QIB in compliance with Rule 144A;
- outside the United States in compliance with Rule 903 or Rule 904 under the Securities
- Act;
- pursuant to the exemption from registration provided by Rule 144 under the Securities Act (if available); or
- pursuant to an effective registration statement under the Securities Act;

(iii) it understands that such Restricted Notes, unless the Relevant Issuer determines otherwise in compliance with applicable law, will bear a legend to the following effect:

THIS NOTE REPRESENTED BY THIS CERTIFICATE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933 (THE "**SECURITIES ACT**") OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT (1) IN ACCORDANCE WITH RULE 144A UNDER THE SECURITIES ACT ("**RULE 144A**") TO A PERSON THAT THE HOLDER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVE IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER, (2) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT OR (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE), IN EACH CASE IN ACCORDANCE

WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT FOR RESALES OF THIS NOTE. PROSPECTIVE PURCHASERS ARE HEREBY NOTIFIED THAT THE SELLER OF THIS NOTE MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A;

(iv) it understands that any Restricted Notes, unless the Relevant Issuer determines otherwise in compliance with applicable law or as otherwise provided in the relevant Pricing Supplement, will bear a legend to the following effect:

EACH PURCHASER AND SUBSEQUENT TRANSFEREE OF THIS NOTE WILL BE DEEMED TO HAVE REPRESENTED AND WARRANTED THAT, AT THE TIME OF ITS ACQUISITION AND THROUGHOUT THE PERIOD IT HOLDS SUCH NOTE (OR ANY INTEREST HEREIN), EITHER (X) IT IS NOT AN EMPLOYEE BENEFIT PLAN SUBJECT TO TITLE I OF THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("**ERISA**"), A PLAN SUBJECT TO SECTION 4975 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "**CODE**"), OR ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE, OR ARE DEEMED FOR PURPOSES OF ERISA OR SECTION 4975 OF THE CODE TO INCLUDE, "PLAN ASSETS" BY REASON OF INVESTMENT BY ANY OF THE FOREGOING IN THE ENTITY, OR A GOVERNMENTAL, CHURCH, NON-U.S. OR OTHER PLAN WHICH IS SUBJECT TO ANY U.S. FEDERAL, STATE OR LOCAL LAW, OR NON-U.S. LAW, THAT IS SUBSTANTIALLY SIMILAR TO THE PROVISIONS OF SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE OR (Y) ITS PURCHASE, HOLDING AND DISPOSITION OF THIS NOTE (OR ANY INTEREST HEREIN) WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE (OR, IN THE CASE OF A GOVERNMENTAL, CHURCH, NON-U.S. OR OTHER PLAN, A NON-EXEMPT VIOLATION OF ANY SUBSTANTIALLY SIMILAR LAW). ANY PURPORTED TRANSFER OF THIS NOTE, OR ANY INTEREST HEREIN TO A PURCHASER OR TRANSFEREE THAT DOES NOT COMPLY WITH THE ABOVE REQUIREMENTS WILL BE OF NO FORCE AND EFFECT AND SHALL BE NULL AND VOID *AB INITIO*;

(v) unless the Relevant Issuer determines otherwise in compliance with applicable law or as otherwise provided in the relevant Pricing Supplement, either (a) it is neither an employee benefit plan subject to Title I of ERISA, a plan subject to Section 4975 of the Code or any entity whose underlying assets are deemed for purposes of ERISA or Section 4975 of the Code to include "plan assets" by reason of such plan's investment in the entity, nor a governmental, church, non-U.S. or other plan which is subject to any U.S. federal, state or local law, or non-U.S. law, that is substantially similar to the provisions of Section 406 of ERISA or Section 4975 of the Code or (b) its purchase, holding and disposition of a Note (or any interest therein) will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code (or, in the case of a governmental, church, non-U.S. or other plan, a non-exempt violation of any substantially similar law). Any purported transfer of a Note, or any interest therein to a purchaser or transferee that does not comply with the above requirements will be of no force and effect and shall be null and void *ab initio*;

(vi) it understands that the Restricted Notes offered in reliance on Rule 144A will be represented by a Restricted Global Certificate. Before any interest in the Restricted Global Certificate may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in the Unrestricted Global Certificate, it will be required to provide a Transfer Agent with a written certification (in the form provided in the Agency Agreement) as to compliance with applicable securities laws; and

(vii) it acknowledges that the Issuers, the Registrar, any Dealers and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements. If it is acquiring any Restricted Notes for the account of one or more QIBs, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

Prospective purchasers are hereby notified that sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.

Additional transfer restrictions may be set forth in the applicable Pricing Supplement with respect to a particular Tranche of Registered Notes.

Unrestricted Notes

Each purchaser of Unrestricted Notes outside the United States pursuant to Regulation S and each subsequent purchaser of such Unrestricted Notes in resales prior to the expiration of the Distribution Compliance Period (as defined in "Subscription and Sale"), by accepting delivery of this Offering Circular and the Unrestricted Notes, will be deemed to have represented, agreed and acknowledged that:

(i) it is, or at the time the Unrestricted Notes are purchased will be, the beneficial owner of such Unrestricted Notes and (a) it is not a U.S. person and it is located outside the United States (within the meaning of Regulation S) and (b) it is not an affiliate of the Issuers or a person acting on behalf of such an affiliate;

(ii) it understands that such Unrestricted Notes have not been and will not be registered under the Securities Act and that, prior to the expiration of the Distribution Compliance Period, it will not offer, sell, pledge or otherwise transfer such Unrestricted Notes except (a) in accordance with Rule 144A to a person that it and any person acting on its behalf reasonably believe is a QIB purchasing for its own account or the account of a QIB or (b) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S, in each case in accordance with any applicable securities laws of any State of the United States;

(iii) it understands that the Unrestricted Notes, unless otherwise determined by the Relevant Issuer in accordance with applicable law, will bear a legend to the following effect:

THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933 (THE "**SECURITIES ACT**") OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED

STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES EXCEPT PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT;

(iv) it understands that any Notes, unless the Relevant Issuer determines otherwise in compliance with applicable law or as otherwise provided in the relevant Pricing Supplement, will bear a legend to the following effect:

EACH PURCHASER AND SUBSEQUENT TRANSFEREE OF THIS NOTE WILL BE DEEMED TO HAVE REPRESENTED AND WARRANTED THAT, AT THE TIME OF ITS ACQUISITION AND THROUGHOUT THE PERIOD IT HOLDS SUCH NOTE (OR ANY INTEREST HEREIN), EITHER (X) IT IS NOT AN EMPLOYEE BENEFIT PLAN SUBJECT TO TITLE I OF THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("**ERISA**"), A PLAN SUBJECT TO SECTION 4975 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "**CODE**"), OR ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE, OR

ARE DEEMED FOR PURPOSES OF ERISA OR SECTION 4975 OF THE CODE TO INCLUDE, "PLAN ASSETS" BY REASON OF INVESTMENT BY ANY OF THE FOREGOING IN THE ENTITY, OR A GOVERNMENTAL, CHURCH, NON-U.S. OR OTHER PLAN WHICH IS SUBJECT TO ANY U.S. FEDERAL, STATE OR LOCAL LAW, OR NON-U.S. LAW THAT IS SUBSTANTIALLY SIMILAR TO THE PROVISIONS OF SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE OR (Y) ITS PURCHASE, HOLDING AND DISPOSITION OF THIS NOTE (OR ANY INTEREST HEREIN) WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE (OR, IN THE CASE OF A GOVERNMENTAL, CHURCH, NON-U.S. OR OTHER PLAN, A NON-EXEMPT VIOLATION OF ANY SUBSTANTIALLY SIMILAR LAW). ANY PURPORTED TRANSFER OF THIS NOTE, OR ANY INTEREST HEREIN TO A PURCHASER OR TRANSFEREE THAT DOES NOT COMPLY WITH THE ABOVE REQUIREMENTS WILL BE OF NO FORCE AND EFFECT AND SHALL BE NULL AND VOID AB INITIO;

(v) unless the Relevant Issuer determines otherwise in compliance with applicable law or as otherwise provided in the relevant Pricing Supplement, either (a) it is neither an employee benefit plan subject to Title I of ERISA, a plan subject to Section 4975 of the Code or any entity whose underlying assets are deemed for purposes of ERISA or Section 4975 of the Code to include "plan assets" by reason of such plan's investment in the entity, nor a governmental, church, non-U.S. or other plan which is subject to any U.S. federal, state or local law, or non-U.S. law, that is substantially similar to the provisions of Section 406 of ERISA or Section 4975 of the Code or (b) its purchase, holding and disposition of a Note (or any interest therein) will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code (or, in the case of a governmental, church, non-U.S. or other plan, a non-exempt violation of any substantially similar law). Any purported transfer of a Note, or any interest therein to a purchaser or transferee that does not comply with the above requirements will be of no force and effect and shall be null and void *ab initio*;

(vi) it understands that the Unrestricted Notes offered in reliance on Regulation S may be represented by an Unrestricted Global Certificate. Prior to the expiration of the Distribution Compliance Period, before any interest in the Unrestricted Global Certificate may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in the Restricted Global Certificate, it will be required to provide a Transfer Agent with a written certification (in the form provided in the Agency Agreement) as to compliance with applicable securities laws; and

(vii) the Issuers, the Registrar, the Dealers and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

Additional transfer restrictions may be set forth in the applicable Pricing Supplement with respect to a particular Tranche of a Registered Series.

LEGAL MATTERS

Legal matters in connection with the issue and sale of the Notes offered hereby will be passed upon for the Issuers (i) by Allen & Gledhill LLP, legal advisor to the Issuers, with respect to certain matters of Singapore law, (ii) by Linklaters, legal advisor to the Issuers, with respect to certain matters of English law, the federal laws of the United States and DIFC law, and (iii) by King & Wood Mallesons, legal advisor to DBS Bank, with respect to certain matters of Australian law. The Joint Arrangers are being represented by Clifford Chance Pte. Ltd. as to certain matters of English law and the federal securities laws of the United States.

INDEPENDENT AUDITORS

The consolidated financial statements of the DBS Group as at and for (i) the years ended 31 December 2014 and 2013 incorporated by reference in this Offering Circular and (ii) the year ended 31 December 2015 which are set forth beginning on page F-2 of this Offering Circular have been audited by PricewaterhouseCoopers LLP, independent public auditors, as stated in their report for the year ended 31 December 2015 included on page F-82 and their reports for the years ended 31 December 2014 and 2013 incorporated by reference herein, respectively.

The consolidated financial statements of the DBS Bank Group as at and for (i) the years ended 31 December 2014 and 2013 incorporated by reference in this Offering Circular and (ii) the year ended 31 December 2015 which are set forth beginning on page F-83 of this Offering Circular have been audited by PricewaterhouseCoopers LLP, independent public auditors, as stated in their report for the year ended 31 December 2015 included on page F-173 and their reports for the years ended 31 December 2014 and 2013 incorporated by reference herein.

GENERAL INFORMATION

1. Application may be made to the SGX-ST for permission to deal in, and for quotation of, any Notes which are agreed at the time of issue to be listed on the SGX-ST. There can be no assurance that an application to the SGX-ST will be approved.

2. The Issuers have obtained all necessary consents, approvals and authorisations in Singapore in connection with the issue and performance of the Notes to be issued by it. The update of the Programme was approved by the chief executive officer of DBSH and DBS Bank on 13 April 2016 pursuant to the authority granted under the Group Approving Authority of DBSH and DBS Bank which was amended by Board resolutions of DBSH and DBS Bank on 4 December 2015.

3. There has been no material adverse change in the financial position of the DBS Group since 31 December 2015.

4. The DBS Group is not, and has not been, involved in any litigation or arbitration proceedings that may have, or have had during the 12 months preceding the date of this Offering Circular, a material adverse effect on the financial position of the DBS Group and the DBS Group is not aware of any such litigation or arbitration pending or threatened.

5. Each Bearer Note, Receipt, Coupon and Talon will bear the following legend: "Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code".

6. Notes have been accepted for clearance through the Euroclear and Clearstream, Luxembourg systems (which are entities in charge of keeping the records). The Relevant Issuer may also apply to have Notes accepted for clearance through the CMU, CDP and the Austraclear System. The relevant CMU Instrument Number will be set out in the applicable Pricing Supplement. The Common Code and the International Securities Identification Number (ISIN) for each Series of Notes will be set out in the relevant Pricing Supplement. In addition, the Relevant Issuer will make an application with respect to each Series of Registered Notes intended to be eligible for sale pursuant to Rule 144A for such Notes to be accepted for trading in book entry form by DTC. Acceptance of each Series and the relevant Committee on the Uniform Security Identification Procedure (CUSIP) number applicable to a Series will be set out in the relevant Pricing Supplement.

7. The issue price and the amount of the relevant Notes will be determined based on then prevailing market conditions before filing of the relevant Pricing Supplement of each Tranche with the SGX-ST (with respect to Notes listed on the SGX-ST). The Issuers do not intend to provide any post-issuance information in relation to any issues of Notes.

8. From the date of this Offering Circular and for so long as any Notes are outstanding under the Programme, the following documents will be available, during usual business hours on any weekday (Saturdays and public holidays excepted), for inspection at the registered office of the Issuers and at the office of the Trustee:

   (i) the Trust Deed in respect of the Notes;

   (ii) the Singapore Supplemental Trust Deed in respect of the Notes;

   (iii) the Agency Agreement in respect of the Notes;

   (iv) the Australian Agency Agreement in respect of the AMTNs;

(v) the audited consolidated financial statements of the DBS Group for the years ended 31 December 2015, 31 December 2014 and 31 December 2013;

(vi) the audited consolidated financial statements of the DBS Bank Group for the years ended 31 December 2015, 31 December 2014 and 31 December 2013;

(vii) any audited consolidated financial statements of the DBS Group or the DBS Bank Group which are published after the date of this Offering Circular;

(viii) each Pricing Supplement (save that each Pricing Supplement relating to a Note which is not listed on a stock exchange will only be available for inspection by a holder of such Note and such holder must provide evidence satisfactory to the Trustee as to its holding and its identity); and

(ix) a copy of this Offering Circular or any further Offering Circular and any supplementary Offering Circular.

9. Copies of the Note (AMTN) Deed Poll and the Australian Agency Agreement in respect of AMTNs will be available, during usual business hours on any weekday (Saturdays and public holidays excepted), for inspection at the office of the Australian Agent, so long as any of the Notes is outstanding.

10. Copies of the latest annual report and financial statements of the DBS Group may be obtained at the specified offices of each of the Paying Agents during normal business hours, so long as any of the Notes is outstanding.

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DBS GROUP HOLDINGS LTD

(Incorporated in Singapore. Registration Number: 199901152M)

AND ITS SUBSIDIARIES

FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

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DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES
CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2015

In $ millions	Note	2015	2014
Interest income		**9,644**	8,948
Interest expense		**2,544**	2,627
Net interest income	4	**7,100**	6,321
Net fee and commission income	5	**2,144**	2,027
Net trading income	6	**1,204**	901
Net income from investment securities	7	**339**	274
Other income	8	**136**	293
Non-interest income		**3,823**	3,495
Total income		**10,923**	9,816
Employee benefits	9	**2,651**	2,294
Other expenses	10	**2,249**	2,036
Total expenses		**4,900**	4,330
Profit before allowances		**6,023**	5,486
Allowances for credit and other losses	11	**743**	667
Profit after allowances		**5,280**	4,819
Share of profits of associates		**14**	79
Profit before tax		**5,294**	4,898
Income tax expense	12	**727**	713
Net profit		**4,567**	4,185
Attributable to:			
Shareholders		**4,454**	4,046
Non-controlling interests		**113**	139
		4,567	4,185
Basic earnings per ordinary share ($)	13	**1.77**	1.63
Diluted earnings per ordinary share ($)	13	**1.77**	1.61

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2015

In $ millions	2015	2014
Net profit	**4,567**	4,185
Other comprehensive income [(a)]:		
Foreign currency translation differences for foreign operations	**29**	96
Share of other comprehensive income of associates	**2**	7
Available-for-sale financial assets and others		
Net valuation taken to equity	**(218)**	467
Transferred to income statement	**61**	(165)
Tax on items taken directly to or transferred from equity	**7**	(14)
Other comprehensive income, net of tax	**(119)**	391
Total comprehensive income	**4,448**	4,576
Attributable to:		
Shareholders	**4,327**	4,432
Non-controlling interests	**121**	144
	4,448	4,576

(a) Items recorded in "Other comprehensive income" above will be reclassified subsequently to the income statement when specific conditions are met e.g. when foreign operations or available-for-sale financial assets are disposed.

(see notes on pages 5 to 73 which form part of these financial statements)

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES
BALANCE SHEETS AS AT 31 DECEMBER 2015

		The Group		The Company	
In $ millions	**Note**	**2015**	2014	**2015**	2014
Assets					
Cash and balances with central banks	15	**18,829**	19,517		
Government securities and treasury bills	16	**34,501**	29,694		
Due from banks		**38,285**	42,263	**10**	13
Derivatives	36	**23,631**	16,995	**46**	14
Bank and corporate securities	17	**40,073**	37,763		
Loans and advances to customers	18	**283,289**	275,588		
Other assets	20	**11,562**	11,249		
Associates	23	**1,000**	995		
Subsidiaries	22	**-**	-	**19,547**	19,416
Properties and other fixed assets	25	**1,547**	1,485		
Goodwill and intangibles	26	**5,117**	5,117		
Total assets		**457,834**	440,666	**19,603**	19,443
Liabilities					
Due to banks		**18,251**	16,176		
Deposits and balances from customers	27	**320,134**	317,173		
Derivatives	36	**22,145**	18,755		
Other liabilities	28	**12,404**	11,728	**24**	17
Other debt securities	29	**38,078**	31,963	**1,884**	1,661
Subordinated term debts	30	**4,026**	4,665		
Total liabilities		**415,038**	400,460	**1,908**	1,678
Net assets		**42,796**	40,206	**17,695**	17,765
Equity					
Share capital	31	**10,114**	10,171	**10,144**	10,194
Other equity instruments	32	**803**	803	**803**	803
Other reserves	33	**6,705**	6,894	**168**	152
Revenue reserves	33	**22,752**	19,840	**6,580**	6,616
Shareholders' funds		**40,374**	37,708	**17,695**	17,765
Non-controlling interests	34	**2,422**	2,498		
Total equity		**42,796**	40,206	**17,695**	17,765

(see notes on pages 5 to 73 which form part of these financial statements)

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015

In $ millions	Share Capital	Other equity instruments	Other reserves	Revenue reserves	Total	Non-controlling interests	Total equity
2015							
Balance at 1 January	**10,171**	**803**	**6,894**	**19,840**	**37,708**	**2,498**	**40,206**
Issue of shares upon exercise of share options	**4**				**4**		**4**
Cost of share-based payments			**103**		**103**		**103**
Reclassification of reserves upon exercise of share options	**1**		**(1)**		**-**		**-**
Draw-down of reserves upon vesting of performance shares	**86**		**(86)**		**-**		**-**
Issue of shares pursuant to Scrip Dividend Scheme	**110**				**110**		**110**
Purchase of treasury shares	**(258)**				**(258)**		**(258)**
Dividends paid to shareholders				**(1,542)**	**(1,542)**		**(1,542)**
Dividends paid to non-controlling interests					**-**	**(125)**	**(125)**
Acquisition of non-controlling interests			**(78)**		**(78)**	**(72)**	**(150)**
Total comprehensive income			**(127)**	**4,454**	**4,327**	**121**	**4,448**
Balance at 31 December	**10,114**	**803**	**6,705**	**22,752**	**40,374**	**2,422**	**42,796**
2014							
Balance at 1 January	9,676	803	6,492	17,262	34,233	3,453	37,686
Issue of shares upon exercise of share options	13				13		13
Cost of share-based payments			88		88		88
Reclassification of reserves upon exercise of share options	4		(4)		-		-
Draw-down of reserves upon vesting of performance shares	68		(68)		-		-
Issue of shares pursuant to Scrip Dividend Scheme	489				489		489
Purchase of treasury shares	(79)				(79)		(79)
Redemption of preference shares of a subsidiary					-	(895)	(895)
Dividends paid to shareholders				(1,468)	(1,468)		(1,468)
Dividends paid to non-controlling interests					-	(141)	(141)
Change in non-controlling interests					-	(63)	(63)
Total comprehensive income			386	4,046	4,432	144	4,576
Balance at 31 December	10,171	803	6,894	19,840	37,708	2,498	40,206

(see notes on pages 5 to 73 which form part of these financial statements)

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2015

In $ millions	2015	2014
Cash flows from operating activities		
Net profit	**4,567**	4,185
Adjustments for non-cash items:		
Allowances for credit and other losses	**743**	667
Depreciation of properties and other fixed assets	**251**	220
Share of profits of associates	**(14)**	(79)
Net gain on disposal (net of write-off) of properties and other fixed assets	**(82)**	(35)
Net income from investment securities	**(339)**	(274)
Net gain on disposal of associate	**-**	(223)
Cost of share-based payments	**103**	88
Income tax expense	**727**	713
Fair value gain on acquisition of interest in joint venture	**-**	(3)
Profit before changes in operating assets and liabilities	**5,956**	5,259
Increase/(Decrease) in:		
Due to banks	**1,858**	2,604
Deposits and balances from customers	**(1,592)**	24,808
Other liabilities	**1,632**	1,306
Other debt securities and borrowings	**5,958**	8,643
(Increase)/Decrease in:		
Restricted balances with central banks	**960**	111
Government securities and treasury bills	**(4,350)**	(1,986)
Due from banks	**4,361**	(2,446)
Loans and advances to customers	**(4,076)**	(27,558)
Bank and corporate securities	**(1,911)**	(3,865)
Other assets	**(5,192)**	(2,167)
Tax paid	**(730)**	(733)
Net cash generated from operating activities (1)	**2,874**	3,976
Cash flows from investing activities		
Proceeds from disposal of interest in associate	**-**	435
Acquisition of interest in associate and joint venture	**(21)**	(88)
Dividends from associates	**32**	98
Purchase of properties and other fixed assets	**(334)**	(263)
Proceeds from disposal of properties and other fixed assets	**140**	55
Acquisition of non-controlling interests	**(150)**	-
Acquisition of business	**-**	(281)
Net cash used in investing activities (2)	**(333)**	(44)
Cash flows from financing activities		
Increase in share capital	**4**	13
Purchase of treasury shares	**(258)**	(79)
Dividends paid to shareholders of the Company, net of scrip dividends	**(1,432)**	(979)
Dividends paid to non-controlling interests	**(125)**	(141)
Payment upon redemption of subordinated term debts	**-**	(977)
Purchase of subordinated term debts	**(743)**	-
Redemption of preference shares of a subsidiary	**-**	(895)
Change in non-controlling interests	**-**	(63)
Net cash used in financing activities (3)	**(2,554)**	(3,121)
Exchange translation adjustments (4)	**240**	91
Net change in cash and cash equivalents (1)+(2)+(3)+(4)	**227**	902
Cash and cash equivalents at 1 January	**11,851**	10,949
Cash and cash equivalents at 31 December (Note 15)	**12,078**	11,851

(see notes on pages 5 to 73 which form part of these financial statements)

These Notes are integral to the financial statements.

The consolidated financial statements for the year ended 31 December 2015 were authorised for issue by the Directors on 19 February 2016.

1 Domicile and Activities

The Company, DBS Group Holdings Ltd, is incorporated and domiciled in the Republic of Singapore and has its registered office at 12 Marina Boulevard, Marina Bay Financial Centre Tower Three, Singapore 018982.

The Company is listed on the Singapore Exchange.

The Company is an investment holding, treasury and funding vehicle for the group. Its main subsidiary is DBS Bank Ltd (the Bank), which is wholly owned and engaged in a range of commercial banking and financial services, principally in Asia.

The financial statements relate to the Company and its subsidiaries (the Group) and the Group's interests in associates.

2 Summary of Significant Accounting Policies

2.1 Basis of preparation

Compliance with Singapore Financial Reporting Standards (FRS)
The financial statements of the Company and the consolidated financial statements of the Group are prepared in accordance with Singapore Financial Reporting Standards (FRS) and related Interpretations promulgated by the Accounting Standards Council (ASC). In accordance with Section 201(18) of the Companies Act (the Act), the requirements of FRS 39 Financial Instruments: Recognition and Measurement in respect of loan loss provisioning are modified by the requirements of Notice to Banks No. 612 "Credit Files, Grading and Provisioning" (MAS Notice 612) issued by the Monetary Authority of Singapore. As permitted by Section 201(10)(b) of the Act, the Company's income statement has not been included in these financial statements.

The financial statements are presented in Singapore dollars and rounded to the nearest million, unless otherwise stated.

Differences between International Financial Reporting Standards (IFRS) and FRS
Beyond the above modification to FRS related to MAS Notice 612, there are no significant differences between IFRS and FRS in terms of their application to the Group. The consolidated financial statements and the notes thereon satisfy all necessary disclosures under IFRS and FRS.

2.2 Significant estimates and judgement

The preparation of financial statements requires management to exercise judgement, use estimates and make assumptions in the application of policies and in reporting the amounts in the financial statements. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from these estimates. Critical accounting estimates and assumptions used that are significant to the financial statements, and areas involving a higher degree of judgement and complexity, are disclosed in Note 3.

2.3 Adoption of new and revised accounting standards

On 1 January 2015, the Group adopted the following new or revised FRS that are issued by the ASC and relevant for the Group:

- Improvements to FRSs 2014

The adoption of these FRS has no significant impact on the financial statements of the Group.

In addition to the above, a number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2015. The Group has not applied these standards or amended standards in preparing these financial statements. None of them is expected to have a significant effect on the financial statements of the Group and the Company other than FRS 109.

FRS 109: Financial Instruments
FRS 109 replaces the existing guidance in *FRS 39* Financial Instruments: Recognition and Measurement. It includes revised guidance on the classification and measurement of financial instruments and introduces a new expected credit loss model for impairment of financial assets as well as new requirements for general hedge accounting. The standard is effective for annual reporting periods beginning on or after 1 January 2018. Early adoption is permitted.

A summary of the most significant group accounting policies is described further below starting with those relating to the entire financial statements followed by those relating to the income statement, the balance sheet and other specific topics. This does not reflect the relative importance of these policies to the Group.

A) General Accounting Policies

2.4 Group Accounting

Subsidiaries
Subsidiaries are entities (including structured entities) over which the Group has control. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are consolidated from the date control is transferred to the Group to the date control ceases.

The acquisition method is used to account for business combinations. Refer to Note 2.12 for the Group's accounting policy on goodwill.

All intra-group transactions and balances are eliminated on consolidation.

Associates
Associates are entities over which the Group has significant influence, but no control where the Group generally holds a shareholding of between and including 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method.

2.5 Foreign currency treatment

Functional and presentation currency
Items in the financial statements are measured using the functional currency of each entity in the Group, this being the currency of the primary economic environment in which the entity operates. The Group's financial statements are presented in Singapore dollars, which is the functional currency of the Company.

Foreign currency transactions and balances
Transactions in foreign currencies are measured using the exchange rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency of the entity undertaking the transaction at the exchange rates at the balance sheet date. Foreign exchange differences arising from this translation are recognised in the income statement within "Net trading income".

Non-monetary assets and liabilities measured at cost in a foreign currency are translated using the exchange rates at the date of the transaction.

Non-monetary assets and liabilities measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined, which is generally the balance sheet date.

Unrealised foreign exchange differences arising from non-monetary financial assets and liabilities classified as fair value through profit or loss are recognised in the income statement as trading income. For non-monetary financial assets such as equity investments classified as available-for-sale, unrealised foreign exchange differences are recorded in other comprehensive income and accumulated in equity until the assets are disposed of or become impaired, upon which they are reclassified to the income statement.

Subsidiaries and branches
The results and financial position of subsidiaries and branches whose functional currency is not Singapore dollars ("foreign operations") are translated into Singapore dollars in the following manner:

- Assets and liabilities are translated at the exchange rates at the balance sheet date;
- Income and expenses in the income statement are translated at exchange rates prevailing at each month-end, approximating the exchange rates at the dates of the transactions; and
- All resulting exchange differences are recognised in other comprehensive income and accumulated under capital reserves in equity. When a foreign operation is disposed of, such exchange differences are recognised in the income statement as part of the gain or loss on disposal.

For acquisitions prior to 1 January 2005, the foreign exchange rates at the respective dates of acquisition were used. Please refer to Note 26 for an overview of goodwill recorded. Goodwill and fair value adjustments arising on the acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of the foreign operation and translated at the closing rate.

2.6 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to management.

In preparing the segment information, amounts for each business segment are shown after the allocation of certain centralised costs, funding income and the application of transfer pricing, where appropriate. Transactions between segments are recorded within the segment as if they are third party transactions and are eliminated on consolidation.

Please refer to Note 46 for further details on business and geographical segment reporting.

B) Income Statement

2.7 Income recognition

Interest income and interest expense
Interest income and interest expense as presented in Note 4 arise from all interest-bearing financial assets and financial liabilities regardless of their classification and measurement, with the exception of the Group's structured investment deposits which are carried at fair value through profit or loss. Interest expense on such structured investment deposits is presented together with other fair value changes in trading income.

Interest income and interest expense are recognised on a time-proportionate basis using the effective interest method. The calculation includes significant fees and transaction costs that are integral to the effective interest rate, as well as premiums or discounts.

Fee and commission income
The Group earns fee and commission income from a diverse range of products and services provided to its customers.

Fee and commission income is generally recognised on the completion of a transaction. Such fees include underwriting fees, brokerage fees and fees related to completion of corporate finance transactions.

For a service that is provided over a period of time, fee and commission income is recognised over the period during which the related service is provided or credit risk is undertaken. Such fees include the income from

issuance of financial guarantees and bancassurance fixed service fees.

Fee and commission income is recorded net of expenses directly related to it. These expenses typically include brokerage fees paid, card-related expenses and sales commissions, but do not include expenses for services delivered over a period (such as service contracts) and other expenses that are not specifically related to fee and commission income transactions.

Dividend income
Dividend income is recognised when the right to receive payment is established. This is generally the ex-dividend date for listed equity securities, and the date when shareholders approve the dividend for unlisted equity securities. Dividend income arising from held-for-trading financial assets is recognised in "Net trading income", while those arising from available-for-sale financial assets is recognised in "Net income from investment securities".

Allowances for credit and other losses
Please refer to Note 2.10 for the accounting policy on impairment of financial assets.

C) Balance Sheet

2.8 Financial assets

Initial recognition
Purchases and sales of all financial assets, even if their classification and measurement are subsequently changed, are recognised on the date that the Group enters into the contractual arrangements with counterparties. When the Group acts as a trustee or in a fiduciary capacity for assets it does not directly control or benefit from, the assets and the corresponding income belonging to a customer are excluded from the financial statements.

Financial assets are initially recognised at fair value, which is generally the transaction price.

Classification and subsequent measurement
The Group classifies and measures financial assets based on their nature and the purpose for which they are acquired. This generally corresponds to the business models in which they are applied and how management monitors performance, as follows:

- Non-derivative financial assets that are managed mainly for longer-term holding and collection of payments are classified as **loans and receivables.** These assets have fixed or determinable payments, are not quoted in an active market and are mainly in the "Consumer Banking/Wealth Management" and "Institutional Banking" segments. Loans and receivables are carried at amortised cost using the effective interest method.

- Non-derivative financial assets that are managed on a fair value basis, which are mainly in the "Treasury" segment, are classified as **financial assets at fair value through profit or loss**. Such assets include instruments held for the purpose of short-term selling and market-making ("**held for trading**"), or designated under the fair value option if doing so eliminates or significantly reduces measurement or recognition inconsistencies that would otherwise arise, or if the financial asset contains an embedded derivative that would otherwise need to be separately recorded (**"designated at fair value through profit or loss"**).

  Realised or unrealised gains or losses on such financial assets, except interest income, are taken to "Net trading income" in the income statement in the period they arise.

  Derivatives (including derivatives embedded in other contracts but separated for accounting purposes) are also categorised as **held for trading** unless they are designated as hedging instruments in accordance with Note 2.18. Derivatives are classified as assets when the fair value is positive and as liabilities when the fair value is negative. Changes in the fair value of derivatives other than those designated as hedging instruments in cash flow or net investment hedges are included in "Net trading income".

- Non-derivative financial assets that the Group intends to hold to maturity are classified as **held to maturity**. These are Singapore Government securities that the Group holds for satisfying regulatory liquidity requirements and are held within the "Others" segment. These assets are carried at amortised cost using the effective interest method.

- The Group also holds other non-derivative financial assets for the purpose of investment or satisfying regulatory liquidity requirements. Such assets are held for an indefinite period and may be sold in response to needs for liquidity or changes in interest rates, credit spreads, exchange rates or equity prices. Financial assets in this category are held in all business segments as well as the liquidity management unit in the "Others" segment. These assets are classified as **available-for-sale** and initially and subsequently measured at fair value.

  Unrealised gains or losses arising from changes in fair value are recognised in other comprehensive income and accumulated in available-for-sale revaluation reserves. When sold or impaired, the accumulated fair value adjustments in the available-for-sale revaluation reserves are reclassified to the income statement. Unquoted equity investments classified as available-for-sale for which fair values cannot be reliably determined are carried at cost, less impairment (if any).

Where the classification and measurement of financial assets do not reflect the management of the financial assets (or financial liabilities), the Group may apply hedge accounting where permissible and relevant to better reflect the management of the financial assets. Please refer to Note 2.18 for details on hedging and hedge accounting.

Please refer to Note 14 for further details on the types of financial assets classified and measured as above.

Reclassification
When the purpose for holding a financial asset changes, or when FRS otherwise requires it, non-derivative financial assets are reclassified accordingly. Financial assets may be classified out of the fair value through profit or loss or available-for-sale categories only in particular circumstances as prescribed by FRS 39. In 2008 and 2009, the Group reclassified certain financial assets between categories as a result of a change in its holding intention. The reclassifications did not have a material impact on the income statement and statement of comprehensive income for the current year.

Determination of fair value
The fair value of financial assets is the price that would be received if the asset is sold in an orderly transaction between market participants at the measurement date. Fair value is generally estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments. Where applicable, a valuation reserve or pricing adjustment is applied to arrive at the fair value. The determination of fair value is considered a significant accounting policy for the Group and further details are disclosed in Note 39.

Offsetting
Financial assets and liabilities are presented net when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle them on a net basis, or realise the asset and settle the liability simultaneously.

Derecognition
Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or when they have been transferred together with substantially all the risks and rewards of ownership.

The Group enters into certain transactions where it transfers financial assets recognised on its balance sheet but retains either all or a portion of the risks and rewards of the transferred financial assets. In such cases, the transferred financial assets are not derecognised from the balance sheet. Such transactions include repurchase transactions described in Note 2.11. They also include transactions where control over the financial asset is retained, for example, by a simultaneous transaction (such as options) with the same counterparty to which the asset is transferred. These are mainly transacted in the “Treasury” segment. In such cases, the Group continues to recognise the asset to the extent of its continuing involvement which is the extent to which it is exposed to changes in the value of the transferred asset.

Please refer to Note 19 for disclosures on transferred financial assets.

2.9 Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand and non-restricted balances with central banks which are readily convertible into cash.

2.10 Impairment of financial assets

The Group assesses at each balance sheet date whether there is evidence that a financial asset or a group of financial assets is impaired.

(a) Financial assets classified as loans and receivables and held to maturity

The Group carries out regular and systematic reviews of all credit facilities extended to customers.

The criteria that the Group uses to determine whether there is evidence of an impairment loss include:

- Significant financial difficulty of the issuer or obligor, including breach of covenants and/or financial conditions.
- A breach of contract, such as a default or delinquency in interest or principal payments.
- Granting of a concession to the borrower, for economic or legal reasons relating to the borrower’s financial difficulty, that the Group would not otherwise consider.
- High probability of bankruptcy or other financial reorganisation of the borrower.

Specific allowances for credit losses
A specific allowance for credit losses is recognised if there is evidence that the Group will be unable to collect all amounts due under a claim according to the original contractual terms or the equivalent value. A “claim” means a loan, debt security or a commitment such as financial guarantees and letters of credit.

A specific allowance for credit losses is recorded as a reduction in the carrying value of a claim on the balance sheet. For an off-balance sheet item such as a commitment, a specific allowance for credit loss is recorded as “provision for loss in respect of off-balance sheet credit exposures” within “Other liabilities”.

Specific allowances for credit losses are evaluated either individually or collectively for a portfolio.

Specific allowance for an individual credit exposure is made when existing facts, conditions or valuations indicate that the Group is not likely to collect the principal and interest due contractually on the claim. An allowance is reversed only when there has been an identifiable event that has led to an improvement in the collectability of the claim. The amount of specific allowance also takes into account the collateral value, which may be discounted to reflect the impact of a forced sale or untimely liquidation.

Overdue unsecured consumer loans which are homogenous in nature, such as credit card receivables, are pooled according to their delinquency behaviour and evaluated for impairment collectively as a group, taking into account the historical loss experience of such loans.

When a loan is uncollectible, it is written off against the related allowance for loan impairment. Such loans are written off after all the recovery procedures have been exhausted and the amount of the loss has been determined. Recoveries in full or in part of amounts

previously written off are credited to the income statement in "Allowances for credit and other losses".

General allowances for credit losses
Apart from specific allowances, the Group also recognises general allowances for credit losses. The Group maintains a level of allowances that is deemed sufficient to absorb the estimated credit losses inherent in its loan portfolio (including off-balance sheet credit exposures). The Group maintains general allowances of at least 1% of credit exposures arising from both on and off-balance sheet items (against which specific allowances have not been made), adjusted for collateral held. This is in accordance with the transitional arrangements under MAS Notice 612.

(b) Financial assets classified as available-for-sale

The Group assesses at each balance sheet date whether there is evidence that an available-for-sale financial asset is impaired.

In the case of an equity investment, a significant or prolonged decline in the fair value of the security below its cost is a factor in determining whether the asset is impaired.

When there is evidence of an impairment of an available-for-sale financial asset, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the income statement – is reclassified from the revaluation reserve within equity to the income statement as "Allowances for credit and other losses".

For equity investments, impairment losses are not reversed until they are disposed of. For impaired debt instruments that subsequently recover in value, the impairment losses are reversed through the income statement if there has been an identifiable event that led to the recovery.

2.11 Repurchase agreements

Repurchase agreements (***Repos***) are treated as collateralised borrowings. The amount borrowed is reflected as a financial liability either as "Due to banks" or "Deposits and balances from customers". The securities sold under repos are treated as pledged assets and remain on the balance sheet at amortised cost or fair value depending on their classification.

Reverse repurchase agreements (***Reverse repos***) are treated as collateralised lending. The amount lent is reflected as a financial asset as "Cash and balances with central banks", "Due from banks" or "Loans and advances to customers".

Amounts paid and received in excess of the amounts borrowed and lent on the repos and reverse repos are amortised as interest expense and interest income respectively using the effective interest method.

2.12 Goodwill

Goodwill arising from business combinations generally represents the excess of the acquisition cost over the fair value of identifiable assets acquired and liabilities and contingent liabilities assumed on the acquisition date. Goodwill is stated at cost less impairment losses and is tested at least annually for impairment.

At the acquisition date, any goodwill acquired is allocated to each of the cash-generating units (CGU) or group of CGUs expected to benefit from the combination's synergies.

An impairment loss is recognised when the carrying amount of a CGU, or group of CGUs, including the goodwill, exceeds the applicable recoverable amount. The recoverable amount of a CGU or CGU group is the higher of the CGU's or CGU group's fair value less cost to sell and its value-in-use. An impairment loss on goodwill is recognised in the income statement and cannot be reversed in subsequent periods.

2.13 Properties and other fixed assets

Properties (including investment properties) and other fixed assets are stated at cost less accumulated depreciation and impairment losses.

Depreciation is calculated using the straight-line method over the estimated useful lives of the assets.

Generally, the useful lives are as follows:

Buildings	50 years or over the remaining lease period, whichever is shorter.
Leasehold land	100 years or over the remaining lease period, whichever is shorter. Leasehold land where the unexpired lease period is more than 100 years is not depreciated.
Computer software	3 - 5 years
Office equipment, furniture and fittings	5 - 10 years

Please refer to Note 25 for the details of properties and other fixed assets and their movements during the year.

2.14 Financial liabilities

Initial recognition, classification and subsequent measurement
Financial liabilities are initially recognised at fair value. The Group generally classifies and measures its financial liabilities in accordance with the purpose for which the financial liabilities are incurred and managed. Accordingly:

- Financial liabilities are classified as **financial liabilities at fair value through profit or loss** if they are incurred for the purpose of repurchasing in the near term (**"held for trading"**), and this may include debt securities issued and short positions in securities for the purpose of ongoing market-making or trading. Financial liabilities at fair value through profit or loss can also be designated by management on initial recognition (**"designated at fair value through profit or loss"**) if doing so eliminates or

significantly reduces measurement or recognition inconsistencies that would otherwise arise, or if the financial liability contains an embedded derivative that would otherwise need to be separately recorded. Financial liabilities in this classification are usually within the "Treasury" segment.

Realised or unrealised gains or losses on financial liabilities held for trading and financial liabilities designated under the fair value option, except interest expense, are taken to "Net trading income" in the income statement in the period they arise. Interest expense on structured investment deposits at fair value through profit or loss is also presented together with other fair value changes in "Net trading income".

- Derivative liabilities are treated consistently with derivative assets. Please refer to Note 2.8 for the accounting policy on derivatives.

- Other financial liabilities are carried at **amortised cost** using the effective interest method. These comprise predominantly the Group's "Deposits and balances from customers", "Due to banks" and "Other debt securities".

Please refer to Note 14 for further details on the types of financial liabilities classified and measured as above.

Determination of fair value
The fair value of financial liabilities is the price that would be paid to transfer the liability in an orderly transaction between market participants at the measurement date.

Please refer also to Note 39 for further fair value disclosures.

Derecognition
A financial liability is derecognised from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired.

2.15 Loan commitments, letters of credit and financial guarantees

Loan commitments
Loan commitments are typically not financial instruments and are not recognised on the balance sheet. They are disclosed in accordance with FRS 37 and form part of the disclosures in Note 35. Upon a loan draw-down, the amount of the loan is accounted for under "loans and receivables" as described in Note 2.8.

Letters of credit
Letters of credit are recorded off-balance sheet as contingent liabilities upon issuance, and the corresponding payables to the beneficiaries and receivables from the applicants are recognised on balance sheet upon acceptance of the underlying documents.

Financial guarantees
A financial guarantee is initially recognised in the financial statements at fair value on the date the guarantee is given. This is generally the amount (fee) paid by the counterparty. Subsequently, the fee is recognised over time as income in accordance with the principles in Note 2.7.

Off-balance sheet credit exposures are managed for credit risk in the same manner as financial assets.

Please refer to Note 2.10 on the Group's accounting policies on allowances for credit losses.

2.16 Provisions and other liabilities

Provisions for other liabilities of uncertain timing and amounts are recognised when:

- the Group has a present legal or constructive obligation as a result of past events;

- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and

- a reliable estimate of the amount of the obligation can be made.

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the balance sheet date.

2.17 Share capital and other instruments classified as equity

Ordinary shares, preference shares and other instruments which do not result in the Group having a contractual obligation to deliver cash or another financial asset, or to exchange financial assets or financial liabilities with the holder under conditions that are potentially unfavourable to the Group, are classified as equity. Distributions arising from such instruments are recognised in equity as there is no contractual obligation to pay distributions on these instruments. Incremental external costs directly attributable to the issuance of such instruments are accounted for as a deduction from equity.

When any entity within the Group purchases the Company's ordinary shares ("treasury shares"), the consideration paid, including any directly attributable incremental cost is presented as a component within equity, until they are cancelled, sold or reissued.

When treasury shares are subsequently cancelled, the cost of the treasury shares is deducted against either the share capital account or retained earnings. When treasury shares are subsequently sold or reissued, any realised gain or loss on sale or reissue, net of any directly attributable incremental transaction costs and related income tax, is recognised in capital reserves.

For ordinary and preference shares, interim dividends are recorded during the financial year in which they are declared payable. Final dividends are recorded during the financial year in which the dividends are approved by the shareholders at the Annual General Meeting.

D) Other Specific Topics

2.18 Hedging and hedge accounting

The Group uses derivative contracts mainly as part of its risk management strategies for hedging interest rate risk arising from maturity mismatches or for hedging currency risk arising from currency mismatches and cash flows in foreign currencies.

In some cases, where the strict criteria in FRS 39 are met, hedge accounting is applied as set out in subsequent paragraphs. At the inception of each hedging relationship, the Group documents the relationship between the hedging instrument and the hedged item; the risk management objective for undertaking the hedge transaction; and the methods used to assess the effectiveness of the hedge. At inception and on an on-going basis, the Group also documents its assessment of whether the hedging instrument is highly effective in offsetting changes in the fair value or cash flows of the hedged item.

Fair value hedge
The Group's fair value hedges consist principally of interest rate swaps used for managing the interest rate gaps that naturally arise from its purchases or issues of debt securities, and where a mismatch in the measurement between the hedging derivative and the hedged item exists. Such hedges are mainly used in the "Treasury" and "Others" segments.

For a qualifying fair value hedge, the changes in the fair value of the hedging derivatives are recorded in the income statement, together with any changes in the fair value of the hedged item attributable to the hedged risk.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item is amortised to the income statement over its remaining maturity, using the effective interest method.

Cash flow hedge
For transactions with highly probable cash flows, derivatives are used to hedge against cash flow variability due to exchange rate movements in certain situations. Cash flow hedge accounting is principally applied in such cases.

The effective portion of changes in the fair value of a derivative designated and qualifying as a cash flow hedge is recognised in other comprehensive income and accumulated under the cash flow hedge reserve in equity. This amount is reclassified to the income statement in the periods when the hedged forecast cash flows affect the income statement. The ineffective portion of the gain or loss is recognised immediately in the income statement under "Net trading income".

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in the cash flow hedge reserve remains until the forecast transaction is recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss in the cash flow hedge reserve is reclassified from equity to the income statement.

Net investment hedge
Net investment hedge accounting is applied to hedged investments in foreign operations which comprise certain subsidiaries, branches and associates with a functional currency different from that of the Company. Under the Group's hedging strategy, the carrying amount of these investments could be fully hedged, partially hedged or not hedged at all.

Hedges of net investments in the Group's foreign operations are accounted for in a manner similar to cash flow hedges. On disposal of the foreign operations, the cumulative gain or loss in the capital reserves is reclassified to the income statement as part of the gain or loss on disposal.

Economic hedges which do not qualify for hedge accounting
Some derivatives may be transacted as economic hedges as part of the Group's risk management but do not qualify for hedge accounting under FRS 39. These include swaps and other derivatives (e.g. futures and options) that the Group transacts to manage interest rate, foreign exchange or other risks. Such derivatives are treated in the same way as derivatives held for trading purposes, i.e. realised and unrealised gains and losses are recognised in "Net trading income". In some cases, the hedged exposures are designated at fair value through profit or loss, thereby achieving some measure of offset in the income statement.

Please refer to Note 36.2 for disclosures on hedging derivatives.

2.19 Employee benefits

Employee benefits, which include base pay, cash bonuses, share-based compensation, contribution to defined contribution plans such as the Central Provident Fund and other staff-related allowances, are recognised in the income statement when incurred. For defined contribution plans, contributions are made to publicly or privately administered funds on a mandatory, contractual or voluntary basis. Once the contributions have been paid, the Group has no further payment obligations.

Employee entitlement to annual leave is recognised when they accrue to employees. A provision is made for the estimated liability for annual unutilised leave as a result of services rendered by employees up to the balance sheet date.

2.20 Share-based compensation

Employee benefits also include share-based compensation, namely the DBSH Share Ownership Scheme (the Scheme), the DBSH Share Option Plan, the DBSH Share Plan and the DBSH Employee Share Plan (the Plans). The details of the Scheme and Plans are described in Note 37.

Equity instruments granted and ultimately vested under the Plans are recognised in the income statement based on the fair value of the equity instrument at the date of grant. The expense is amortised over the vesting period of each award, with a corresponding adjustment to the share option/plan reserves. Monthly contributions to the Scheme are expensed off when incurred.

For the DBSH Share Plan and the DBSH Employee Share Plan, a trust has been set up for each share plan. The employee trust funds are consolidated and the DBSH shares held by the trust funds are accounted for as "treasury shares", which is presented as a deduction within equity.

2.21 Current and deferred taxes

Current income tax for current and prior periods is recognised as the amount expected to be paid or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. The Group considers uncertain tax positions generally at the level of the total tax liability to each tax authority for each period. The liability is determined based on the total amount of current tax expected to be paid, taking into account all tax uncertainties, using either an expected value approach or a single best estimate of the most likely outcome.

Tax assets and liabilities of the same type (current or deferred) are offset when a legal right of offset exist and settlement in this manner is intended. This applies generally when they arise from the same tax reporting group and relate to the same tax authority.

Deferred income tax is provided on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted by the balance sheet date.

The amount of deferred tax assets recognised takes into account the likelihood the amount that can be used to offset payable taxes on future profits.

Deferred tax related to fair value re-measurement of available-for-sale investments, which are recognised outside profit or loss, is also recognised outside profit or loss, i.e. in other comprehensive income and accumulated in the available-for-sale revaluation reserves.

3 Critical Accounting Estimates

The Group's accounting policies and use of estimates are integral to the reported amounts in the financial statements. Certain accounting estimates require management's judgement in determining the appropriate methodology for valuation of assets and liabilities. Procedures are in place to ensure that methodologies are reviewed and revised as appropriate. The Group believes its estimates for determining the valuation of its assets and liabilities are appropriate.

The following is a brief description of the Group's critical accounting estimates that involve management's valuation judgement.

3.1 Impairment allowances

It is the Group's policy to recognise, through charges against profit, specific and general allowances in respect of estimated and inherent credit losses in its portfolio as described in Note 2.10.

In estimating specific allowances, the Group assesses the gap between borrowers' obligations to the Group and their repayment ability. The assessment takes into account various factors, including the economic or business outlook, the future profitability of the borrowers and the liquidation value of collateral. Such assessment requires considerable judgement.

Another area requiring judgement is the calculation of general allowances, which are determined after taking into account historical data and management's assessment of the current economic and credit environment, country and portfolio risks, as well as industry practices. Please refer to Note 41 for a further description of the Group's credit risk management.

3.2 Fair value of financial instruments

The majority of the Group's financial instruments reported at fair value are based on quoted and observable market prices or on internally developed models that are based on independently sourced market parameters.

The fair value of financial instruments without an observable market price in an active market may be determined using valuation models. The choice of model requires significant judgement for complex products especially those in the "Treasury" segment.

Policies and procedures have been established to facilitate the exercise of judgement in determining the risk characteristics of various financial instruments, discount rates, estimates of future cash flows and other factors used in the valuation process.

Please refer to Note 39 for details on fair valuation and fair value hierarchy of the Group's financial instruments measured at fair value.

3.3 Goodwill

The Group performs an impairment review to ensure that the carrying amount of a CGU to which goodwill is allocated does not exceed the recoverable amount of the CGU. Note 26 provides details of goodwill at the reporting date.

The recoverable amount represents the present value of the estimated future cash flows expected to arise from continuing operations. Therefore, in arriving at the recoverable amount, management exercises judgement in estimating the future cash flows, growth rate and discount rate.

3.4 Income taxes

The Group has exposure to income taxes in numerous jurisdictions. Significant judgement is involved in determining the Group's provision for income taxes. The Group recognises liabilities for expected tax issues based on reasonable estimates of whether additional taxes will be due. Where uncertainty exists around the Group's tax position including resolution of any related appeals or litigation processes, appropriate provisions are provided based on technical merits of the positions with the same tax authority. Note 21 provides details of the Group's deferred tax assets/liabilities. In general, determination of the value of assets/liabilities relating to carry forward tax losses requires judgement.

4 Net Interest Income

In $ millions	The Group 2015	2014
Cash and balances with central banks and Due from banks	**466**	577
Customer non-trade loans	**6,126**	5,256
Trade assets	**1,294**	1,583
Securities	**1,758**	1,532
Total interest income	**9,644**	8,948
Deposits and balances from customers	**1,940**	2,086
Other borrowings	**604**	541
Total interest expense	**2,544**	2,627
Net interest income	**7,100**	6,321
Comprising:		
Interest income from financial assets at fair value through profit or loss	**648**	595
Interest income from financial assets not at fair value through profit or loss	**8,996**	8,353
Interest expense from financial liabilities at fair value through profit or loss	**(204)**	(142)
Interest expense from financial liabilities not at fair value through profit or loss	**(2,340)**	(2,485)
Total	**7,100**	6,321

5 Net Fee and Commission Income

In $ millions	The Group 2015	2014
Brokerage	**180**	173
Investment banking[c]	**165**	219
Trade and transaction services[b][c]	**556**	539
Loan-related	**442**	385
Cards[d]	**434**	369
Wealth management	**599**	507
Others	**76**	83
Fee and commission income	**2,452**	2,275
Less: fee and commission expense	**308**	248
Net fee and commission income[a]	**2,144**	2,027

(a) Includes net fee and commission income of $51 million (2014: $35 million), which was derived from the provision of trust and other fiduciary services during the year. Net fee and commission income earned from financial assets or liabilities not at fair value through profit or loss was $776 million (2014: $687 million) during the year
(b) Includes trade & remittances, guarantees and deposit-related fees
(c) Fees from fiduciary services for 2014 are reclassified from investment banking to trade and transaction services
(d) Card fees are net of interchange fees paid

6 Net Trading Income

In $ millions	The Group 2015	2014
Net trading income		
- Foreign exchange	**989**	558
- Interest rates, credit, equities and others[a]	**224**	346
Net (loss)/gain from financial assets designated at fair value	**(89)**	9
Net gain/(loss) from financial liabilities designated at fair value	**80**	(12)
Total	**1,204**	901

(a) Includes dividend income of $23 million (2014: $19 million)

7 Net Income from Investment Securities

In $ millions	The Group 2015	2014
Debt securities		
- Available-for-sale	**117**	122
- Loans and receivables	**#**	4
Equity securities[a][b]	**222**	148
Total [c]	**339**	274
Of which: net gains transferred from available-for-sale revaluation reserves	**125**	212

Amount under $500,000
(a) Includes dividend income of $63 million (2014: $57 million)
(b) 2015 includes an amount of $136 million relating to gain from disposal of a property investment
(c) Includes fair value impact of hedges for the investment securities

8 Other Income

In $ millions	The Group 2015	2014
Rental income	**37**	35
Net gain on disposal of properties and other fixed assets	**90**	43
Others[a]	**9**	215
Total	**136**	293

(a) 2014 includes an amount of $198 million, comprising a gain of $223 million for the divestment of remaining stake in the Bank of the Philippine Islands (BPI) less a sum of $25 million donated to National Gallery Singapore

9 Employee Benefits

In $ millions	The Group 2015	2014
Salaries and bonuses	**2,149**	1,887
Contributions to defined contribution plans	**135**	111
Share-based expenses	**102**	85
Others	**265**	211
Total	**2,651**	2,294

10 Other Expenses

In $ millions	The Group 2015	2014
Computerisation expenses[(a)]	**883**	777
Occupancy expenses[(b)]	**398**	369
Revenue-related expenses	**301**	240
Others[(c)]	**667**	650
Total	**2,249**	2,036

(a) Includes hire and maintenance costs of computer hardware and software
(b) Includes rental expenses of office and branch premises of $241 million (2014: $220 million) and amounts incurred in the maintenance and service of buildings
(c) Includes office administration expenses (e.g. printing, stationery, telecommunications, etc), and legal and professional fees

In $ millions	The Group 2015	2014
Depreciation expenses	**251**	220
Hire and maintenance costs of fixed assets, including building-related expenses	**453**	388
Expenses on investment properties	**7**	7
Audit fees payable to external auditors[(a)]:		
- Auditors of the Company	**3**	3
- Associated firms of Auditors of the Company	**4**	4
Non- audit fees payable to external auditors[(a)]:		
- Auditors of the Company	**1**	1
- Associated firms of Auditors of Company	**1**	1

(a) PricewaterhouseCoopers network firms

11 Allowances for Credit and Other Losses

In $ millions	The Group 2015	2014
Loans and advances to customers (Note 18)	**676**	620
Investment securities		
- Available-for-sale	**19**	15
- Loans and receivables	**(8)**	2
Properties and other fixed assets	**(14)**	-
Off-balance sheet credit exposures	**8**	23
Others (bank loans and sundry debtors)	**62**	7
Total	**743**	667

The table below shows the movements in specific and general allowances during the year for the Group:

	The Group				
In $ millions	**Balance at 1 January**	**Charge/ (Write-back) to income statement**	**Net write-off during the year**	**Exchange and other movements**	**Balance at 31 December**
2015					
Specific allowances					
Loans and advances to customers (Note 18)	**983**	**551**	**(748)**	**35**	**821**
Investment securities	**80**	**19**	**(12)**	**5**	**92**
Properties and other fixed assets	**47**	**(14)**	**(8)**	**2**	**27**
Off-balance sheet credit exposures	**5**	**4**	**-**	**1**	**10**
Others (bank loans and sundry debtors)	**44**	**62**	**(24)**	**3**	**85**
Total specific allowances	**1,159**	**622**	**(792)**	**46**	**1,035**
Total general allowances for credit exposures	**3,054**	**121**	**-**	**47**	**3,222**
Total allowances	**4,213**	**743**	**(792)**	**93**	**4,257**
2014					
Specific allowances					
Loans and advances to customers (Note 18)	1,129	478	(687)	63	983
Investment securities	69	15	(8)	4	80
Properties and other fixed assets	48	-	-	(1)	47
Off-balance sheet credit exposures	1	7	(3)	-	5
Others (bank loans and sundry debtors)	53	7	(17)	1	44
Total specific allowances	1,300	507	(715)	67	1,159
Total general allowances for credit exposures	2,865	160	-	29	3,054
Total allowances	4,165	667	(715)	96	4,213

12 Income Tax Expense

In $ millions	The Group 2015	2014
Current tax expense		
- Current year	**828**	756
- Prior years' provision	**(55)**	15
Deferred tax expense		
- Prior years' provision	**(10)**	(10)
- Origination of temporary differences	**(36)**	(48)
Total	**727**	713

The deferred tax credit in the income statement comprises the following temporary differences:

In $ millions	The Group 2015	2014
Accelerated tax depreciation	**5**	12
Allowances for loan losses	**(49)**	(67)
Other temporary differences	**(2)**	(3)
Deferred tax credit to income statement	**(46)**	(58)

The tax on the Group's profit (before share of profits of associates) differs from the theoretical amount that would arise using the Singapore basic tax rate as follows:

In $ millions	The Group 2015	2014
Profit	**5,280**	4,819
Prima facie tax calculated at a tax rate of 17% (2014: 17%)	**898**	819
Effect of different tax rates in other countries	**9**	(5)
Net income not subject to tax	**(51)**	(107)
Net income taxed at concessionary rate	**(79)**	(117)
Others	**(50)**	123
Income tax expense charged to income statement	**727**	713

Deferred income tax relating to available-for-sale financial assets and others of $7 million was credited directly to equity (2014: $14 million charged to equity).

Refer to Note 21 for further information on deferred tax assets/liabilities.

13 Earnings Per Ordinary Share

Number of shares (millions)		The Group 2015	2014
Weighted average number of ordinary shares in issue	(a)	**2,496**	2,457
Dilutive effect of share options		**-**	#
Full conversion of non-voting redeemable CPS		**-**	30
Weighted average number of ordinary shares in issue (diluted)	(aa)	**2,496**	2,487

Amount under $500,000

In $ millions		The Group 2015	2014
Net profit attributable to shareholders (Net profit less dividends on other equity instruments)	(b)	**4,417**	4,007
Net profit (less dividends on CPS and other equity instruments)	(c)	**4,417**	3,999
Earnings per ordinary share ($)			
Basic	(c)/(a)	**1.77**	1.63
Diluted	(b)/(aa)	**1.77**	1.61

For the purpose of calculating the diluted earnings per ordinary share, the weighted average number of ordinary shares in issue is adjusted to take into account the effect of a full conversion of non-voting redeemable convertible preference shares (CPS) and the exercise of all outstanding share options granted to employees when such shares would be issued at a price lower than the average share price during the financial year.

14 Classification of Financial Instruments

	The Group						
In $ millions	**Held for trading**	**Designated at fair value through profit or loss**	**Loans and receivables/ amortised cost**	**Available-for-sale**	**Held to maturity**	**Hedging derivatives**	**Total**
2015							
Assets							
Cash and balances with central banks	**241**	**-**	**14,364**	**4,224**	**-**	**-**	**18,829**
Government securities and treasury bills	**7,569**	**-**	**-**	**25,267**	**1,665**	**-**	**34,501**
Due from banks	**4,961**	**-**	**32,571**	**753**	**-**	**-**	**38,285**
Derivatives	**23,190**	**-**	**-**	**-**	**-**	**441**	**23,631**
Bank and corporate securities	**9,035**	**77**	**17,380**	**13,581**	**-**	**-**	**40,073**
Loans and advances to customers	**-**	**1,269**	**282,020**	**-**	**-**	**-**	**283,289**
Other financial assets	**-**	**-**	**11,263**	**-**	**-**	**-**	**11,263**
Total financial assets	**44,996**	**1,346**	**357,598**	**43,825**	**1,665**	**441**	**449,871**
Other asset items outside the scope of FRS 39 [(a)]							**7,963**
Total assets							**457,834**
Liabilities							
Due to banks	**954**	**-**	**17,297**	**-**	**-**	**-**	**18,251**
Deposits and balances from customers	**91**	**1,254**	**318,789**	**-**	**-**	**-**	**320,134**
Derivatives	**21,971**	**-**	**-**	**-**	**-**	**174**	**22,145**
Other financial liabilities	**886**	**-**	**10,439**	**-**	**-**	**-**	**11,325**
Other debt securities	**4,114**	**1,424**	**32,540**				**38,078**
Subordinated term debts	**-**	**-**	**4,026**	**-**	**-**	**-**	**4,026**
Total financial liabilities	**28,016**	**2,678**	**383,091**	**-**	**-**	**174**	**413,959**
Other liability items outside the scope of FRS 39 [(b)]							**1,079**
Total liabilities							**415,038**

	The Group						
In $ millions	**Held for trading**	**Designated at fair value through profit or loss**	**Loans and receivables /amortised cost**	**Available-for-sale**	**Held to maturity**	**Hedging derivatives**	**Total**
2014							
Assets							
Cash and balances with central banks	841	-	14,464	4,212	-	-	19,517
Government securities and treasury bills	6,943	-	27	21,551	1,173	-	29,694
Due from banks	6,127	-	34,924	1,212	-	-	42,263
Derivatives	16,786	-	-	-	-	209	16,995
Bank and corporate securities	10,631	70	13,346	13,716	-	-	37,763
Loans and advances to customers	-	1,228	274,360	-	-	-	275,588
Other financial assets	-	-	10,992	-	-	-	10,992
Total financial assets	41,328	1,298	348,113	40,691	1,173	209	432,812
Other asset items outside the scope of FRS 39 [(a)]							7,854
Total assets							440,666
Liabilities							
Due to banks	567	-	15,609	-	-	-	16,176
Deposits and balances from customers	369	742	316,062	-	-	-	317,173
Derivatives	18,571	-	-	-	-	184	18,755
Other financial liabilities	1,189	-	9,494	-	-	-	10,683
Other debt securities	3,674	1,297	26,992	-	-	-	31,963
Subordinated term debts	-	-	4,665	-	-	-	4,665
Total financial liabilities	24,370	2,039	372,822	-	-	184	399,415
Other liability items outside the scope of FRS 39 [(b)]							1,045
Total liabilities							400,460

(a) Includes associates, goodwill and intangibles, properties and other fixed assets and deferred tax assets
(b) Includes current tax liabilities, deferred tax liabilities and provision for loss in respect of off-balance sheet credit exposures

Financial assets and liabilities are presented net when there is a legally enforceable right to offset the recognised amounts, and there is intention to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Financial assets and liabilities offset on the balance sheet

As at 31 December 2015, “Loans and advances to customers” of $170 million (2014: $2,168 million) were offset against “Deposits and balances from customers” of $170 million (2014: $2,176 million) because contractually the Group has a legally enforceable right to offset these amounts, and intends to settle the loans and the deposits simultaneously at maturity or termination dates.

Financial assets and liabilities subject to netting agreement but not offset on the balance sheet

The Group enters into master netting arrangements with counterparties where it is appropriate and feasible to do so to mitigate counterparty risk. The credit risk associated with favourable contracts is reduced by a master netting arrangement to the extent that if an event of default occurs, all amounts with the counterparty are settled on a net basis. Master netting arrangements do not result in an offset of financial assets and liabilities on the balance sheet, as the legal right to offset the transactions is conditional upon default.

These agreements include derivative master agreements (including the International Swaps and Derivatives Association (ISDA) Master Agreement), global master repurchase agreements and global securities lending agreements. The collateral received and placed under these agreements is generally conducted under terms that are in accordance with normal market practice. In these agreements, the counterparty is typically allowed to sell or re-pledge those non-cash collateral (i.e. securities) lent or transferred, but has an obligation to return the securities at maturity. If the securities decrease in value, the Group may, in certain circumstances, be required to place additional cash collateral, and typically the counterparty has recourse only to the securities.

In addition, the Group receives cash and other collateral such as marketable securities to reduce its credit exposure. The Group also engages in a variety of counterparty credit mitigation arrangements in addition to netting and collateral arrangements.

The disclosures set out in the tables below pertain to financial assets and liabilities that are not offset in the Group's balance sheet but are subject to enforceable master netting arrangement or similar agreement that covers similar financial instruments. The disclosures enable the understanding of both the gross and net amounts, as well as provide additional information on how such credit risk is mitigated.

Types of financial assets/liabilities In $ millions	Carrying amounts on balance sheet (A)	Financial instruments not in scope of offsetting disclosures (B)	Gross recognised financial instruments in scope (A - B= C + D +E)	Related amounts not offset on balance sheet: Financial instruments (C)	Related amounts not offset on balance sheet: Cash collateral received/ placed (D)	Net amounts in scope (E)
2015						
Financial Assets						
Derivatives	**23,631**	**11,203**[a]	**12,428**	**11,712**[a]	**409**	**307**
Reverse repurchase agreements	**5,227**[b]	**124**	**5,103**	**5,097**	**-**	**6**
Securities borrowings	**47**[c]	**-**	**47**	**44**	**-**	**3**
Total	**28,905**	**11,327**	**17,578**	**16,853**	**409**	**316**
Financial Liabilities						
Derivatives	**22,145**	**8,505**[a]	**13,640**	**11,047**[a]	**2,066**	**527**
Repurchase agreements	**2,930**[d]	**1,050**	**1,880**	**1,875**	**5**	**-**
Short sale of securities	**886**[e]	**561**	**325**	**325**	**-**	**-**
Total	**25,961**	**10,116**	**15,845**	**13,247**	**2,071**	**527**

Types of financial assets/liabilities In $ millions	Carrying amounts on balance sheet (A)	Financial instruments not in scope of offsetting disclosures (B)	Gross recognised financial instruments in scope (A - B= C + D +E)	Related amounts not offset on balance sheet: Financial instruments (C)	Related amounts not offset on balance sheet: Cash collateral received/ placed (D)	Net amounts in scope (E)
2014						
Financial Assets						
Derivatives	16,995	7,421[(a)]	9,574	8,884[(a)]	493	197
Reverse repurchase agreements	4,025[(b)]	441	3,584	3,580	-	4
Securities borrowings	78[(c)]	-	78	74	-	4
Total	21,098	7,862	13,236	12,538	493	205
Financial Liabilities						
Derivatives	18,755	6,653[(a)]	12,102	8,729[(a)]	2,867	506
Repurchase agreements	1,821[(d)]	480	1,341	1,328	13	-
Short sale of securities	1,189[(e)]	553	636	635	-	1
Securities lendings	4[(f)]	-	4	4	-	-
Total	21,769	7,686	14,083	10,696	2,880	507

(a) Related amounts under "Financial instruments" are prepared on the same basis as netting arrangements recognised for computation of Capital Adequacy Ratio (CAR) as set out under MAS Notice 637 (unaudited), which incorporates a conservative stance on enforceable netting. Accordingly, the amounts shown under "Financial instruments not in scope of offsetting disclosures" are those where either no netting agreement exists or where the netting agreement has not been recognised for computation of CAR
(b) Reverse repurchase agreements are presented under separate line items on the balance sheet, namely "Cash and balances with central banks", "Due from banks" and "Loans and advances to customers"
(c) Cash collateral placed under securities borrowings are presented under "Other assets" on the balance sheet
(d) Repurchase agreements are presented under separate line items on the balance sheet, namely "Due to banks" and "Deposits and balances from customers"
(e) Short sale of securities are presented under "Other liabilities" on the balance sheet
(f) Cash collateral received under securities lendings are presented under "Other liabilities" on the balance sheet

15 Cash and Balances with Central Banks

In $ millions	The Group 2015	The Group 2014
Cash on hand	**3,070**	1,936
Non-restricted balances with central banks	**9,008**	9,915
Cash and cash equivalents	**12,078**	11,851
Restricted balances with central banks[(a)]	**6,751**	7,666
Total	**18,829**	19,517

(a) Mandatory balances with central banks

16 Government Securities and Treasury Bills

	The Group				
In $ millions	**Held for trading**	**Loans and receivables**	**Available-for-sale**	**Held to maturity**	**Total**
2015					
Singapore Government securities and treasury bills [(a)]	**2,569**	**-**	**8,078**	**1,665**	**12,312**
Other government securities and treasury bills [(b)]	**5,000**	**-**	**17,189**	**-**	**22,189**
Total	**7,569**	**-**	**25,267**	**1,665**	**34,501**
2014					
Singapore Government securities and treasury bills [(a)]	1,963	-	6,357	1,173	9,493
Other government securities and treasury bills [(b)]	4,980	27	15,194	-	20,201
Total	6,943	27	21,551	1,173	29,694

(a) Includes financial assets transferred of $579 million (2014: $522 million) (See Note 19)
(b) Includes financial assets transferred of $1,900 million (2014: $1,571 million) (See Note 19)

17 Bank and Corporate Securities

	The Group				
In $ millions	**Held for trading**	**Designated at fair value through profit or loss**	**Loans and receivables**	**Available-for-sale**	**Total**
2015					
Bank and corporate debt securities [(a)]	**7,654**	**77**	**17,530**	**11,884**	**37,145**
Less: Impairment allowances	**-**	**-**	**(150)**	**-**	**(150)**
Equity securities	**1,381**	**-**	**-**	**1,697**	**3,078**
Total	**9,035**	**77**	**17,380**	**13,581**	**40,073**
2014					
Bank and corporate debt securities [(a)]	9,851	70	13,503	12,257	35,681
Less: Impairment allowances	-	-	(157)	-	(157)
Equity securities	780	-	-	1,459	2,239
Total	10,631	70	13,346	13,716	37,763

(a) Includes financial assets transferred of $787 million (2014: $623 million) (See Note 19)

18 Loans and Advances to Customers

In $ millions	The Group 2015	2014
Gross	**286,871**	279,154
Less: Specific allowances	**821**	983
General allowances	**2,761**	2,583
	283,289	275,588
Analysed by product		
Long-term loans	**124,362**	116,633
Short-term facilities	**62,976**	58,819
Housing loans	**58,569**	52,866
Trade loans	**40,964**	50,836
Gross total	**286,871**	279,154
Analysed by currency		
Singapore dollar	**117,587**	109,493
Hong Kong dollar	**34,386**	32,476
US dollar	**89,283**	96,552
Chinese yuan	**19,516**	20,399
Others	**26,099**	20,234
Gross total	**286,871**	279,154

Refer to Note 41.4 for breakdown of loans and advances to customers by geography and by industry.

The table below shows the movements in specific and general allowances for loans and advances to customers during the year:

In $ millions	Balance at 1 January	Charge/ (Write-back) to income statement	Net write-off during the year	Exchange and other movements	Balance at 31 December
2015					
Specific allowances					
Manufacturing	**331**	**185**	**(303)**	**11**	**224**
Building and construction	**115**	**43**	**(43)**	**5**	**120**
Housing loans	**8**	**(2)**	**-**	**1**	**7**
General commerce	**140**	**144**	**(133)**	**6**	**157**
Transportation, storage and communications	**153**	**25**	**(87)**	**3**	**94**
Financial institutions, investment and holding companies	**90**	**14**	**(48)**	**4**	**60**
Professionals and private individuals (excluding housing loans)	**53**	**102**	**(99)**	**2**	**58**
Others	**93**	**40**	**(35)**	**3**	**101**
Total specific allowances	**983**	**551**	**(748)**	**35**	**821**
Total general allowances	**2,583**	**125**	**-**	**53**	**2,761**
Total allowances	**3,566**	**676**	**(748)**	**88**	**3,582**
2014					
Specific allowances					
Manufacturing	240	151	(80)	20	331
Building and construction	42	156	(91)	8	115
Housing loans	9	1	(2)	-	8
General commerce	142	49	(61)	10	140
Transportation, storage and communications	465	(32)	(290)	10	153
Financial institutions, investment and holding companies	146	19	(80)	5	90
Professionals and private individuals (excluding housing loans)	48	76	(76)	5	53
Others	37	58	(7)	5	93
Total specific allowances	1,129	478	(687)	63	983
Total general allowances	2,398	142	-	43	2,583
Total allowances	3,527	620	(687)	106	3,566

Included in loans and advances to customers are loans designated at fair value, as follows:

In $ millions	The Group 2015	2014
Fair value designated loans and advances and related credit derivatives/enhancements		
Maximum credit exposure	**1,269**	1,228
Credit derivatives/enhancements – protection bought	**(1,269)**	(1,228)
Cumulative change in fair value arising from changes in credit risk	**(280)**	(194)
Cumulative change in fair value of related credit derivatives /enhancements	**280**	194

Changes in fair value arising from changes in credit risk are determined as the amount of change in fair value that is not attributable to changes in market conditions that give rise to market risk. These changes in market conditions include changes in a benchmark interest rate, foreign exchange rate or index of prices or rates.

During the year, the amount of change in the fair value of the loans and advances attributable to credit risk was a loss of $86 million (2014: loss of $56 million). During the year, the amount of change in the fair value of the related credit derivatives/enhancements was a gain of $86 million (2014: gain of $56 million).

19 Financial Assets Transferred

The Group transfers financial assets to third parties or structured entities in the course of business, for example when it pledges securities as collateral for repurchase agreements or when it undertakes securities lending arrangements.

Transferred assets are derecognised in the Group's financial statements when substantially all of their risks and rewards are also transferred. Among them is pledged collateral (mainly cash) for derivative transactions under credit support annexes agreements. Derecognised assets that were subject to the Group's partial continuing involvement were not material in 2015 and 2014.

Where the Group retains substantially all the risks and rewards of the transferred assets, they continue to be recognised in the Group's financial statements. These assets are described below.

Securities

Securities transferred under repurchase agreements and securities lending arrangements are generally conducted under terms in line with normal market practice. The counterparty is typically allowed to sell or re-pledge the securities but has an obligation to return them at maturity. If the securities decrease in value, the Group may, in certain circumstances, be required to place additional cash collateral. The counterparty typically has no further recourse to the Group's other assets beyond the transferred securities.

For repurchase agreements, the securities transferred are either classified as "fair value through profit or loss" or "available-for-sale". The Group receives cash in exchange and records a financial liability for the cash received. The Group also pledged assets to secure its short position in securities and to facilitate settlement operations. The fair value of the associated liabilities approximates the carrying amount of $3,255 million (2014: $2,457 million), which are recorded under "Due to banks", "Deposits and balances from customers" and "Other liabilities" on the balance sheet.

For securities lending transactions, the securities lent are classified as "available-for-sale" or "loans and receivables" on the balance sheet, and the carrying amount approximates the fair value. As the Group mainly receives other financial assets in exchange, the associated liabilities recorded are not material.

	The Group	
In $ millions	**2015**	**2014**
Securities pledged and transferred		
Singapore Government securities and treasury bills	**579**	522
Other government securities and treasury bills	**1,900**	1,571
Bank and corporate debt securities	**787**	623
Total securities pledged and transferred	**3,266**	2,716

Covered bonds

Pursuant to the Bank's Global Covered Bond Programme, selected pools of residential mortgages originated by the Bank have been assigned to a bankruptcy-remote structured entity, Bayfront Covered Bonds Pte Ltd (see Notes 22.2 and 29.4). These residential mortgages continue to be recognised on the Bank's balance sheet as the Bank remains exposed to the risks and rewards associated with them.

As at 31 December 2015, the carrying value of the covered bonds in issue was $1,412 million (2014: Nil), while the carrying value of assets assigned was $4,268 million (2014: Nil). The difference in values is attributable to an intended over-collateralisation required to maintain the credit ratings of the covered bonds in issue, and additional assets assigned to facilitate future issuances.

Other financial assets

The Group also enters into structured funding transactions where it retains the contractual rights to receive cash flows of financial assets extended to third parties, but assumes a contractual obligation to pay these cash flows under the issued notes. The carrying amounts and fair values of these financial assets and liabilities both amount to $1,355 million (2014: $1,317 million).

20 Other Assets

	The Group	
In $ millions	**2015**	**2014**
Accrued interest receivable	**1,258**	1,194
Deposits and prepayments	**317**	268
Clients' monies receivable from securities business	**316**	636
Sundry debtors and others	**6,415**	5,273
Cash collateral placed [(a)]	**2,957**	3,621
Deferred tax assets (Note 21)	**299**	257
Total	**11,562**	11,249

(a) Mainly relates to cash collateral placed in respect of derivative portfolios

21 Deferred Tax Assets/Liabilities

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same tax authority. The deferred tax assets and liabilities are determined after appropriate offsetting as shown in "Other assets" (Note 20) and "Other liabilities" (Note 28) respectively.

Deferred tax assets and liabilities comprise the following temporary differences:

	The Group	
In $ millions	**2015**	**2014**
Deferred income tax assets		
Allowances for loan losses	**310**	254
Other temporary differences	**146**	137
	456	391
Amounts offset against deferred tax liabilities	**(157)**	(134)
Total	**299**	257
Deferred income tax liabilities		
Accelerated tax depreciation	**111**	104
Available-for-sale financial assets and others	**13**	20
Other temporary differences	**66**	60
	190	184
Amounts offset against deferred tax assets	**(157)**	(134)
Total	**33**	50
Net deferred tax assets	**266**	207

22 Subsidiaries and Consolidated Structured Entities

In $ millions	The Company 2015	2014
Unquoted equity shares, at cost[(a)]	**17,414**	15,326
Due from subsidiaries	**2,133**	4,090
	19,547	19,416

(a) Includes preference shares and other equity instruments

22.1 Main operating subsidiaries

The main operating subsidiaries within the Group are listed below:

Name of subsidiary	Country of incorporation	Effective shareholding % 2015	2014
Commercial Banking			
DBS Bank Ltd	Singapore	**100**	100
DBS Bank (Hong Kong) Limited*	Hong Kong	**100**	100
DBS Bank (China) Limited*	China	**100**	100
DBS Bank (Taiwan) Limited*	Taiwan	**100**	100
PT Bank DBS Indonesia*	Indonesia	**99**	99
Merchant Banking			
The Islamic Bank of Asia Limited	Singapore	**50**	50
Stockbroking			
DBS Vickers Securities Holdings Pte Ltd	Singapore	**100**	100

* Audited by PricewaterhouseCoopers network firms outside Singapore

The Group's main subsidiaries are regulated banks and non-bank financial institutions. Statutory, contractual or regulatory requirements as well as protective rights of non-controlling interests may restrict the ability of the Company to access and transfer assets freely to or from other entities within the Group and to settle liabilities of the Group. Since the Group did not have any material non-controlling interests as at the balance sheet dates, any protective rights associated with these did not give rise to significant restrictions in 2014 and 2015.

The Islamic Bank of Asia Limited's operations is in progressive wind-down, following approval from its shareholders on 6 October 2015.

Refer to Note 34 for information on non-controlling interests.

22.1.1 Acquisition of remaining interest in subsidiary

Acquisition of remaining interest in DBS China Square Limited

On 22 June 2015, the Bank, acquired the remaining 30% stake it did not own in DBS China Square Limited for a cash consideration of $150 million from CapitaLand Investments Pte Ltd, a wholly-owned subsidiary of CapitaLand Limited.

22.2 Consolidated structured entity

The structured entity consolidated by the Group is listed below:

Name of entity	Purpose of consolidated structured entity	Country of incorporation
Bayfront Covered Bonds Pte Ltd	Covered bond guarantor	Singapore

Bayfront Covered Bonds Pte Ltd is a bankrupty-remote structured entity established in conjunction with the Bank's USD 10 billion Global Covered Bond Programme (see Note 29.4). As part of the contractual structures that are integral to this programme, the Bank provides funding and hedging facilities to it.

23 Associates

In $ millions	The Group 2015	2014
Quoted equity securities, at cost[(a)]	**71**	71
Unquoted equity securities, at cost	**800**	779
Sub-total	**871**	850
Share of post acquisition reserves	**129**	145
Total	**1,000**	995

(a) The market value of quoted associates amounted to $51 million (2014: $50 million)

The Group's share of income and expenses, assets and liabilities and off-balance sheet items of the associates at 31 December are as follows:

In $ millions	The Group 2015	2014
Income statement		
Share of income	**166**	222
Share of expenses	**(152)**	(143)
Balance sheet		
Share of total assets	**1,721**	1,700
Share of total liabilities	**721**	705
Off-balance sheet		
Share of contingent liabilities and commitments	**#**	#

Amount under $500,000

23.1 Main associates

The main associates of the Group are listed below:

Name of associate	Country of incorporation	Effective shareholding % 2015	2014
Quoted			
Hwang Capital (Malaysia) Bhd[(a)] *	Malaysia	**27.7**	27.7
Unquoted			
Central Boulevard Development Pte Ltd**	Singapore	**33.3**	33.3
Network for Electronic Transfers (Singapore) Pte Ltd	Singapore	**33.3**	33.3
Changsheng Fund Management Company**	China	**33.0**	33.0

* Audited by PricewaterhouseCoopers network firms outside Singapore
** Audited by other auditors
(a) Shareholding includes 4.15% held through the Bank

As of 31 December 2015 and 31 December 2014, no associate was individually material to the Group. As a non-controlling shareholder, the Group's ability to receive dividends is subject to agreement with other shareholders. The associates may also be subject to statutory, contractual or regulatory requirements restricting dividend payments or to repay loans or advances made.

The Group's share of commitments and contingent liabilities of the associates as well as its commitments to finance or otherwise provide resources to them are not material.

24 Unconsolidated Structured Entities

"Unconsolidated structured entities" are those structured entities as defined by FRS 112 and are not controlled by the Group. To facilitate customer transactions and for specific investment opportunities, the Group in the normal course of business enters into transactions with a range of counterparties, some of which would be defined as unconsolidated structured entities.

While the economic exposures may be the same as those to other type of entities, FRS 112 specifically requires companies to disclose such exposures arising from transactions with unconsolidated structured entities. The table below reflects exposures to third party securitisation structures where the Group holds an interest in the normal course of business.

As is the case with other types of counterparties, the carrying amount from transactions with unconsolidated structured entities have been included in the Group's financial statements.

The risks arising from such transactions are subject to the Group's risk management practices.

	The Group	
In $ millions	**2015**	**2014**
The Group's maximum exposure		
Derivatives	**2**	4
Bank and corporate securities	**1,317**	968
Loans and advances to customers	**109**	96
Other assets	**1**	1
Total assets	**1,429**	1,069
Commitments and guarantees	**203**	202
Maximum Exposure to Loss	**1,632**	1,271
Derivatives	**85**	17
Total liabilities	**85**	17

The table above represents the Group's maximum exposure to loss which for on-balance sheet assets and liabilities is represented by the carrying amount, and does not reflect mitigating effects from the availability of netting arrangements and financial instruments that the Group may utilise to economically hedge the risks inherent in third party structured entities, or risk-reducing effects of collateral or other credit enhancements.

The Group also sponsors third party structured entities, primarily by acting as lead arranger, underwriter or book runner for the issuance of securities by clients or by providing nominee services. Income, in the nature of fees from and assets transferred by all parties to sponsored structured entities, was not material.

The total assets of the third party structured entities are not considered meaningful for the purposes of understanding the related risks since they are neither representative of the Group's exposure nor the income earned, and so have not been presented.

The Group has not provided any specific non-contractual financial support during the year and does not expect to provide non-contractual support to these third party structured entities in the future.

25 Properties and Other Fixed Assets

The Group leases out investment properties under operating leases. The leases typically run for an initial period of one to five years, and may contain an option to renew the lease after that date at which time all terms will be renegotiated.

The minimum lease receivables as at the balance sheet date are as follows:

In $ millions	The Group 2015	2014
Minimum lease receivable		
Not later than 1 year	**33**	32
Later than 1 year but not later than 5 years	**34**	49
Later than 5 years	**-**	#
Total	**67**	81

Amount under $500,000

In $ millions	The Group Investment properties	Owner-occupied properties	Other fixed assets[a]	Subtotal of owner-occupied properties and other fixed assets	Total
	(1)	(2)	(3)	(4)=(2+3)	(5)=(1+4)
2015					
Cost					
Balance at 1 January	**644**	**538**	**1,553**	**2,091**	**2,735**
Additions	**-**	**6**	**328**	**334**	**334**
Disposals	**(24)**	**(53)**	**(69)**	**(122)**	**(146)**
Transfers	**(2)**	**2**	**-**	**2**	**-**
Exchange differences	**9**	**36**	**28**	**64**	**73**
Balance at 31 December	**627**	**529**	**1,840**	**2,369**	**2,996**
Less: Accumulated depreciation					
Balance at 1 January	**170**	**120**	**913**	**1,033**	**1,203**
Depreciation charge	**7**	**12**	**232**	**244**	**251**
Disposals	**(6)**	**(11)**	**(58)**	**(69)**	**(75)**
Transfers	**(1)**	**1**	**-**	**1**	**-**
Exchange differences	**2**	**17**	**24**	**41**	**43**
Balance at 31 December	**172**	**139**	**1,111**	**1,250**	**1,422**
Less: Allowances for impairment	**-**	**27**	**-**	**27**	**27**
Net book value at 31 December	**455**	**363**	**729**	**1,092**	**1,547**
Market value at 31 December	**868**	**831**			

	The Group				
In $ millions	**Investment properties**	**Owner-occupied properties**	**Other fixed assets[(a)]**	**Subtotal of owner-occupied properties and other fixed assets**	**Total**
	(1)	(2)	(3)	(4)=(2+3)	(5)=(1+4)
2014					
Cost					
Balance at 1 January	663	513	1,382	1,895	2,558
Additions	-	5	258	263	263
Disposals	(17)	(3)	(105)	(108)	(125)
Transfers	(4)	4	-	4	_
Exchange differences	2	19	18	37	39
Balance at 31 December	644	538	1,553	2,091	2,735
Less: Accumulated depreciation					
Balance at 1 January	169	96	796	892	1,061
Depreciation charge	7	13	200	213	220
Disposals	(5)	(3)	(97)	(100)	(105)
Transfers	(2)	2	-	2	-
Exchange differences	1	12	14	26	27
Balance at 31 December	170	120	913	1,033	1,203
Less: Allowances for impairment	-	47	-	47	47
Net book value at 31 December	474	371	640	1,011	1,485
Market value at 31 December	913	817			

(a) Refers to computer hardware, software, office equipment, furniture and fittings and other fixed assets

25.1 PWC Building is held as an investment property. Its net book value was $386 million as at 31 December 2015 (2014: $392 million), and its fair value was independently appraised at $711 million (2014: $692 million).

25.2 The market values of investment properties are determined using investment method, or using a combination of comparable sales and investment methods. The properties are classified under Level 3 of the fair value hierarchy and the significant unobservable input used for valuation is market yields. As at 31 December 2015, there were no transfers into or out of Level 3.

26 Goodwill and Intangibles

The carrying amounts of the Group's goodwill and intangibles arising from business acquisitions are as follows:

	The Group	
In $ millions	**2015**	**2014**
DBS Bank (Hong Kong) Limited	**4,631**	4,631
Others	**486**	486
Total	**5,117**	5,117

The carrying amounts of the CGUs are reviewed at least once a year to determine if the goodwill associated with them should be impaired. If a CGU's carrying amount exceeds its recoverable value, a goodwill impairment charge is recognised in the income statement.

The recoverable value is determined based on a value-in-use calculation. The CGU's five-year projected cash flows, taking into account projected regulatory capital requirements, are discounted by its cost of capital to derive their present value. To derive the value beyond the fifth year, a long-term growth rate is imputed to the fifth-year cash flow and then discounted by the cost of capital to derive the terminal value. The long-term growth rate used does not exceed the historical long-term growth rate of the market the CGU operates in. The recoverable value is the sum of the present value of the five-year cash flows and the terminal value.

A growth rate of 4.5% (2014: 4.5%) and discount rate of 9.0% (2014: 9.0%) were assumed in the value-in-use calculation for DBS Bank (Hong Kong) Limited.

The process of evaluating goodwill impairment involves management judgement and prudent estimates of various factors including future cash flows as well as the cost of capital and long-term growth rates. The results can be highly sensitive to the assumptions used. Management believes that any reasonably possible change in the key assumptions would not cause the carrying amount of the operating unit to exceed its recoverable amount at 31 December 2015. However, if conditions in Hong Kong and the banking industry deteriorate and turn out to be significantly worse than anticipated in the Group's performance forecast, the goodwill may be further impaired in future periods.

27 Deposits and Balances from Customers

In $ millions	The Group 2015	2014
Analysed by currency		
Singapore dollar	**140,772**	138,332
US dollar	**101,298**	93,445
Hong Kong dollar	**31,849**	31,450
Chinese yuan	**14,500**	20,463
Others	**31,715**	33,483
Total	**320,134**	317,173
Analysed by product		
Savings accounts	**131,065**	119,753
Current accounts	**65,989**	60,876
Fixed deposits	**120,269**	130,904
Other deposits	**2,811**	5,640
Total	**320,134**	317,173

28 Other Liabilities

In $ millions	The Group 2015	2014
Cash collateral received[(a)]	**981**	734
Accrued interest payable	**465**	585
Provision for loss in respect of off-balance sheet credit exposures	**324**	322
Clients' monies payable in respect of securities business	**318**	570
Sundry creditors and others[(b)]	**8,675**	7,605
Current tax liabilities	**722**	673
Short sale of securities	**886**	1,189
Deferred tax liabilities (Note 21)	**33**	50
Total	**12,404**	11,728

(a) Mainly relates to cash collateral received in respect of derivative portfolios
(b) Includes $800 million of the $1.6 billion receivable from Manulife for the 15-year regional distribution agreement entered on 8 April 2015

29 Other Debt Securities

In $ millions	The Group 2015	2014
Negotiable certificates of deposit (Note 29.1)	**1,200**	1,072
Senior medium term notes (Note 29.2)	**9,870**	10,857
Commercial papers (Note 29.3)	**19,174**	14,561
Covered bonds (Note 29.4)	**1,412**	-
Other debt securities (Note 29.5)	**6,422**	5,473
Total	**38,078**	31,963
Due within 1 year	**26,839**	23,193
Due after 1 year	**11,239**	8,770
Total	**38,078**	31,963

29.1 Negotiable certificates of deposit issued and outstanding at 31 December are as follows:

In $ millions Currency	Interest Rate and Repayment Terms	The Group 2015	2014
Issued by the Bank and other subsidiaries			
HKD	2.25% to 4.22%, payable quarterly	**503**	471
HKD	3M HIBOR +0.25%, payable quarterly	**46**	-
HKD	3M HIBOR +0.2%, payable quarterly	**70**	66
HKD	1.2% to 4.2%, payable yearly	**156**	242
AUD	2.2% to 2.51%, payable on maturity	**165**	-
USD	0.2% to 0.7%, payable on maturity	**42**	66
IDR	9.75% to 10.65%, payable on maturity	**46**	122
TWD	0.438% to 0.79%, payable on maturity	**172**	105
Total		**1,200**	1,072

The outstanding negotiable certificates of deposit as at 31 December 2015 were issued between 22 August 2008 and 15 December 2015 (2014: 22 August 2008 and 30 December 2014) and mature between 5 January 2016 and 16 March 2021 (2014: 16 January 2015 and 16 March 2021).

29.2 Senior medium term notes issued and outstanding at 31 December are as follows:

In $ millions Currency	Interest Rate and Repayment Terms	The Group 2015	2014
Issued by the Company			
USD	2.246%, payable half yearly	**1,074**	1,000
USD	Floating rate note, payable quarterly	**707**	661
AUD	Floating rate note, payable quarterly	**103**	-
Issued by the Bank			
AUD	Floating rate note, payable quarterly	**-**	108
GBP	Floating rate note, payable quarterly	**3,604**	4,079
USD	2.35%, payable half yearly	**1,418**	1,327
USD	2.375%, payable half yearly	**-**	1,331
USD	Floating rate note, payable quarterly	**2,658**	2,133
USD	1.454%, payable yearly	**141**	132
HKD	2.24%, payable quarterly	**92**	86
CNH	4.4%, payable yearly	**73**	-
Total		**9,870**	10,857

The senior medium term notes were issued by the Company and the Bank under its USD 30 billion Global Medium Term Note Programme. The outstanding senior medium term notes as at 31 December 2015 were issued between 21 February 2012 and 16 November 2015 (2014: 14 September 2010 and 2 December 2014) and mature between 14 January 2016 and 15 January 2020 (2014: 25 February 2015 and 20 November 2019).

29.3 The zero-coupon commercial papers which are payable on maturity were issued by the Bank under its USD 5 billion Euro Commercial Paper Programme and USD 15 billion US Commercial Paper Programme. The outstanding notes as at 31 December 2015 were issued between 2 July 2015 and 30 December 2015 (2014: 4 February 2014 and 16 December 2014) and mature between 4 January 2016 and 24 May 2016 (2014: 13 January 2015 and 1 July 2015).

29.4 To augment its sources of wholesale funding, the Bank established a USD10 billion Global Covered Bond Programme on 16 June 2015. A covered bond is a senior obligation of the Bank backed by a cover pool comprising assets that have been ring-fenced via contractual structures in a bankruptcy-remote structured entity, Bayfront Covered Bonds Pte Ltd. Bayfront Covered Bonds Pte Ltd has provided an unconditional and irrevocable guarantee, which is secured over the cover pool, to the covered bond holders.

The outstanding covered bonds as at 31 December 2015 were issued on 6 August 2015 and mature on 6 August 2018.

29.5 Other debt securities issued and outstanding at 31 December are as follows:

In $ millions	**The Group**	
Type	**2015**	**2014**
Issued by the Bank and other subsidiaries		
Equity linked notes	**1,603**	1,381
Credit linked notes	**2,058**	1,914
Interest linked notes	**1,817**	1,413
Foreign exchange linked notes	**63**	264
Fixed rate bonds	**881**	501
Total	**6,422**	5,473

The outstanding securities as at 31 December 2015 were issued between 31 March 2006 and 31 December 2015 (2014: 31 March 2006 and 31 December 2014) and mature between 4 January 2016 and 13 November 2045 (2014: 2 January 2015 and 30 September 2044).

30 Subordinated Term Debts

Subordinated term debts issued by a subsidiary of the Group are classified as liabilities in accordance with FRS 32. These are long-term debt instruments that have a junior or lower priority claim on the issuing entity's assets in the event of a default or liquidation. These instruments are in the first instance ineligible as capital instruments under Basel III rules as they lack provisions for conversion to ordinary shares or write-down at the point of non-viability as determined by the Monetary Authority of Singapore, but are accorded partial eligibility as Tier 2 capital for calculating capital adequacy ratios under the Basel III transitional arrangements for capital instruments issued prior to 1 January 2013.

In $ millions					**The Group**	
Instrument	**Note**	**Issue Date**	**Maturity Date**	**Interest Payment**	**2015**	**2014**
Issued by the Bank						
US$900m Floating Rate Subordinated Notes Callable with Step-up in 2016 *Interest rate equal to 3-month LIBOR plus 0.61% until call date* *Interest rate resets to 3-month LIBOR plus 1.61% thereafter if not called*	30.1	16 Jun 2006	15 Jul 2021	Jan/Apr/ Jul/Oct	**495**	1,189
S$500m 4.47% Subordinated Notes Callable with Step-up in 2016 *Interest rate resets to 6-month Singapore Dollar Swap Offer Rate plus 1.58% if not called*		11 Jul 2006	15 Jul 2021	Jan/Jul	**500**	500
S$1,000m 3.30% Subordinated Notes Callable in 2017 *Interest rate resets to 5-year Singapore Dollar Swap Offer Rate plus 2.147% if not called*	30.2	21 Feb 2012	21 Feb 2022	Feb/Aug	**991**	999
US$750m 3.625% Subordinated Notes Callable in 2017 *Interest rate resets to 5-year US Dollar Swap Offer Rate plus 2.229% if not called*	30.3	21 Mar 2012	21 Sep 2022	Mar/Sep	**1,064**	994
S$1,000m 3.10% Subordinated Notes Callable in 2018 *Interest rate resets to 5-year Singapore Dollar Swap Offer Rate plus 2.085% if not called*	30.4	14 Aug 2012	14 Feb 2023	Feb/Aug	**976**	983
Total					**4,026**	4,665
Due within 1 year					**613**	726
Due after 1 year					**3,413**	3,939
Total					**4,026**	4,665

30.1 On 8 January 2015, the Bank purchased, for cash, US$550 million of its US$900 million Floating Rate Subordinated Notes due 2021 Callable with Step-up in 2016. The US$550 million notes were subsequently cancelled. The remaining US$350 million of notes that were not repurchased are subject to the original terms and conditions of the notes.

30.2 The fixed rate funding has been converted to floating rate at six-month Singapore Dollar Swap Offer Rate + 2.22% via interest rate swaps. On 11 January 2016, the Company purchased $134.25 million of the notes.

30.3 The fixed rate funding has been converted to floating rate at three-month LIBOR + 2.21% via interest rate swaps.

30.4 The fixed rate funding has been converted to floating rate at six-month Singapore Dollar Swap Offer Rate + 2.16% via interest rate swaps. On 11 January 2016, the Company purchased $491.75 million of the notes.

For more information on each instrument, please refer to the "Capital Disclosures" section at the Group's website (http://www.dbs.com/investor/capital-disclosures.html) (unaudited).

31 Share Capital

During the financial year, pursuant to the DBSH Share Option Plan, the Company issued 350,623 (2014: 1,051,456) ordinary shares, fully paid in cash upon the exercise of the options granted. The Company also issued 5,292,246 (2014: 28,350,961) ordinary shares to eligible shareholders who elected to participate in the Scrip Dividend Scheme.

On 28 April 2015, the Company issued 30,011,421 ordinary shares upon the conversion of the outstanding 30,011,421 non-voting redeemable CPS. The newly issued shares rank pari passu in all respects with the previously issued shares.

Prior to conversion, the non-voting redeemable CPS enjoyed the same dividend rate paid on ordinary shares except that the dividend payable was subject to a maximum of $0.30 per annum (non-cumulative). The CPS did not carry voting rights, except in certain instances e.g. where any relevant dividend due was not paid up in full or where a resolution was proposed varying the rights of the preference shares. Subject to the terms set out in the Company's Articles of Association, each CPS was convertible into one fully paid ordinary share at the option of the holder. The Company could also redeem the non-voting redeemable CPS in accordance with the Articles of Association.

As at 31 December 2015, the number of treasury shares held by the Group is 14,873,769 (2014: 6,762,134), which is 0.59% (2014: 0.27%) of the total number of issued shares excluding treasury shares.

Movements in the number of shares and carrying amount of share capital are as follows:

	The Group				The Company			
	Shares ('000)		In $ millions		Shares ('000)		In $ millions	
	2015	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
Ordinary shares								
Balance at 1 January	**2,479,126**	2,449,724	**10,113**	9,607	**2,479,126**	2,449,724	**10,113**	9,607
Issue of shares pursuant to Scrip Dividend Scheme	**5,293**	28,351	**110**	489	**5,293**	28,351	**110**	489
Issue of shares upon exercise of share options	**351**	1,051	**4**	13	**351**	1,051	**4**	13
Reclassification of reserves upon exercise of share options	**-**	-	**1**	4	**-**	-	**1**	4
Conversion from non-voting redeemable CPS	**30,011**	-	**163**	-	**30,011**	-	**163**	-
Balance at 31 December	**2,514,781**	2,479,126	**10,391**	10,113	**2,514,781**	2,479,126	**10,391**	10,113
Treasury shares								
Balance at 1 January	**(6,762)**	(6,727)	**(105)**	(94)	**(5,109)**	(4,644)	**(82)**	(66)
Purchase of treasury shares	**(13,716)**	(4,927)	**(258)**	**(79)**	**(13,000)**	(4,927)	**(246)**	(79)
Draw-down of reserves upon vesting of performance shares	**5,604**	4,892	**86**	68	**-**	-	**-**	-
Transfer of treasury shares	**-**	-	**-**	-	**5,109**	4,462	**81**	63
Balance at 31 December	**(14,874)**	(6,762)	**(277)**	(105)	**(13,000)**	(5,109)	**(247)**	(82)
Convertible preference shares								
Balance at 1 January	**30,011**	30,011	**163**	163	**30,011**	30,011	**163**	163
Conversion to ordinary shares	**(30,011)**	-	**(163)**	-	**(30,011)**	-	**(163)**	-
Balance at 31 December	**-**	30,011	**-**	163	**-**	30,011	**-**	163
Issued share capital at 31 December			**10,114**	10,171			**10,144**	10,194

32 Other Equity Instruments

In $ millions	The Group 2015	The Group 2014	The Company 2015	The Company 2014
S$805m 4.70% Non-Cumulative Non-Convertible Perpetual Capital Securities First Callable in 2019	**803**	803	**803**	803
Total	**803**	803	**803**	803

The Capital Securities are non-cumulative non-convertible perpetual capital securities and qualify as Additional Tier 1 Capital under the Monetary Authority of Singapore (MAS) Notice on Risk Based Capital Adequacy Requirements for Banks Incorporated in Singapore (MAS Notice 637) on the basis that the Company is subject to the application of MAS Notice 637.

The Capital Securities are subordinated to all liabilities of the Company and senior only to shareholders of the Company. They do not have any voting rights. They are first callable at the option of the Company on 3 June 2019, subject to regulatory approval. Their terms include a write-down feature that is triggered if and when MAS notifies the Company that without the write-off of the principal, partially or in full, or a public sector injection of capital (or equivalent support), it considers that the Company or the Group would become non-viable. In addition to the first call in June 2019, the terms permit redemption for a change in qualification event and for taxation reasons.

The Capital Securities yield 4.70% per annum up to the first call date, 3 June 2019. If not called, the distribution rate resets every 5 years to the then applicable five-year Swap Offer Rate plus 3.061% per annum. Distributions are paid semi-annually in June and December.

The non-cumulative distributions may only be paid out of distributable reserves and may be cancelled at the option of the Company. As long as any distribution on the Capital Securities has not been made, certain restrictions are placed on the distributions and redemptions that may be made by the Group on parity obligations and junior obligations as defined in the terms governing the Capital Securities.

For more information on each instrument, please refer to the “Capital Disclosures” section at the Group’s website (http://www.dbs.com/investor/capital-disclosures.html) (unaudited).

33 Other Reserves and Revenue Reserves

33.1 Other reserves

In $ millions	The Group 2015	The Group 2014	The Company 2015	The Company 2014
Available-for-sale revaluation reserves	**96**	284	**-**	-
Cash flow hedge reserves	**8**	(33)	**-**	-
General reserves	**2,453**	2,453	**-**	-
Capital reserves	**(213)**	(233)	**-**	-
Share option and share plan reserves	**168**	152	**168**	152
Others	**4,193**	4,271	**-**	-
Total	**6,705**	6,894	**168**	152

Movements in other reserves during the year are as follows:

	The Group						
In $ millions	**Available-for-sale revaluation reserves**	**Cash flow hedge reserves**	**General reserves[(a)]**	**Capital reserves[(b)]**	**Share option and share plan reserves**	**Other reserves[(c)]**	**Total**
2015							
Balance at 1 January	**284**	**(33)**	**2,453**	**(233)**	**152**	**4,271**	**6,894**
Net exchange translation adjustments	**1**	**1**	**-**	**19**	**-**	**-**	**21**
Share of associates' reserves	**(1)**	**2**	**-**	**1**	**-**	**-**	**2**
Cost of share-based payments	**-**	**-**	**-**	**-**	**103**	**-**	**103**
Reclassification of reserves upon exercise of share options	**-**	**-**	**-**	**-**	**(1)**	**-**	**(1)**
Draw-down of reserves upon vesting of performance shares	**-**	**-**	**-**	**-**	**(86)**	**-**	**(86)**
Acquisition of non-controlling interest (Note 22.1.1)	**-**	**-**	**-**	**-**	**-**	**(78)**	**(78)**
Available-for-sale financial assets and others:							
- net valuation taken to equity	**(74)**	**(144)**	**-**	**-**	**-**	**-**	**(218)**
- transferred to income statement	**(125)**	**186**	**-**	**-**	**-**	**-**	**61**
- tax on items taken directly to or transferred from equity	**11**	**(4)**	**-**	**-**	**-**	**-**	**7**
Balance at 31 December	**96**	**8**	**2,453**	**(213)**	**168**	**4,193**	**6,705**
2014							
Balance at 1 January	(30)	(14)	2,453	(324)	136	4,271	6,492
Net exchange translation adjustments	-	-	-	91	-	-	91
Share of associates' reserves	7	-	-	-	-	-	7
Cost of share-based payments	-	-	-	-	88	-	88
Reclassification of reserves upon exercise of share options	-	-	-	-	(4)	-	(4)
Draw-down of reserves upon vesting of performance shares	-	-	-	-	(68)	-	(68)
Available-for-sale financial assets and others:							
- net valuation taken to equity	534	(67)	-	-	-	-	467
- transferred to income statement	(212)	47	-	-	-	-	(165)
- tax on items taken directly to or transferred from equity	(15)	1	-	-	-	-	(14)
Balance at 31 December	284	(33)	2,453	(233)	152	4,271	6,894

(a) General reserves are maintained in accordance with the provisions of applicable laws and regulations. These reserves are non distributable unless otherwise approved by the relevant authorities. Under the Banking (Reserve Fund) (Transitional Provision) regulations 2007, which came into effect on 11 June 2007, the Bank may distribute or utilise its statutory reserves provided that the amount distributed or utilised for each financial year does not exceed 20% of the reserves as at 30 March 2007

(b) Capital reserves include net exchange translation adjustments arising from translation differences on net investments in foreign subsidiaries, associates and branches, and the related foreign currency financial instruments designated as a hedge

(c) Other reserves mainly relate to share premium of the Bank prior to the restructuring of the Bank under the Company pursuant to a scheme of arrangement under Section 210 of the Singapore Companies Act on 26 June 1999

	The Company	
	Share option and share plan reserves	
In $ millions	**2015**	**2014**
Balance at 1 January	**152**	136
Cost of share-based payments	**103**	88
Reclassification of reserves upon exercise of share options	**(1)**	(4)
Draw-down of reserves upon vesting of performance shares	**(86)**	(68)
Balance at 31 December	**168**	152

33.2 Revenue reserves

	The Group	
In $ millions	**2015**	**2014**
Balance at 1 January	**19,840**	17,262
Net profit attributable to shareholders	**4,454**	4,046
Amount available for distribution	**24,294**	21,308
Less: Final dividends on ordinary shares of $0.30 (one-tier tax-exempt) paid for the previous financial year (2014: $0.30 one-tier tax-exempt)	**751**	734
Final dividends on non-voting redeemable CPS of $Nil (one-tier tax-exempt) paid for the previous financial year (2014: $0.02 one-tier tax-exempt)	**-**	#
Interim dividends on ordinary shares of $0.30 (one-tier tax-exempt) paid for the current financial year (2014: $0.28 one-tier tax-exempt)	**753**	688
Interim dividends on non-voting redeemable CPS of $Nil (one-tier tax-exempt) paid for the current financial year (2014: $0.28 one-tier tax-exempt)	**-**	8
Dividends on other equity instruments	**38**	38
Balance at 31 December	**22,752**	19,840

Amount under $500,000

33.3 Proposed dividends

Proposed final one-tier tax-exempt dividends on ordinary shares of $0.30 per share have not been accounted for in the financial statements for the year ended 31 December 2015. This is to be approved at the Annual General Meeting on 28 April 2016.

34 Non-controlling Interests

The following preference shares issued by subsidiaries of the Group are classified as non-controlling interests. These instruments have a deeply subordinated claim on the issuing entity's assets in the event of a default or liquidation. These instruments are in the first instance ineligible as capital instruments under Basel III rules as they lack provisions for conversion to ordinary shares or write-down at the point of non-viability as determined by the Monetary Authority of Singapore, but are accorded partial eligibility as Tier 1 capital for calculating capital adequacy ratios under the Basel III transitional arrangements for capital instruments issued prior to 1 January 2013.

In $ millions					The Group	
Instrument	**Note**	**Issuance Date**	**Liquidation Preference**	**Dividend Payment**	**2015**	2014
Issued by the Bank						
S$800m 4.70% Non-Cumulative, Non-Convertible, Non-Voting Preference Shares Callable in 2020	34.1	22 Nov 2010	$100	May/ Nov	**800**	800
Issued by DBS Capital Funding II Corporation						
S$1,500m 5.75% Non-Cumulative, Non-Convertible, Non-Voting, Guaranteed Preference Shares Callable with Step-up in 2018	34.2	27 May 2008	$250,000	Jun/ Dec	**1,500**	1,500
Non-controlling interests in subsidiaries (Note 22.1.1)					**122**	198
Total					**2,422**	2,498

34.1 Dividends are payable if declared by the Board of Directors of the Bank.

34.2 Dividends are payable if declared by the Board of Directors of DBS Capital Funding II Corporation. They are payable semi-annually on 15 June, and 15 December at a fixed rate of 5.75% per annum up to 15 June 2018. If these are not redeemed at the tenth year, dividends will be payable quarterly in arrears on 15 March, 15 June, 15 September and 15 December at a floating rate of the three-month Singapore Dollar Swap Offer Rate plus a stepped-up spread of 3.415% per annum.

For more information on each instrument, please refer to the "Capital Disclosures" section at the Group's website (http://www.dbs.com/investor/capital-disclosures.html) (unaudited).

35 Contingent Liabilities and Commitments

The Group issues guarantees, performance bonds and indemnities in the ordinary course of business. The majority of these facilities are offset by corresponding obligations of third parties.

Guarantees and performance bonds are generally written by the Group to support the performance of a customer to third parties. As the Group will only be required to meet these obligations in the event of the customer's default, the cash requirements of these instruments are expected to be considerably below their nominal amount.

Endorsements are residual liabilities of the Group in respect of bills of exchange, which have been paid and subsequently rediscounted.

	The Group	
In $ millions	**2015**	**2014**
Guarantees on account of customers	**13,605**	15,672
Endorsements and other obligations on account of customers	**6,296**	6,559
Undrawn credit commitments[(a)]	**219,773**	187,423
Undisbursed and underwriting commitments in securities	**9**	53
Sub-total	**239,683**	209,707
Operating lease commitments (Note 35.2)	**661**	729
Capital commitments	**48**	22
Total	**240,392**	210,458
Analysed by industry (excluding operating lease and capital commitments)		
Manufacturing	**38,188**	34,642
Building and construction	**17,210**	17,594
Housing loans	**9,239**	9,980
General commerce	**52,695**	46,191
Transportation, storage and communications	**13,203**	10,153
Financial institutions, investment and holding companies	**22,007**	18,081
Professionals and private individuals (excluding housing loans)	**67,140**	53,362
Others	**20,001**	19,704
Total	**239,683**	209,707

	The Group	
In $ millions	**2015**	**2014**
Analysed by geography (excluding operating lease and capital commitments)[(b)]		
Singapore	**101,521**	90,622
Hong Kong	**48,550**	43,428
Rest of Greater China	**18,073**	14,413
South and Southeast Asia	**22,732**	20,285
Rest of the World	**48,807**	40,959
Total	**239,683**	209,707

(a) Include commitments that are unconditionally cancellable at any time by the Group (2015: $183,125 million, 2014: $151,854 million)
(b) Based on the country of incorporation of the counterparty or borrower

35.1 The Group has existing outsourcing agreements for the provision of information technology and related support to the Group's operations. There are various termination clauses in the agreements that could require the Group to pay termination fees on early termination of the contract or part thereof. The termination fees are stipulated in the agreements and are determined based on the year when the agreements or part thereof are terminated.

35.2 The Group has existing significant operating lease commitments including the leasing of office premises in Changi Business Park and Marina Bay Financial Centre in Singapore; and One Island East in Hong Kong. These include lease commitments for which the payments will be determined in the future based on the prevailing market rates in accordance with the lease agreements, of which the related amounts have not been included. The leases have varying terms, escalation clauses and renewal rights.

36 Financial Derivatives

Financial derivatives are financial instruments whose characteristics are derived from the underlying assets, or from interest and exchange rates or indices. These include forwards, swaps, futures and options. The following sections outline the nature and terms of the most common types of derivatives used by the Group.

Interest rate derivatives

Forward rate agreements give the buyer the ability to determine the underlying rate of interest for a specified period commencing on a specified future date (the settlement date). There is no exchange of principal and settlement is effected on the settlement date. The settlement amount is the difference between the contracted rate and the market rate prevailing on the settlement date.

Interest rate swaps involve the exchange of interest obligations with a counterparty for a specified period without exchanging the underlying (or notional) principal.

Interest rate futures are exchange-traded agreements to buy or sell a standard amount of a specified fixed income security or time deposit at an agreed interest rate on a standard future date.

Interest rate options give the buyer on payment of a premium the right, but not the obligation, to fix the rate of interest on a future deposit or loan, for a specified period and commencing on a specified future date.

Interest rate caps and floors give the buyer the ability to fix the maximum or minimum rate of interest. There is no facility to deposit or draw down funds, instead the writer pays to the buyer the amount by which the market rate exceeds or is less than the cap rate or the floor rate respectively. This category includes combinations of interest rate caps and floors, which are known as interest rate collars.

Foreign exchange derivatives

Forward foreign exchange contracts are agreements to buy or sell fixed amounts of currency at agreed rates of exchange on a specified future date.

Cross currency swaps are agreements to exchange, and on termination of the swap, re-exchange principal amounts denominated in different currencies. Cross currency swaps may involve the exchange of interest payments in one specified currency for interest payments in another specified currency for a specified period.

Currency options give the buyer, on payment of a premium, the right but not the obligation, to buy or sell specified amounts of currency at agreed rates of exchange on or before a specified future date.

Equity derivatives

Equity options provide the buyer, on payment of a premium, the right but not the obligation, either to purchase or sell a specified stock or stock index at a specified price or level on or before a specified date.

Equity swaps involve the exchange of a set of payments whereby one of these payments is based on an equity-linked return while the other is typically based on an interest reference rate.

Credit derivatives

Credit default swaps involve the transfer of credit risk of a reference asset from the protection buyer to the protection seller. The protection buyer makes one or more payments to the seller in exchange for an undertaking by the seller to make a payment to the buyer upon the occurrence of a predefined credit event.

Commodity derivatives

Commodity contracts are agreements between two parties to exchange cash flows which are dependent on the price of the underlying physical assets.

Commodity futures are exchange-traded agreements to buy or sell a standard amount of a commodity at an agreed price on a standard future date.

Commodity options give the buyer the right, but not the obligation, to buy or sell a specific amount of commodity at an agreed contract price on or before a specified date.

36.1 Trading derivatives

Most of the Group's derivatives relate to sales and trading activities. Sales activities include the structuring and marketing of derivatives to customers to enable them to take, transfer, modify or reduce current or expected risks. Trading activities are entered into principally for dealer's margin or for the purpose of generating a profit from short-term fluctuations in price.

Trading includes mainly market-making and warehousing to facilitate customer orders. Market-making involves quoting bid and offer prices to other market participants with the intention of generating revenues based on spread and volume. Warehousing involves holding on to positions in order to liquidate in an orderly fashion with timing of unwinding determined by market conditions and traders' views of markets as they evolve.

36.2 Hedging derivatives

The accounting treatment of the hedge derivative transactions varies according to the nature of the hedge and whether the hedge meets the specified criteria to qualify for hedge accounting. Derivatives transacted as economic hedges but do not qualify for hedge accounting are treated in the same way as derivative instruments held for trading purposes.

Fair value hedges

The Group's fair value hedges consist principally of interest rate swaps used for managing interest rate gaps. For the year ended 31 December 2015, the gain on hedging instruments was $12 million (2014: $27 million). The total loss on hedged items attributable to the hedged risk amounted to $12 million (2014: $27 million).

Cash flow hedges

The Group's cash flow hedges consist principally of currency forwards and currency swaps transacted to hedge highly probable forecast transactions expected to occur at various future dates against variability in exchange rates. The currency forwards and currency swaps have maturity dates that coincide within the expected occurrence of these transactions. The forecast transactions are expected to occur within five years from the balance sheet date, and are expected to affect income statement in the same period these cash flows occur.

The ineffectiveness arising from these hedges was insignificant.

Net investment hedges

The Group hedges part of the currency translation risk of investments through financial derivatives and borrowings. The ineffectiveness arising from hedging of investments was insignificant. The Group regularly reviews its hedging strategy and rebalance based on long-term outlook of the currency fundamentals.

In $ millions	Net investments in foreign operations[(a)]	Financial instruments which hedge the net investments	Remaining unhedged currency exposures
2015			
Hong Kong dollar	**8,398**	**8,392**	**6**
US dollar	**934**	**943**	**(9)**
Others	**6,391**	**2,211**	**4,180**
Total	**15,723**	**11,546**	**4,177**
2014			
Hong Kong dollar	7,158	7,150	8
US dollar	939	938	1
Others	5,668	1,703	3,965
Total	13,765	9,791	3,974

(a) Refer to net tangible assets of subsidiaries, associates and overseas operations

The following table summarises the contractual or underlying principal amounts of derivative financial instruments held or issued for trading and hedging purposes outstanding at balance sheet date. They do not represent amounts at risk.

In the financial statements, trading derivative financial instruments are revalued on a gross position basis and the unrealised gains or losses are reflected as derivative assets or derivative liabilities. Derivative assets and liabilities arising from different transactions are only offset if the transactions are done with the same counterparty, a legal right of offset exists, and the parties intend to settle the cash flows on a net basis. There was no offset of derivative assets and liabilities in 2015 and 2014.

	2015			2014		
In $ millions	**Underlying notional**	**Assets**	**Liabilities**	**Underlying notional**	**Assets**	**Liabilities**
Derivatives held for trading						
Interest rate derivatives						
Interest rate swaps	**971,155**	**6,482**	**6,391**	721,269	5,237	5,075
Interest rate futures	**25,240**	**4**	**8**	8,606	3	1
Interest rate options	**8,270**	**85**	**120**	6,655	66	83
Interest rate caps/floors	**20,662**	**275**	**730**	21,879	277	644
Sub-total	**1,025,327**	**6,846**	**7,249**	758,409	5,583	5,803
Foreign exchange (FX) derivatives						
FX contracts	**579,745**	**6,425**	**5,931**	641,978	4,838	5,810
Currency swaps	**187,576**	**7,390**	**6,329**	169,772	4,137	4,619
Currency options	**198,269**	**1,774**	**1,629**	227,440	1,346	1,225
Sub-total	**965,590**	**15,589**	**13,889**	1,039,190	10,321	11,654
Equity derivatives						
Equity options	**2,798**	**43**	**80**	2,458	31	142
Equity swaps	**903**	**7**	**25**	706	9	10
Sub-total	**3,701**	**50**	**105**	3,164	40	152
Credit derivatives						
Credit default swaps and others	**46,132**	**284**	**389**	52,288	425	608
Sub-total	**46,132**	**284**	**389**	52,288	425	608
Commodity derivatives						
Commodity contracts	**2,078**	**335**	**154**	2,016	303	203
Commodity futures	**3,062**	**70**	**173**	3,274	79	107
Commodity options	**366**	**16**	**12**	1,801	35	44
Sub-total	**5,506**	**421**	**339**	7,091	417	354
Total derivatives held for trading	**2,046,256**	**23,190**	**21,971**	1,860,142	16,786	18,571
Derivatives held for hedging						
Interest rate swaps held for fair value hedge	**10,978**	**98**	**133**	9,994	98	151
Interest rate swaps held for cash flow hedge	**100**	**-**	**#**	-	-	-
FX contracts held for cash flow hedge	**5,755**	**100**	**8**	1,093	12	16
FX contracts held for hedge of net investment	**2,201**	**44**	**4**	1,472	47	4
Currency swaps held for fair value hedge	**1,924**	**120**	**13**	1,532	34	6
Currency swaps held for cash flow hedge	**939**	**79**	**16**	623	16	7
Currency swaps held for hedge of net investment	**1,441**	**#**	**#**	2,301	2	-
Total derivatives held for hedging	**23,338**	**441**	**174**	17,015	209	184
Total derivatives	**2,069,594**	**23,631**	**22,145**	1,877,157	16,995	18,755
Impact of netting arrangements recognised for computation of Capital Adequacy Ratio (CAR) (unaudited)		**(11,047)**	**(11,047)**		(8,729)	(8,729)
		12,584	**11,098**		8,266	10,026

The contractual or underlying principal amounts of derivative financial instruments of bank and non-bank counterparties amounted to $1,082 billion (2014: $1,198 billion) and $988 billion (2014: $679 billion) respectively. These positions are mainly booked in Singapore. For purpose of managing its credit exposures, the Group maintains collateral agreements and enters into master netting agreements with most of these counterparties. For those arrangements that comply with the regulatory requirements as set out in MAS Notice 637, the Group recognises the netting arrangements in the computation of its Capital Adequacy Ratios.

37 Share-based Compensation Plans

As part of the Group's remuneration policy, the Group provides various share-based compensation plans to foster a culture that aligns employees' interests with shareholders, enable employees to share in the bank's performance and enhance talent retention.

Main Scheme/Plan	Note
DBSH Share Plan (Share Plan) • The Share Plan is granted to Group executives as determined by the Committee appointed to administer the Share Plan from time to time. • Participants are awarded shares of the Company or, at the Committee's discretion, their equivalent cash value or a combination. • Awards consist of main award and retention award (20% of main award). Dividends on unvested shares do not accrue to employees. • The vesting of main award is staggered between 2 to 4 years after grant i.e. 33% will vest 2 years after grant; another 33% will vest on the third year and the remaining 34% plus the retention award will vest 4 years after grant. • The market price of shares on the grant date is used to estimate the fair value of the shares awarded. • Shares are awarded to non-executive directors as part of director's remuneration. Details of these awards are disclosed in the Corporate Governance section of the Annual Report.	37.1
DBSH Employee Share Plan (ESP) • The ESP caters to employees not eligible to participate in the above listed Share Plan. Eligible employees are awarded ordinary shares of the Company, their equivalent cash value or a combination of both (at the discretion of the Committee), when time-based conditions are met. • The awards structure and vesting conditions are similar to Share Plan. • There are no additional retention awards for shares granted to top performers and key employees. • However, in specific cases where the award forms part of an employee's annual performance remuneration, the retention award which constitutes 20% of the shares given in the main award will be granted. The shares in the retention award will vest 4 years after the date of grant.	37.1
DBSH Share Ownership Scheme • All Singapore-based employees with at least one year of service who hold the rank of Assistant Vice President and below are eligible. • Participants contribute up to 10% of monthly salary and the Group will match up to 5% of monthly base salary to buy units of the Company's ordinary shares.	37.2
DBSH Share Option Plan (Option Plan) • The Option Plan expired on 19 June 2009. Any outstanding unexercised options as of 1 March 2015 had lapsed following the expiry of all options granted under the plan. • The Option Plan is granted to eligible Group executives who hold the rank of Vice President (or equivalent) and above and selected employees below the rank of Vice President (or equivalent). • The exercise price is equal to the average of the last dealt prices for the Company's share as determined by reference to the daily official list published by the Singapore Exchange Securities Trading Ltd, for the three consecutive trading days immediately preceding the date of the grant. • The options vest over a period in accordance to vesting schedule and are exercisable after the first anniversary of the date of the grant up to the date of expiration of the options. • The fair value of options granted is determined using the Binomial model.	37.3

37.1 DBSH Share Plan and DBSH Employee Share Plan

The following table sets out the movements of the awards during the year.

Number of shares	2015		2014	
	Share Plan	**ESP**	**Share Plan**	**ESP**
Balance at 1 January	**17,216,431**	**1,777,193**	16,008,527	1,534,441
Granted	**5,718,522**	**889,166**	5,848,665	815,748
Vested	**(5,154,074)**	**(471,393)**	(4,496,850)	(395,370)
Forfeited	**(412,391)**	**(196,185)**	(143,911)	(177,626)
Balance at 31 December	**17,368,488**	**1,998,781**	17,216,431	1,777,193
Weighted average fair value of the shares granted during the year	**$19.50**	**$19.51**	$16.66	$16.65

37.2 DBSH Share Ownership Scheme

The outstanding shares held under DBSH Share Ownership Scheme are as follows:

	Ordinary shares			
	Number		Market value (In $ millions)	
	2015	2014	2015	2014
Balance at 1 January	**6,593,283**	6,658,006	**136**	114
Balance at 31 December	**7,282,740**	6,593,283	**122**	136

37.3 DBSH Share Option Plan

The following table sets out movements of the unissued ordinary shares of the Company under outstanding options.

	2015		2014	
	Unissued number of ordinary shares under outstanding options	Weighted average exercise price ($)	Unissued number of ordinary shares under outstanding options	Weighted average exercise price ($)
Balance at 1 January	**354,877**	**12.81**	1,434,875	12.64
Movements during the year:				
- Exercised	**(350,623)**	**12.81**	(1,051,456)	12.58
- Forfeited/Expired	**(4,254)**	**12.81**	(28,542)	12.56
Balance at 31 December	**-**	**-**	354,877	12.81
Weighted average remaining contractual life of options outstanding at 31 December	**-**		0.16 years	
Exercise price of options outstanding at 31 December	**-**		$12.81	

In 2015, 350,623 options (2014: 1,051,456) were exercised at their contractual exercise prices. During the year, the corresponding weighted average market price of the Company's shares was $19.63 (2014: $16.71).

38 Related Party Transactions

38.1 Transactions between the Company and its subsidiaries, including consolidated structured entities, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this Note.

38.2 During the financial year, the Group had banking transactions with related parties, consisting of associates and key management personnel of the Group. These included the taking of deposits and extension of credit card and other loan facilities. These transactions were made in the ordinary course of business and carried out at arms-length commercial terms, and were not material.

In addition, key management personnel received remuneration for services rendered during the financial year. Non-cash benefits including performance shares were also granted.

38.3 Total compensation and fees to key management personnel[(a)] are as follows:

	The Group	
In $ millions	**2015**	**2014**
Short-term benefits[(b)]	**46**	44
Share-based payments[(c)]	**26**	23
Total	**72**	67
Of which: Company Directors' remuneration and fees	**15**	14

(a) Includes Company Directors and members of the Management Committee who have authority and responsibility in planning the activities and direction of the Group. The composition and number of Directors and Management Committee members may differ from year to year
(b) Includes cash bonus based on amount accrued during the year, to be paid in the following year
(c) Share-based payments are expensed over the vesting period in accordance with FRS 102

39 Fair Value of Financial Instruments

39.1 Valuation Process

The valuation processes within the Group are governed by the Valuation Policy and supporting Standards, which are approved by the Board Risk Management Committee and the Group Market and Liquidity Risk Committee respectively. The policy and standards apply to financial assets and liabilities where mark-to-market or model valuation is required.

The Valuation Policy and supporting Standards govern the revaluation of all financial assets and liabilities that are measured at fair value, covering both market prices as well as model inputs. Financial assets and liabilities are marked directly using reliable and independent market prices or by using reliable and independent market parameters (as model inputs) in conjunction with a valuation model. Products with a liquid market or those traded via an exchange will fall under the former while most over-the-counter (OTC) products will form the latter. Market parameters include interest rate yield curves, credit spreads, exchange prices, dividend yields, option volatilities and foreign exchange rates.

Valuation models go through an assurance process carried out by the Risk Management Group (RMG), independent of the model developers. This assurance process covers the review of the underlying methodology including its logic and conceptual soundness together with the model inputs and outputs. Model assurances are conducted prior to implementation and subject to regular review or when there are significant changes arising from market or portfolio changes. Where necessary, the Group also imposes model reserves and other adjustments in determining fair value. Models are approved by the Group Market and Liquidity Risk Committee.

The majority of OTC derivatives are traded in active markets. Valuations are determined using generally accepted models (for example discounted cash flows, Black-Scholes model, interpolation techniques) based on quoted market prices for similar instruments or underlyings or market parameters.

A process of independent price verification (IPV) is in place to establish the accuracy of the market parameters used when the marking is performed by the Front Office. The IPV process entails independent checks to compare traders' marks to independent sources such as broker/dealer sources or market consensus providers. The results of the IPV are reviewed by independent control functions on a monthly basis.

For illiquid financial instruments where mark-to-market is not possible, the Group will value these products using an approved valuation model. Prices and parameters used as inputs to the model or to any intermediate technique involving a transformation process must be derived using approved market sources. Where possible, the inputs must be checked against multiple sources for reliability and accuracy. Reliance will be placed on the model assurance process established by RMG for assurance of valuation models as fit for purpose.

The Group uses various market accepted benchmark interest rates such as LIBOR and Swap Offer Rates to determine the fair value of the financial instruments.

Where significant unobservable inputs are used in these models, the financial instruments are classified as Level 3 in the fair value hierarchy and valuation adjustments or reserves are taken to provide for any uncertainty in valuations. Valuation adjustments or reserve methodologies are also used to substantiate the significance of unobservable inputs. Such methodologies are approved by the Group Market and Liquidity Risk Committee and governed by the Valuation Policy and supporting Standards.

The main valuation adjustments and reserves are described below:

Model and Parameter Uncertainty Adjustments
Valuation uncertainties may occur during fair value measurement either due to uncertainties in the required input parameters or uncertainties in the modelling methods used in the valuation process. In such situations, adjustments may be necessary to take these factors into account.

For example, where market data such as prices or rates for an instrument are no longer observable after an extended period of time, these inputs used to value the financial instruments may no longer be relevant in the current market conditions. In such situations, adjustments may be necessary to address the pricing uncertainty arising from the use of stale market data inputs.

Credit Valuation Adjustments
Credit valuation adjustments are taken to reflect the impact on fair value of counterparty credit risk. Credit valuation adjustments are based upon the creditworthiness of the counterparties, magnitude of the current or potential exposure on the underlying transactions, netting and collateral arrangements, and the maturity of the underlying transactions.

Funding Valuation Adjustments
Funding valuation adjustments represent an estimate of the adjustment to fair value that a market participant would make in incorporating funding costs and benefits that arise in relation to uncollateralised derivatives positions.

Day 1 Profit or Loss (P&L) Reserve
In situations where the market for an instrument is not active and its fair value is established using a valuation model based on significant unobservable market parameters, the Day 1 P&L arising from the difference in transacted price and end-of-day model valuation is set aside as reserves. A market parameter is defined as being significant when its impact on the Day 1 P&L is greater than an internally determined threshold. The Day 1 P&L reserve is released to the income statement when the parameters become observable or when the

transaction is closed out or amortised over the duration of the transaction. At year end, the unamortised Day 1 P&L was not material.

Bid-Offer Adjustments
The Group often holds, at varying points in time, both long or short positions in financial instruments which are valued using mid-market levels. Bid-offer adjustments are then made to account for close-out costs.

39.2 Fair Value Hierarchy

The fair value hierarchy accords the highest level to observable inputs such as unadjusted quoted prices in active markets for identical assets or liabilities and the lowest level to unobservable inputs. The fair value measurement of each financial instrument is categorised in accordance with the same level of the fair value hierarchy as the input with the lowest level that is significant to the entire measurement. If unobservable inputs are deemed significant, the financial instrument will be categorised as Level 3.

Financial instruments that are valued using quoted prices in active markets are classified as Level 1 within the fair value hierarchy. These would include government and sovereign securities, listed equities and corporate debt securities which are actively traded. Derivatives contracts which are traded in an active exchange market are also classified as Level 1 of the valuation hierarchy.

Where fair value is determined using quoted market prices in less active markets or quoted prices for similar assets and liabilities, such instruments are generally classified as Level 2. In cases where quoted prices are generally not available, the Group will determine the fair value based on valuation techniques that use market parameters as inputs including but not limited to yield curves, volatilities and foreign exchange rates. The majority of valuation techniques employ only observable market data so that reliability of the fair value measurement is high. These would include corporate debt securities, repurchase, reverse repurchase agreements and most of the Group's OTC derivatives.

The Group classifies financial instruments as Level 3 when there is reliance on unobservable inputs to the valuation model attributing to a significant contribution to the instrument value. These would include all input parameters which are derived from historical data, for example asset correlations or certain volatilities as well as unquoted equity securities. The fair value of unquoted equity securities is measured based on the net asset value of the investments. Level 3 inputs also include all quoted security prices that have not been updated for more than 3 months, quoted proxies in active markets for non-similar asset classes (e.g. bonds valued using credit default swap spreads), as well as prices/valuations that are obtained from counterparties. Valuation reserves or pricing adjustments where applicable are used to converge to fair value.

The following table presents assets and liabilities measured at fair value, classified by level within the fair value hierarchy:

		The Group		
In $ millions	**Level 1**	**Level 2**	**Level 3**	**Total**
2015				
Assets				
Financial assets at fair value through profit or loss				
- Singapore Government securities and treasury bills	**2,569**	**-**	**-**	**2,569**
- Other government securities and treasury bills	**2,328**	**2,672**	**-**	**5,000**
- Bank and corporate debt securities	**3,064**	**3,852**	**815**	**7,731**
- Equity securities	**1,352**	**6**	**23**	**1,381**
- Other financial assets	**-**	**6,471**	**-**	**6,471**
Available-for-sale financial assets				
- Singapore Government securities and treasury bills	**8,078**	**-**	**-**	**8,078**
- Other government securities and treasury bills	**16,016**	**1,173**	**-**	**17,189**
- Bank and corporate debt securities	**9,353**	**2,485**	**46**	**11,884**
- Equity securities[(a)]	**1,011**	**2**	**110**	**1,123**
- Other financial assets	**-**	**4,977**	**-**	**4,977**
Derivatives	**76**	**23,535**	**20**	**23,631**
Liabilities				
Financial liabilities at fair value through profit or loss				
- Other debt securities	**-**	**5,521**	**17**	**5,538**
- Other financial liabilities	**886**	**2,226**	**73**	**3,185**
Derivatives	**181**	**21,841**	**123**	**22,145**

In $ millions	Level 1	The Group Level 2	Level 3	Total
2014				
Assets				
Financial assets at fair value through profit or loss				
- Singapore Government securities and treasury bills	1,963	-	-	1,963
- Other government securities and treasury bills	3,056	1,924	-	4,980
- Bank and corporate debt securities	5,675	3,554	692	9,921
- Equity securities	769	11	-	780
- Other financial assets	-	8,196	-	8,196
Available-for-sale financial assets				
- Singapore Government securities and treasury bills	6,357	-	-	6,357
- Other government securities and treasury bills	14,522	672	-	15,194
- Bank and corporate debt securities	10,257	1,973	27	12,257
- Equity securities[(a)]	1,081	2	117	1,200
- Other financial assets	-	5,424	-	5,424
Derivatives	82	16,902	11	16,995
Liabilities				
Financial liabilities at fair value through profit or loss				
- Other debt securities	-	4,963	8	4,971
- Other financial liabilities	1,189	1,678	-	2,867
Derivatives	110	18,510	135	18,755

(a) Excludes unquoted equities stated at cost of $574 million (2014: $259 million)

The following table presents the changes in Level 3 instruments for the financial year ended:

In $ millions	Balance at 1 January	Fair value gains or losses		Pur-chases	Issues	Settle-ments	Transfers in	Transfers out	Balance at 31 December
		Income statement	Other compre-hensive income						
2015									
Assets									
Financial assets at fair value through profit or loss									
- Bank and corporate debt securities	**692**	**14**	**-**	**8**	**-**	**(19)**	**120**	**-**	**815**
- Equity securities	**-**	**(1)**	**-**	**-**	**-**	**-**	**24**	**-**	**23**
Available-for-sale financial assets									
- Bank and corporate debt securities	**27**	**-**	**1**	**-**	**-**	**-**	**21**	**(3)**	**46**
- Equity securities	**117**	**10**	**-**	**1**	**-**	**(18)**	**-**	**-**	**110**
Derivatives	**11**	**15**	**-**	**-**	**-**	**(2)**	**4**	**(8)**	**20**
Total	**847**	**38**	**1**	**9**	**-**	**(39)**	**169**	**(11)**	**1,014**
Liabilities									
Financial liabilities at fair value through profit or loss									
- Other debt securities	**8**	**1**	**-**	**-**	**4**	**(9)**	**14**	**(1)**	**17**
- Other financial liabilities	**-**	**-**	**-**	**-**	**48**	**-**	**49**	**(24)**	**73**
Derivatives	**135**	**2**	**-**	**-**	**-**	**(2)**	**2**	**(14)**	**123**
Total	**143**	**3**	**-**	**-**	**52**	**(11)**	**65**	**(39)**	**213**

In $ millions	Balance at 1 January	Fair value gains or losses		Pur-chases	Issues	Settle-ments	Transfers in	Transfers out	Balance at 31 December
		Income statement	Other compre-hensive income						
2014									
Assets									
Financial assets at fair value through profit or loss									
- Bank and corporate debt securities	539	80	-	148	-	(101)	26	-	692
Available-for-sale financial assets									
- Bank and corporate debt securities	26	-	1	-	-	-	-	-	27
- Equity securities	131	20	(18)	-	-	(16)	-	-	117
Derivatives	21	1	-	-	-	-	10	(21)	11
Total	717	101	(17)	148	-	(117)	36	(21)	847
Liabilities									
Financial liabilities at fair value through profit or loss									
- Other debt securities	21	-	-	-	-	(13)	-	-	8
Derivatives	51	56	-	17	-	-	11	-	135
Total	72	56	-	17	-	(13)	11	-	143

Economic hedges entered into for Level 2 exposures may be classified within a different category (i.e. Level 1) and similarly, hedges entered for Level 3 exposures may also be classified within a different category (i.e. Level 1 and/or Level 2). The effects are presented gross in the table.

During the year, the Group transferred financial assets and liabilities from Level 1 to Level 2 due to reduced market activity and from Level 2 to Level 1 arising from increased market activity.

Gains and losses on Level 3 financial assets and liabilities measured at fair value

In $ millions	Net trading Income	Net income from investment securities	Total
2015			
Total gain for the period included in income statement	**25**	**10**	**35**
Of which:			
Change in unrealised gain/(loss) for assets and liabilities held at the end of the reporting period	**25**	**-**	**25**
2014			
Total gain for the period included in income statement	25	20	45
Of which:			
Change in unrealised gain/(loss) for assets and liabilities held at the end of the reporting period	16	-	16

Fair value gains or losses taken to other comprehensive income are reported in the Statement of Comprehensive Income as “Net valuation taken to equity”.

Effect of changes in significant unobservable inputs to reflect reasonably possible alternatives

As at 31 December 2015, financial instruments measured with valuation techniques using significant unobservable inputs (Level 3) included equity investments, bank and corporate debt securities, interest rate and credit derivatives and financial liabilities from structured product issuances.

There are limited inter-relationships between unobservable inputs as the financial instruments are usually categorised as Level 3 because of a single unobservable input.

In estimating significance, the Group performed sensitivity analysis based on methodologies applied for fair value adjustments. These adjustments reflect the values which the Group estimates to be appropriate to reflect uncertainties

in the inputs used (e.g. based on stress testing methodologies on the unobservable input). The methodologies used can be statistical or based on other relevant approved techniques.

The movement in fair value arising from reasonably possible changes to the significant unobservable inputs is assessed as not significant.

In $ millions	2015	2014	Classification	Valuation technique	Unobservable Input
Assets					
Bank and corporate debt securities	**815**	692	FVPL[(a)]	Discounted cash flows	Credit spreads
Bank and corporate debt securities	**46**	27	AFS[(b)]	Discounted cash flows	Credit spreads
Equity securities	**23**	-	FVPL[(a)]	Equity pricing model	Prices
Equity securities (Unquoted)	**110**	117	AFS[(b)]	Net asset value	Net asset value of securities
Derivatives	**20**	11	FVPL[(a)]	Discounted cash flows / CDS models / Option & interest rate pricing model	Credit spreads/ Correlations
Total	**1,014**	847			
Liabilities					
Other debt securities	**17**	8	FVPL[(a)]	Discounted cash flows / Option pricing model	Credit spreads/ Correlations
Other financial liabilities	**73**	-	FVPL[(a)]	CDS models / Option & interest rate pricing model	Credit spreads/ Correlations
Derivatives	**123**	135	FVPL[(a)]	Discounted cash flows / CDS models / Option & interest rate pricing model	Credit spreads/ Correlations
Total	**213**	143			

(a) FVPL denotes financial instruments classified as fair value through profit or loss
(b) AFS denotes financial instruments classified as available-for-sale

39.3 Financial assets & liabilities not carried at fair value

For financial assets and liabilities not carried at fair value in the financial statements, the Group has ascertained that their fair values were not materially different from their carrying amounts at year-end.

For cash and balances with central banks, due from banks, loans and advances to customers, as well as due to banks and deposits and balances from customers, the basis of arriving at fair values is by discounting cash flows using the relevant market interest rates for the respective currencies.

For investment debt securities and subordinated term debts issued, fair values are determined based on independent market quotes, where available. Where market prices are not available, fair values are estimated using discounted cash flow method.

For unquoted equities not carried at fair value, fair values have been estimated by referencing to the net tangible asset backing of the investee. Unquoted equities of $574 million as at 31 December 2015 (2014: $259 million) were stated at cost less accumulated impairment losses because the fair value cannot be reliably estimated using valuation techniques supported by observable market data. The Group intends to dispose of such instruments through public listing or trade sale.

The fair value of variable interest-bearing as well as short-term financial instruments accounted for at amortised cost is assumed to be approximated by their carrying amounts.

40 Risk Governance

The Group Board directs the conduct of the Group's affairs and provides sound leadership to the CEO and management. The Group Board has delegated authority to various Board committees to enable them to oversee specific responsibilities based on clearly defined terms of reference.

Under the Group's risk management frameworks, the Group Board, through the Board Risk Management Committee (BRMC), sets the Group's risk appetite, oversees the establishment of robust enterprise-wide risk management policies and processes, and sets risk limits to guide risk-taking within the Group.

The BRMC sets out the overall approaches for identification, monitoring, management and reporting of credit, market, liquidity, operational and reputational risks. To facilitate the BRMC's risk oversight, the following risk management committees have been established.

1. Risk Executive Committee (Risk ExCo)
2. Product Approval Committee (PAC)*
3. Group Credit Risk Models Committee (GCRMC)*
4. Group Credit Policy Committee (GCPC)*
5. Group Scenario and Stress Testing Committee (GSSTC)*
6. Group Credit Risk Committee (GCRC)
7. Group Market and Liquidity Risk Committee (GMLRC)
8. Group Operational Risk Committee (GORC)

The Risk ExCo provides group-wide oversight and direction relating to the management of all risk types and is the overall executive body mandated by the BRMC on risk matters.

The PAC provides group-wide oversight and direction relating to the new product approvals - an important risk mitigation element within the Group.

Other than the PAC, each committee reporting to the Risk ExCo is broadly mandated to serve as an executive forum for discussion and decisions on different aspects of risk and its management.

Key responsibilities:

- Assess and approve risk taking activities
- Maintain oversight of the effectiveness of the Group's risk management infrastructure, including frameworks, decision criteria, authorities, people, policies, standards, processes, information and systems
- Approve risk policies including model governance standards, stress testing scenarios, endorse risk models and assess performance of the risk models
- Identify specific concentrations of risk
- Recommend scenarios and resulting macro-economic variable projections used for enterprise-wide stress tests

The members in these committees comprise representatives from RMG as well as key business and support units.

The above committees (excluding those marked with asterisks) are supported by local risk committees in all major locations. The local risk committees provide oversight of local risk positions across all businesses and support units and ensure compliance with limits set by the group risk committees. They also approve location-specific risk policies and ensure compliance with local regulatory risk limits and requirements.

The Chief Risk Officer (CRO) - member of the Group Executive Committee who reports to the Chairman of the BRMC and to the CEO – oversees the risk management function. The CRO is independent of business lines and is actively involved in key decision making processes.

He also engages regulators on a regular basis to discuss risk matters.

Working closely with the risk and business committees, the CRO is responsible for the following:

- Management of the risks in the Group, including developing and maintaining systems and processes to identify, approve, measure, monitor, control and report risks
- Engagement of senior management on material matters relating to the various types of risks
- Development of risk controls and mitigation processes
- Ensuring the effectiveness of risk management and adherence to the Risk Appetite established by the Board

41 Credit Risk

Credit risk arises from the Group's daily activities in various businesses – lending to retail, corporate and institutional customers; trading activities such as foreign exchange, derivatives and debt securities; and settlement of transactions. Credit risk is the most significant measurable risk faced by the Group.

Lending exposures are typically represented by the notional value or principal amount of on-balance sheet financial instruments. Financial guarantees and standby letters of credit, which represent the undertaking that the Group will make payments on behalf of a customer that is unable to meet its obligations to third parties, carry the same credit risk as loans even though they are contingent in nature. Pre-settlement Credit Exposures (PCE) for trading and securities transactions are measured taking into account collateral and netting arrangements. Settlement risk is the risk of loss due to the counterparty's failure to perform its obligation after the Group has performed its obligation under an exchange of cash or securities.

Credit Risk Management
The Group's approach to credit risk management comprises the following building blocks:

- **Policies**
  The dimensions of credit risk and the scope of its application are defined in the Group Credit Risk Management Framework. Senior management sets the overall direction and policy for managing credit risk at the enterprise level. The Group Core Credit Risk Policy (CCRP) sets forth the principles by which the Group conducts its credit risk management and control activities. This policy, supplemented by a number of operational policies, ensures consistency in identifying, assessing, underwriting, measuring, reporting and controlling credit risk across the Group, and provides guidance in the formulation of business-specific and/or location-specific credit risk policies. The operational policies are established to provide greater details on the implementation of the credit principles within the Group CCRP and are adapted to reflect different credit environments and portfolio risk profiles. The Group CCRP is considered and approved by GCPC.

- **Risk Methodologies**
  Credit risk is managed by thoroughly understanding its customers - the businesses they are in and the economies in which they operate. This is facilitated through the use of credit ratings and lending limits. The Group uses an array of rating models for its corporate and retail portfolios. Most models are built internally using the Group's own loss data. Limits and "rules for the business" are driven by the Group's Risk Appetite Statement and Target Market and Risk Acceptance Criteria respectively.

  Retail exposures are typically managed on a portfolio basis and assessed based on credit scoring models, credit bureau records, internally and externally available customers' behaviour records. They are further supplemented by Risk Acceptance Criteria.

  Wholesale borrowers are assessed on an individual basis, reviewed and analysed by experienced credit risk managers taking into consideration the relevant credit risk factors. For portfolios within the small and medium enterprise segment, the Group also uses a programme-based approach for a balanced management of risks and rewards. Credit extensions are proposed by the business unit and are approved by the credit risk function based on independent credit assessment, while also taking into account the business strategies determined by senior management.

  Pre-settlement credit risk on derivatives arising from a counterparty's potential default is quantified by its current mark-to-market plus an appropriate add-on factor for potential future exposure. This methodology is used to calculate the Group's regulatory capital under the Current Exposure Method (CEM) and is included under the Group's overall credit limits to counterparties for internal risk management.

  Issuer default risk that may arise from derivatives and securities are generally measured based on jump-to-default computations.

  The Group actively monitors and manages its exposure to counterparties in over-the-counter (OTC) derivative trades to protect its balance sheet in the event of a counterparty default. Counterparty risk exposures which may be materially and adversely affected by market risk events are identified, reviewed and acted upon by management and highlighted to the appropriate risk committees. Specific wrong-way risk arises when the exposure to a particular counterparty is positively correlated with the probability of default of the counterparty due to the nature of transactions with the counterparty. The Group has a policy to guide the handling of specific wrong-way risk transactions and its risk measurement metric takes into account the higher risks associated with such transactions.

Concentration Risk Management
The Group's risk management processes aim to ensure that an acceptable level of risk diversification is maintained across the Group in line with the Group's Risk Appetite. For credit risk, we use Economic Capital (EC) as the measurement tool, since it combines the individual risk factors of Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD) as well as portfolio concentration factors. The Group set granular EC thresholds to ensure that the allocated EC stays within the Risk Appetite. These thresholds are regularly monitored in respect of major industry groups and single counterparty exposures. In addition, we set notional limits for country exposures. Governance processes exist to ensure that exposures are

regularly monitored against these thresholds and appropriate actions are taken if thresholds are breached. The Group continually monitors and assesses the need to enhance the scope of thresholds.

Country Risk
Country risk is the risk of loss which is specifically attributed to events in a specific country (or a group of countries). It includes political, exchange rate, economic, sovereign and transfer risks. Country risk is embedded in the Group Credit Risk Management Framework and CCRP. In addition, country risk is managed as part of concentration risk management under the Risk Appetite Framework.

The principles and approach in the management of transfer risk are set out in the Group's Country Risk Management Standard. This includes an internal transfer risk and sovereign risk rating system where the assessments are made independent of business decisions. Transfer risk limits are set in accordance to the Group's Risk Appetite Framework. Limits for non-strategic countries are set using a model-based approach. Limits for strategic countries are set based on country-specific strategic business considerations and acceptable potential loss versus the Risk Appetite. There are active discussions among the senior management and credit management in right-sizing transfer risk exposures to take into account not only risks and rewards, but also whether such exposures are in line with the Group's strategic intent. All country limits are subject to approval by the BRMC.

Stress Testing
The Group performs various types of credit stress tests which are directed by the regulators or driven by internal requirements and management. Credit stress tests are performed at a portfolio or sub-portfolio level and are generally meant to assess the impact of changing economic conditions on asset quality, earnings performance, capital adequacy and liquidity.

A credit stress test working group is responsible for developing and maintaining a robust stress testing programme to include the execution of the stress testing process and effective analysis of programme results. Stress test results are reported and discussed in the GCRC, the Risk ExCo and the BRMC.

The stress testing programme is comprehensive in nature spanning all major functions and areas of business. It brings together an expert view of the macro-economics, market, and portfolio information with the specific purpose of driving model and expert oriented stress testing results.

The Group generally performs the following types of credit stress testing at a minimum and others as necessary:

Pillar 1 Credit Stress Testing	The Group conducts Pillar 1 credit stress testing regularly as required by regulators. Under Pillar 1 credit stress testing, the Group assesses the impact of a mild stress scenario (at least two consecutive quarters of zero GDP growth) on Internal Ratings-Based (IRB) estimates (i.e. Probability of Default, Loss Given Default and Exposure at Default) and the impact on regulatory capital. The purpose of the Pillar 1 credit stress test is to assess the robustness of internal credit risk models and the cushion above minimum regulatory capital.
Pillar 2 Credit Stress Testing	The Group conducts Pillar 2 credit stress testing once a year as part of the internal capital adequacy assessment process (ICAAP). Under Pillar 2 credit stress testing, the Group assesses the impact of stress scenarios, with different levels of severity, on asset quality, earnings performance, internal and regulatory capital. The results of the credit stress tests form an input to the capital planning process under ICAAP. The purpose of the Pillar 2 credit stress testing is to examine, in a rigorous and forward-looking manner, the possible events or changes in market conditions that could adversely impact the Group.
Industry-Wide Stress Testing	The Group participates in the annual industry-wide stress test (IWST) conducted by the Monetary Authority of Singapore (MAS) to facilitate its ongoing assessment of financial stability. Under the IWST, the Group is required to assess the impact of adverse scenarios, as defined by the regulator, on asset quality, earnings performance, and capital adequacy.
Sensitivity and Scenario Analyses	The Group also conducts multiple independent sensitivity analyses and credit portfolio reviews based on various scenarios. The intent of these analyses and reviews is to identify vulnerabilities for the purpose of developing and executing mitigating actions.

- **Processes, Systems and Reports**
  The Group continues to invest in systems to support risk monitoring and reporting for the Group's institutional banking and consumer banking businesses. The end-to-end credit process is constantly subjected to review and improvement through various front-to-back initiatives involving the business units, RMG, operations unit and other key stakeholders.

  Day-to-day monitoring of credit exposures, portfolio performance and the external environment that may have an impact on credit risk profiles is key to the Group's philosophy of effective credit risk

management. Risk reporting on credit trends, which may include industry analysis, early warning alerts and key weak credits, is provided to the various credit committees, and key strategies and action plans are formulated and tracked.

Credit control functions ensure that credit risks taken comply with group-wide credit policies and guidelines. These functions ensure proper activation of approved limits and appropriate endorsement of credit excesses and policy exceptions, and monitor compliance with credit standards and covenants established by management and regulators.

Non-performing assets
The Group's credit facilities are classified as 'Performing Assets' or 'Non-performing assets' in accordance with MAS Notice 612. These guidelines require credit portfolios to be categorised into one of the following five categories according to the Group's assessment of a borrower's ability to repay a credit facility from its normal sources of income.

Classification grade	Description
Performing Assets	
Pass	Indicates that the timely repayment of the outstanding credit facilities is not in doubt.
Special mention	Indicates that the borrower exhibits potential weaknesses that, if not corrected in a timely manner, may adversely affect future repayments and warrant close attention by the Group.
Classified or Non-Performing Assets	
Substandard	Indicates that the borrower exhibits definable weaknesses in its business, cash flow or financial position that may jeopardise repayment on existing terms. These credit facilities may be non-defaulting.
Doubtful	Indicates that the borrower exhibits severe weaknesses such that the prospect of full recovery of the outstanding credit facilities is questionable and the prospect of a loss is high, but the exact amount remains undeterminable.
Loss	Indicates that the amount of recovery is assessed to be insignificant.

A default 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 actions such as realising security (if held)

- Technical default: Borrower is more than 90 days past due on any credit obligation to the Group

This is consistent with the guidance provided under the MAS' Notice to Banks No. 637 "Notice on Risk Based Capital Adequacy Requirements for Banks incorporated in Singapore" (MAS Notice 637).

Credit facilities are classified as restructured assets when the Group grants non-commercial concessions to a borrower because of deterioration in its financial position or its inability to meet the original repayment schedule. A restructured credit facility is classified into the appropriate non-performing grade based on the assessment of the financial condition of the borrower and the ability of the borrower to repay based on the restructured terms. Such credit facilities are not returned to the performing status until there are reasonable grounds to conclude that the borrower will be able to service all future principal and interest payments on the credit facility in accordance with the restructured terms.

Other than the above, the Group does not grant concessions to borrowers in the normal course of business. Any restructuring of credit facilities are reviewed on a case by case basis and conducted only on commercial terms.

In addition, it is not within the Group's business model to acquire debts that have been restructured at inception (e.g. distressed debts).

Refer to Note 2.10 for the Group's accounting policies on specific and general allowances for credit losses. In general, specific allowances are recognised for defaulting credit exposures rated sub-standard and below. The breakdown of the Group's non-performing assets by loan grading and industry and the related amounts of specific allowances can be found in Note 41.2. A breakdown of past due loans can also be found in the same note.

When required, the Group will take possession of collateral and dispose them as soon as practicable. Realised proceeds are used to reduce outstanding indebtedness. A breakdown of collateral held for non-performing assets is shown in Note 41.2. Repossessed collateral is classified in the balance sheet as other assets. The amounts of such other assets for 2015 and 2014 were not material.

Credit Risk Mitigants

Collateral received
Where possible, the Group takes collateral as a secondary recourse to the borrower. Collateral include cash, marketable securities, properties, trade receivables, inventory and equipment and other physical and financial collateral. The Group may also take fixed and floating charges on the assets of borrowers. The Group has put in place policies to determine the eligibility of collateral for credit risk mitigation. These include requiring specific collaterals to meet minimum operational requirements in order to be considered as effective risk mitigants.

The Group's collateral are generally diversified and valued periodically. Properties constitute the largest

percentage whilst marketable securities and cash are immaterial.

For derivatives, repurchase agreements (repo) and other repo-style transactions with financial market counterparties, collateral arrangements are typically covered under market standard documentation (such as Master Repurchase Agreements and International Swaps and Derivatives Association (ISDA) Agreements). Collateral received is marked to market on a frequency mutually agreed with the counterparties. These are governed by internal guidelines with respect to the eligibility of collateral. In the event of a default, the credit risk exposure is reduced by master netting arrangements where the Group is allowed to offset what it owes to a counterparty against what is due from that counterparty in a netting-eligible jurisdiction.

Collateral held against derivatives generally consist of cash in major currencies and highly rated government or quasi government bonds. Exceptions may arise in certain countries, where due to domestic capital markets and business conditions, the bank may be required to accept less highly rated / liquid government bonds and currencies. Reverse repo transactions are generally limited to large institutions with reasonably good credit standing. The Group takes haircuts against the underlying collateral of these transactions that commensurate with collateral quality to ensure credit risks are adequately mitigated.

In times of difficulty, the Group will review customers' specific facts and circumstances to assist them in restructuring their repayment liabilities. However, should the need arise, disposal and recovery processes are in place for disposal of collateral held by the Group. The Group also maintains a panel of agents and solicitors for the expeditious disposal of non-liquid assets and specialised equipment.

Other Risk Mitigants
The Group also uses guarantees as credit risk mitigants. Internal thresholds for considering guarantors to be eligible for credit risk mitigation are in place.

41.1 Maximum exposure to credit risk

The following table shows the exposure to credit risk of on-balance sheet and off-balance sheet financial instruments, before taking into account any collateral held, other credit enhancements and netting arrangements. For on-balance sheet financial assets, the maximum credit exposure is the carrying amounts. For contingent liabilities, the maximum exposure to credit risk is the amount the Group would have to pay if the instrument is called upon. For undrawn facilities, the maximum exposure to credit risk is the full amount of the undrawn credit facilities granted to customers.

	The Group	
In $ millions	**2015**	**2014**
Cash and balances with central banks (excluding cash on hand)	**15,759**	17,581
Government securities and treasury bills	**34,501**	29,694
Due from banks	**38,285**	42,263
Derivatives	**23,631**	16,995
Bank and corporate debt securities	**36,995**	35,524
Loans and advances to customers	**283,289**	275,588
Other assets (excluding deferred tax assets)	**11,263**	10,992
Credit exposure	**443,723**	428,637
Contingent liabilities and commitments (excluding operating lease and capital commitments)	**239,683**	209,707
Total credit exposure	**683,406**	638,344

The Group's exposures to credit risk, measured using the expected gross credit exposures that will arise upon a default of the end obligor are as shown in the Group's Basel II Pillar 3 Disclosures. These exposures, which include both on-balance sheet and off-balance sheet financial instruments, are shown without taking into account any collateral held or netting arrangements.

Analysis of Collateral

Whilst the Group's maximum exposure to credit risk is the carrying amount of the assets or, in the case of off-balance sheet instruments, the amount guaranteed, committed, accepted or endorsed, the likely exposure may be lower due to offsetting collateral, credit guarantees and other actions taken to mitigate the Group's exposure.

The description of collateral for each class of financial asset is set out below:

Balances with central banks, government securities and treasury bills, due from banks and bank and corporate debt securities
Collateral is generally not sought for these assets.

Derivatives
The Group maintains collateral agreements and enters into master netting agreements with most of the counterparties for derivative transactions. Please refer to Note 36 for the impact of netting arrangements recognised for the computation of Capital Adequacy Ratio (CAR).

Loans and advances to customers, contingent liabilities and commitments
Certain loans and advances to customers, contingent liabilities and commitments are typically collateralised to a substantial extent. In particular, residential mortgage exposures are generally fully secured by residential properties. Income-producing real estate, which is a sub-set of the Specialised Lending exposure, is fully secured by the underlying assets financed.

The extent to which credit exposures are covered by Basel II-eligible collateral, besides real estate, after the application of the requisite regulatory hair-cuts, is shown in the Group's Basel II Pillar 3 Disclosures. The amounts are a sub-set of the actual collateral arrangements entered by the Group as Basel II imposes strict legal and operational standards before collateral can be admitted as credit risk mitigants. As a result, certain collateral arrangements which do not meet its criteria will not be included. Certain collateral types which are not permitted as credit risk mitigants for credit exposures under the Standardised Approach are also excluded.

41.2 Loans and advances to customers

	The Group	
In $ millions	**2015**	**2014**
Loans and advances to customers		
Performing Loans		
- Neither past due nor impaired (i)	**282,946**	275,436
- Past due but not impaired (ii)	**1,313**	1,299
Non-Performing Loans		
- Impaired (iii)	**2,612**	2,419
Total gross loans (Note 18)	**286,871**	279,154

(i) Loans and advances neither past due nor impaired, analysed by loan grading and industry

The credit quality of the portfolio of loans and advances that are neither past due nor impaired can be assessed by reference to the loan gradings in MAS Notice 612:

	The Group		
In $ millions	**Pass**	**Special Mention[(a)]**	**Total**
2015			
Manufacturing	**29,409**	**791**	**30,200**
Building and construction	**54,646**	**530**	**55,176**
Housing loans	**58,023**	**-**	**58,023**
General commerce	**46,459**	**891**	**47,350**
Transportation, storage and communications	**25,541**	**451**	**25,992**
Financial institutions, investment and holding companies	**13,602**	**18**	**13,620**
Professionals and private individuals (excluding housing loans)	**23,492**	**13**	**23,505**
Others	**28,740**	**340**	**29,080**
Total	**279,912**	**3,034**	**282,946**
2014			
Manufacturing	31,241	1,009	32,250
Building and construction	47,650	594	48,244
Housing loans	52,393	-	52,393
General commerce	54,358	1,686	56,044
Transportation, storage and communications	22,866	381	23,247
Financial institutions, investment and holding companies	16,061	-	16,061
Professionals and private individuals (excluding housing loans)	23,237	29	23,266
Others	23,552	379	23,931
Total	271,358	4,078	275,436

(a) For companies scored by HK SME scoring model, in addition to the ACRR, a further test was introduced in 2015 which evaluates whether the borrower meet the definitions of Special Mention. The additional criteria resulted in a reclassification of $1.6 billion Special Mention loans to the Pass category

(ii) Loans and advances past due but not impaired, analysed by past due period and industry

	The Group			
In $ millions	**Less than 30 days past due**	**30 to 59 days past due**	**60 to 90 days past due**	**Total**
2015				
Manufacturing	**55**	**18**	**41**	**114**
Building and construction	**63**	**4**	**7**	**74**
Housing loans	**346**	**55**	**23**	**424**
General commerce	**158**	**16**	**20**	**194**
Transportation, storage and communications	**52**	**4**	**2**	**58**
Financial institutions, investment and holding companies	**5**	**-**	**-**	**5**
Professionals and private individuals (excluding housing loans)	**328**	**59**	**10**	**397**
Others	**30**	**5**	**12**	**47**
Total	**1,037**	**161**	**115**	**1,313**
2014				
Manufacturing	51	26	37	114
Building and construction	106	4	1	111
Housing loans	300	39	21	360
General commerce	153	11	16	180
Transportation, storage and communications	36	28	1	65
Financial institutions, investment and holding companies	1	-	-	1
Professionals and private individuals (excluding housing loans)	351	52	14	417
Others	27	3	21	51
Total	1,025	163	111	1,299

(iii) Non-performing assets (NPAs)

	The Group	
In $ millions	**2015**	**2014**
Balance at 1 January	**2,513**	2,996
New NPAs	**1,398**	1,156
Upgrades, recoveries and translations	**(293)**	(873)
Write-offs	**(826)**	(766)
Balance at 31 December	**2,792**	2,513

Non-performing assets by loan grading and industry

	The Group							
	NPAs				Specific allowances			
In $ millions	**Sub-standard**	**Doubtful**	**Loss**	**Total**	**Sub-standard**	**Doubtful**	**Loss**	**Total**
2015								
Customer loans								
Manufacturing	**367**	**121**	**72**	**560**	**53**	**99**	**72**	**224**
Building and construction	**219**	**87**	**28**	**334**	**19**	**73**	**28**	**120**
Housing loans	**112**	**5**	**5**	**122**	**-**	**2**	**5**	**7**
General commerce	**497**	**165**	**43**	**705**	**14**	**100**	**43**	**157**
Transportation, storage and communications	**223**	**25**	**59**	**307**	**10**	**25**	**59**	**94**
Financial institutions, investment and holding companies	**36**	**50**	**14**	**100**	**10**	**36**	**14**	**60**
Professional and private individuals (excluding housing loans)	**176**	**19**	**8**	**203**	**34**	**16**	**8**	**58**
Others	**206**	**52**	**23**	**281**	**40**	**38**	**23**	**101**
Total customer loans	**1,836**	**524**	**252**	**2,612**	**180**	**389**	**252**	**821**
Debt securities	**4**	**-**	**1**	**5**	**2**	**-**	**1**	**3**
Contingent liabilities and others	**84**	**70**	**21**	**175**	**24**	**46**	**21**	**91**
Total	**1,924**	**594**	**274**	**2,792**	**206**	**435**	**274**	**915**
Of which: restructured loans	**236**	**142**	**8**	**386**	**30**	**82**	**8**	**120**
2014								
Customer loans								
Manufacturing	366	203	91	660	60	180	91	331
Building and construction	289	47	21	357	57	37	21	115
Housing loans	101	6	6	113	-	2	6	8
General commerce	293	116	25	434	25	90	25	140
Transportation, storage and communications	182	113	43	338	3	107	43	153
Financial institutions, investment and holding companies	-	83	23	106	-	67	23	90
Professional and private individuals (excluding housing loans)	139	14	13	166	26	14	13	53
Others	167	53	25	245	29	39	25	93
Total customer loans	1,537	635	247	2,419	200	536	247	983
Debt securities	5	1	1	7	2	-	1	3
Contingent liabilities and others	50	16	21	87	10	13	21	44
Total	1,592	652	269	2,513	212	549	269	1,030
Of which: restructured loans	317	120	25	462	32	111	25	168

Non-performing assets by region[(a)]

	The Group	
In $ millions	**NPAs**	**Specific allowances**
2015		
Singapore	**527**	**117**
Hong Kong	**480**	**129**
Rest of Greater China	**435**	**118**
South and Southeast Asia	**909**	**454**
Rest of the World	**441**	**97**
Total	**2,792**	**915**
2014		
Singapore	432	147
Hong Kong	269	107
Rest of Greater China	361	137
South and Southeast Asia	948	445
Rest of the World	503	194
Total	2,513	1,030

(a) Based on the country of incorporation of the borrower

Non-performing assets by past due period

	The Group	
In $ millions	**2015**	**2014**
Not overdue	**520**	597
Less than 90 days past due	**508**	273
91 to 180 days past due	**424**	162
More than 180 days past due	**1,340**	1,481
Total past due assets	**2,272**	1,916
Total	**2,792**	2,513

Collateral value for non-performing assets

	The Group	
In $ millions	**2015**	**2014**
Properties	**670**	441
Shares and debentures	**268**	316
Fixed deposits	**21**	11
Others	**467**	367
Total	**1,426**	1,135

Past due non-performing assets by industry

In $ millions	The Group 2015	2014
Manufacturing	**502**	581
Building and construction	**267**	255
Housing loans	**95**	94
General commerce	**604**	325
Transportation, storage and communications	**183**	201
Financial institutions, investment and holding companies	**85**	106
Professional and private individuals (excluding housing loans)	**158**	123
Others	**249**	177
Sub-total	**2,143**	1,862
Debt securities, contingent liabilities and others	**129**	54
Total	**2,272**	1,916

Past due non-performing assets by region[(a)]

In $ millions	The Group 2015	2014
Singapore	**410**	401
Hong Kong	**361**	222
Rest of Greater China	**312**	221
South and Southeast Asia	**771**	740
Rest of the World	**289**	278
Sub-total	**2,143**	1,862
Debt securities, contingent liabilities and others	**129**	54
Total	**2,272**	1,916

(a) Based on the country of incorporation of the borrower

41.3 Credit quality of Government securities and treasury bills and Bank and corporate debt securities

The table below presents an analysis of Government securities and treasury bills and Bank and corporate debt securities for the Group by rating agency designation as at 31 December:

External Rating In $ millions	Singapore Government securities and treasury bills	Other government securities and treasury bills	Bank and corporate debt securities
2015			
AAA	**12,312**	**5,812**	**11,024**
AA- to AA+	**-**	**12,466**	**4,845**
A- to A+	**-**	**1,016**	**5,272**
Lower than A-	**-**	**2,895**	**4,296**
Unrated	**-**	**-**	**11,558**
Total	**12,312**	**22,189**	**36,995**
2014			
AAA	9,493	6,696	8,713
AA- to AA+	-	10,050	3,850
A- to A+	-	625	6,501
Lower than A-	-	2,830	4,333
Unrated	-	-	12,127
Total	9,493	20,201	35,524

41.4 Credit risk by Geography[(a)] and Industry

Analysed by geography In $ millions	Government securities and treasury bills	Due from banks	Derivatives	Bank and corporate debt securities	Loans and advances to customers (Gross)	Total
2015						
Singapore	**12,312**	**261**	**2,475**	**12,476**	**135,860**	**163,384**
Hong Kong	**2,708**	**474**	**2,999**	**1,779**	**50,976**	**58,936**
Rest of Greater China	**4,199**	**16,054**	**1,966**	**3,907**	**45,129**	**71,255**
South and Southeast Asia	**2,892**	**3,011**	**1,124**	**4,669**	**26,443**	**38,139**
Rest of the World	**12,390**	**18,485**	**15,067**	**14,164**	**28,463**	**88,569**
Total	**34,501**	**38,285**	**23,631**	**36,995**	**286,871**	**420,283**
2014						
Singapore	9,493	89	2,194	13,192	129,167	154,135
Hong Kong	2,958	1,176	1,637	1,730	49,881	57,382
Rest of Greater China	3,012	19,706	1,114	3,258	50,865	77,955
South and Southeast Asia	2,816	4,973	1,052	5,018	25,446	39,305
Rest of the World	11,415	16,319	10,998	12,326	23,795	74,853
Total	29,694	42,263	16,995	35,524	279,154	403,630

(a) Based on the country of incorporation of the issuer (for debt securities), counterparty (for derivatives), borrower (for loans) or the issuing bank in the case of bank backed export financing

Analysed by industry In $ millions	Government securities and treasury bills	Due from banks	Derivatives	Bank and corporate debt securities	Loans and advances to customers (Gross)	Total
2015						
Manufacturing	**-**	**-**	**1,038**	**2,849**	**30,874**	**34,761**
Building and construction	**-**	**-**	**330**	**2,976**	**55,584**	**58,890**
Housing loans	**-**	**-**	**-**	**-**	**58,569**	**58,569**
General commerce	**-**	**-**	**920**	**980**	**48,249**	**50,149**
Transportation, storage and communications	**-**	**-**	**801**	**2,192**	**26,357**	**29,350**
Financial institutions, investment and holding companies	**-**	**38,285**	**19,406**	**15,547**	**13,725**	**86,963**
Government	**34,501**	**-**	**-**	**-**	**-**	**34,501**
Professionals and private individuals (excluding housing loans)	**-**	**-**	**606**	**-**	**24,105**	**24,711**
Others	**-**	**-**	**530**	**12,451**	**29,408**	**42,389**
Total	**34,501**	**38,285**	**23,631**	**36,995**	**286,871**	**420,283**
2014						
Manufacturing	-	-	641	2,350	33,024	36,015
Building and construction	-	-	174	2,983	48,712	51,869
Housing loans	-	-	-	-	52,866	52,866
General commerce	-	-	646	947	56,658	58,251
Transportation, storage and communications	-	-	591	2,467	23,650	26,708
Financial institutions, investment and holding companies	-	42,263	14,017	16,688	16,168	89,136
Government	29,694	-	-	-	-	29,694
Professionals and private individuals (excluding housing loans)	-	-	266	-	23,849	24,115
Others	-	-	660	10,089	24,227	34,976
Total	29,694	42,263	16,995	35,524	279,154	403,630

42 Market Risk

The Group's exposure to market risk is categorised into:

- Trading portfolios: Arising from positions taken for (i) market-making (ii) client-facilitation and (iii) benefiting from market opportunities.

- Non-trading portfolios: Arising from (i) positions taken to manage the interest rate risk of the Group's institutional and consumer banking assets and liabilities (ii) equity investments comprising of investments held for yield and/or long-term capital gains (iii) strategic stakes in entities and (iv) structural foreign exchange risk arising mainly from the Group's strategic investments which are denominated in currencies other than the Singapore dollar (SGD).

Market Risk Management

The Group's approach to market risk management comprises the following building blocks:

- **Policies**
  The Market Risk Framework sets out the overall approach while the Core Market Risk Policy (CMRP) establishes the base standards for market risk management within the Group. The Policy Implementation Guidance and Requirements (PIGR) complement the CMRP with more details for specific subject matters. Both CMRP and PIGR facilitate the identification, measurement, control, monitoring and reporting of market risk in a consistent manner. The Market Risk Stress Test Framework sets out the overall approach, standards and controls governing market risk stress testing across the Group. The criteria for determining the positions to be included in the trading book are stipulated in the Trading Book Policy Statement.

- **Risk Methodologies**
  Value-at-Risk (VaR) is a method that computes the potential losses on risk positions as a result of movements in market rates and prices, over a specified time horizon and to a given level of confidence. The Group's VaR model is based on historical simulation with a one-day holding period. The Group uses Expected Shortfall (ES), previously known as Tail VaR, to monitor and limit market risk exposures. With effect from 2 November 2015, ES is the average of potential losses beyond the given 97.5% level of confidence. Previously the Group used the 95% level of confidence. In the third quarter of 2015, the Group enhanced its credit spread risk modelling by deriving an implied spread from the bond prices and removing the use of proxies. The market risk economic capital that is allocated by the BRMC is linked to ES by a multiplier. ES is supplemented by risk control metrics such as sensitivities to risk factors and loss triggers for management action.

  The Group conducts backtesting to verify the predictiveness of the VaR model. Backtesting compares VaR calculated for positions at the close of each business day with the profit and loss (P&L) which actually arise on those positions on the following business day. The backtesting P&L exclude fees and commissions, and revenues from intra-day trading. For backtesting, VaR at the 99% level of confidence and over a one-day holding period is used. The Group adopts the standardised approach to compute the market risk regulatory capital under MAS Notice 637 for the trading book positions. As such, VaR backtesting does not impact the Group's regulatory capital for market risk.

  VaR models such as historical simulation VaR permit the estimation of the aggregate portfolio market risk potential loss due to a range of market risk factors and instruments. VaR models have limitations; for example, past changes in market risk factors may not provide accurate predictions of the future market movements, and the risk arising from severe market risk related events may be understated.

  To monitor the Group's vulnerability to unexpected but plausible extreme market risk related events, the Group implemented a stress testing policy for market risk. Regular and multiple stress tests are run covering trading and non-trading portfolios through a combination of historical and hypothetical scenarios depicting risk factors movement. ES is the key risk metric used to manage the Group's assets and liabilities. As an exception, credit spread risk under loans and receivables is managed under the credit risk management framework. The Group manages banking book interest rate risk arising from mismatches in the interest rate profile of assets, liabilities and capital instruments (and associated hedges), including basis risk arising from different interest rate benchmarks, interest rate re-pricing risk, yield curve risk and embedded optionality. Behavioural assumptions are applied in managing the interest rate risk of banking book deposits with indeterminate maturities. The Group measures interest rate risk in the banking book on a weekly basis.

  Credit derivatives are used in the trading book with single name or index underlyings to support business strategy in building a regional fixed income franchise. The Group actively monitors its counterparty credit risk in credit derivative contracts. More than 90% of the gross notional value of the Group's credit derivative positions as at 31 December 2015 was to 18 established names with which the Group maintains collateral agreements.

- **Processes, Systems and Reports**
  Robust internal control processes and systems are designed and implemented to support the Group's approach for market risk management. Additionally, regular reviews of these control

processes and systems are conducted. These reviews provide senior management with objective and timely assessments of the control processes and systems' appropriateness and effectiveness.

The day-to-day market risk monitoring, control and analysis is managed by the RMG Market and Liquidity Risk unit – an independent market risk management function that reports to the CRO. This group comprises risk control, risk analytics, production and reporting teams.

Market Risk

The Group level ES considers the market risks of both the trading and banking books. The Group level ES (based on the 97.5% level of confidence) is tabulated below, showing the period-end, average, high and low ES.

		The Group 1 Jan 2015 to 31 Dec 2015		
In $ millions	**As at 31 Dec 2015**	**Average**	**High**	**Low**
Total	**101**	**117**	**147**	**75**

		The Group 1 Jan 2014 to 31 Dec 2014		
In $ millions	**As at 31 Dec 2014**	**Average**	**High**	**Low**
Total	77	105	159	58

The Group's major market risk driver is interest rate risk in the trading and banking books. The average ES for 2015 was higher than 2014 mainly due to more volatile rates scenarios for ES calculation and updates of models for non-maturity deposits.

The following table shows the period-end, average, high and low diversified ES and ES by risk class for Treasury's trading portfolios. The ES reported below are based on the 97.5% level of confidence.

		The Group 1 Jan 2015 to 31 Dec 2015		
In $ millions	**As at 31 Dec 2015**	**Average**	**High**	**Low**
Diversified	**16**	**20**	**32**	**15**
Interest Rates	**17**	**15**	**21**	**9**
Foreign Exchange	**11**	**8**	**19**	**3**
Equity	**3**	**3**	**5**	**2**
Credit Spread	**8**	**16**	**23**	**7**
Commodity	**#**	**1**	**2**	**#**

		The Group 1 Jan 2014 to 31 Dec 2014		
In $ millions	**As at 31 Dec 2014**	**Average**	**High**	**Low**
Diversified	19	14	25	9
Interest Rates	11	12	23	7
Foreign Exchange	6	5	10	3
Equity	2	2	3	1
Credit Spread	18	7	18	5
Commodity	#	1	3	#

Amount under $500,000

The main risk factors driving Treasury's trading portfolios in 2015 were interest rates, foreign exchange and credit spreads. Treasury's trading portfolios' average diversified ES increased by $6 million (43%) and this was driven by the market volatility observed in 2015.

Similar to 2014, Treasury's trading portfolios experienced three backtesting exceptions in 2015. The exceptions occurred in January, August and December. Pronounced volatilities in SGD interest rate led to the exceptions in January and December. In August, the exception was triggered by the volatile swings in RMB interest rates and foreign exchange.

The key market risk drivers of the Group's non-trading portfolios are SGD and USD interest rate positions. The economic value impact of changes in interest rates was simulated under various assumptions for the non-trading risk portfolio. The economic value changes were negative $250 million and $425 million (2014: negative $275 million and $489 million) based on parallel shifts to all yield curves of 100 basis points and 200 basis points respectively. The reported figures were based on the worse of an upward or downward parallel shift in the yield curves.

43 Liquidity Risk

The Group's liquidity risk arises from the Group's obligations to honour withdrawals of deposits, repayments of borrowed funds at maturity, and commitments to its customers to extend loans.

The Group seeks to manage its liquidity in a manner that ensures that its liquidity obligations would continue to be honoured under normal as well as adverse circumstances.

Liquidity Risk Management

Liquidity Management and Funding Strategy
The Group strives to develop a diversified funding base with access to funding sources across retail and wholesale channels. The Group's funding strategy is anchored on strengthening the core deposit franchise as the foundation of the Group's long-term funding advantage.

With increasing diversification of funding sources, optimising the mismatch in fund deployment against sources with respect to pricing, size, currency and tenor remains challenging. To this end, where practicable and transferable without loss in value, the Group makes appropriate use of the swap markets for different currencies, commensurate with the liquidity of each, in the conversion and deployment of surplus funds across locations. As these swaps typically mature earlier than loans, the Group is exposed to potential cashflow mismatches arising from the risk that counterparties may not roll over maturing swaps to support the continual funding of loans. The Group mitigates this risk by setting triggers on the amount of swaps transacted with the market and making conservative assumptions on the cashflow behaviour of swaps under the Group's cashflow maturity gap analysis.

Overseas locations 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. Intra-group funding transactions are priced on an arm's length basis with reference to prevailing market rates and parameters set within the Group Funds Transfer Pricing policy.

During the Group's annual budget and planning process, each overseas location conducts an in-depth review of their projected loan and deposit growth as well as their net funding and liquidity profile for the next year. The consolidated Group funding and liquidity profiles are reviewed and revised as necessary by senior management. Each overseas location is required to provide justification if Head Office funding support is required.

The Group Assets and Liabilities Committee and respective Location Assets and Liabilities Committee regularly review balance sheet composition, growth in loans and deposits, utilisation of wholesale funding, momentum in business activities, market competition, economic outlook, market conditions and other factors that may affect liquidity in the continual refinement of the Group's funding strategy.

Approach to Liquidity Risk Management
The Group's approach to liquidity risk management comprises the following building blocks:

- **Policies**
  The Group Liquidity Risk Management Policy sets out the Group's overall approach towards liquidity risk management and describes the range of strategies employed by the Group to manage the Group's liquidity. These include maintaining an adequate counterbalancing capacity to address potential cashflow shortfalls and diversified sources of liquidity. Counterbalancing capacity includes liquid assets, the capacity to borrow from the money markets as well as forms of managerial interventions that improve liquidity. In the event of a potential or actual crisis, the Group has in place a set of liquidity contingency and recovery plans to ensure that the Group maintains adequate liquidity.

  The Policy is supported by Standards which establish the detailed requirements for liquidity risk identification, measurement, reporting and control within the Group. The set of Policies, Standards and supporting Guides communicate these baseline requirements to ensure consistent application throughout the Group.

- **Risk Methodologies**
  The primary measure used to manage liquidity within the tolerance defined by the Board is the cashflow maturity mismatch analysis. This analysis is performed on a regular basis under normal and adverse scenarios. It assesses the adequacy of the Group's counterbalancing capacity to fund or mitigate any cashflow shortfalls that may occur as forecasted in the cashflow movements across successive time bands. To ensure that liquidity is managed in line with the Risk Appetite, core parameters underpinning the performance of the analysis, such as the types of scenarios, the survival period and the minimum level of liquid assets, are pre-specified for monitoring and control on a group-wide basis. Any occurrences of forecasted shortfalls that cannot be covered by the counterbalancing capacity would be escalated to the relevant committees for deliberation and actions.

  Stress testing is performed under the cashflow maturity mismatch analysis, and covers adverse scenarios involving shocks that are general market and/or name-specific in nature. Stress tests assess the Group's vulnerability when liability run-offs increase, asset rollovers increase and/or liquid asset buffers reduce. In addition, ad-hoc stress tests are performed as part of the Group's recovery planning and ICAAP exercises.

  Liquidity risk control measures, such as liquidity-related ratios and balance sheet analysis, are complementary tools to the cashflow maturity mismatch analysis and are performed regularly to obtain deeper insights and finer control over the

liquidity profile across locations. The liquidity risk control measures also include concentration measures on top depositors, wholesale borrowing and swapped funds ratios.

- **Processes, systems and reports**
  Robust internal control processes and systems underlie the Group's overall approach to identifying, measuring, aggregating, controlling and monitoring liquidity risk across the Group. In 2015, the Group further enhanced the capabilities of its in-house data platform to improve the timeliness of cash flow information as well as to perform more in depth analysis of the Group's liquidity position.

  The day-to-day liquidity risk monitoring, control reporting and analysis are managed by the RMG Market and Liquidity Risk unit – an independent liquidity risk management function that reports to the CRO. This unit comprises of risk control, risk analytics, production and reporting teams.

Behavioural Profiling

The Group actively monitors and manages its liquidity profile based on the cashflow maturity mismatch analysis.

In forecasting cashflows under the analysis, behavioural profiling is necessary in cases where a product has indeterminate maturity or the contractual maturity does not realistically reflect the expected cashflows. An example would be maturity-indeterminate savings and current account deposits which are generally viewed as a source of stable funding for commercial banks and consistently exhibited stability even under historical periods of stress.

A conservative view is therefore adopted in the behavioural profiling of assets, liabilities and off-balance sheet commitments that have exhibited cashflow patterns that differ significantly from the contractual maturity profile shown under Note 43.1.

The table below shows the Group's behavioural net and cumulative maturity mismatch between assets and liabilities over a 1-year period under a normal scenario without incorporating growth projections. The Group's liquidity was observed to remain adequate under the maturity mismatch analysis. Increase in near term cumulative cash flows reflected higher excess cash and liquid asset holdings. Loan growth was supported largely by diversified stable funding sources which include deposits, medium term notes, commercial papers and covered bonds.

In $ millions [(a)]	Less than 7 days	1 week to 1 month	1 to 3 months	3 to 6 months	6 months to 1 year
As at 31 Dec 2015[(b)]					
Net liquidity mismatch	**27,457**	**(102)**	**(9,456)**	**8,298**	**2,825**
Cumulative mismatch	**27,457**	**27,355**	**17,899**	**26,197**	**29,022**
As at 31 Dec 2014[(b)]					
Net liquidity mismatch	21,364	(6,553)	7,767	8,404	10,803
Cumulative mismatch	21,364	14,811	22,578	30,982	41,785

(a) Positive indicates a position of liquidity surplus. Negative indicates a liquidity shortfall that has to be funded
(b) As the behavioural assumptions used to determine the maturity mismatch between assets and liabilities are updated from time to time, the liquidity mismatches may not be directly comparable across past balance sheet dates

43.1 Contractual maturity profile of assets and liabilities

The table below analyses assets and liabilities of the Group as at 31 December based on the remaining period as at balance sheet date to the contractual maturity date.

In $ millions	Less than 7 days	1 week to 1 month	1 to 3 months	3 to 12 months	1 to 3 years	3 to 5 years	More than 5 years	No specific maturity	Total
2015									
Cash and balances with central banks	**14,209**	**1,064**	**595**	**1,935**	**1,026**	**-**	**-**	**-**	**18,829**
Government securities and treasury bills	**544**	**334**	**2,328**	**4,535**	**12,089**	**4,338**	**10,333**	**-**	**34,501**
Due from banks	**19,276**	**3,020**	**5,799**	**9,511**	**381**	**298**	**-**	**-**	**38,285**
Derivatives[(a)]	**23,631**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**23,631**
Bank and corporate securities	**117**	**241**	**988**	**5,148**	**13,384**	**9,083**	**8,034**	**3,078**	**40,073**
Loans and advances to customers	**24,711**	**36,063**	**28,343**	**45,259**	**51,893**	**34,646**	**62,374**	**-**	**283,289**
Other assets	**5,874**	**949**	**1,435**	**1,421**	**1,211**	**14**	**12**	**646**	**11,562**
Associates	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,000**	**1,000**
Properties and other fixed assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,547**	**1,547**
Goodwill and intangibles	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**5,117**	**5,117**
Total assets	**88,362**	**41,671**	**39,488**	**67,809**	**79,984**	**48,379**	**80,753**	**11,388**	**457,834**
Due to banks	**13,575**	**2,634**	**1,835**	**98**	**36**	**73**	**-**	**-**	**18,251**
Deposits and balances from customers	**218,063**	**42,716**	**34,018**	**23,237**	**1,278**	**170**	**652**	**-**	**320,134**
Derivatives[(a)]	**22,145**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**22,145**
Other liabilities	**4,226**	**1,189**	**1,670**	**2,037**	**931**	**16**	**19**	**2,316**	**12,404**
Other debt securities	**1,765**	**6,622**	**13,278**	**5,174**	**5,195**	**4,022**	**2,022**	**-**	**38,078**
Subordinated term debts	**-**	**613**	**-**	**-**	**-**	**-**	**3,413**	**-**	**4,026**
Total liabilities	**259,774**	**53,774**	**50,801**	**30,546**	**7,440**	**4,281**	**6,106**	**2,316**	**415,038**
Non-controlling interests	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**2,422**	**2,422**
Shareholders' funds	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**40,374**	**40,374**
Total equity	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**42,796**	**42,796**
2014									
Cash and balances with central banks	11,675	1,894	2,742	2,152	1,054	-	-	-	19,517
Government securities and treasury bills	67	746	2,595	4,690	11,266	2,312	8,018	-	29,694
Due from banks	14,685	4,865	11,321	10,974	418	-	-	-	42,263
Derivatives[(a)]	16,995	-	-	-	-	-	-	-	16,995
Bank and corporate securities	61	457	2,981	5,186	10,376	8,262	8,201	2,239	37,763
Loans and advances to customers	20,650	34,324	31,291	48,010	54,794	30,244	56,275	-	275,588
Other assets	5,253	490	790	3,505	486	4	-	721	11,249
Associates	-	-	-	-	-	-	-	995	995
Properties and other fixed assets	-	-	-	-	-	-	-	1,485	1,485
Goodwill and intangibles	-	-	-	-	-	-	-	5,117	5,117
Total assets	69,386	42,776	51,720	74,517	78,394	40,822	72,494	10,557	440,666
Due to banks	10,205	3,401	2,501	3	66	-		-	16,176
Deposits and balances from customers	207,405	49,032	32,720	25,279	2,429	19	289	-	317,173
Derivatives[(a)]	18,755	-	-	-	-	-		-	18,755
Other liabilities	2,548	522	2,478	3,942	517	227	207	1,287	11,728
Other debt securities	37	2,569	9,236	11,351	3,602	3,495	1,673	-	31,963
Subordinated term debts	-	726	-	-	-	-	3,939	-	4,665
Total liabilities	238,950	56,250	46,935	40,575	6,614	3,741	6,108	1,287	400,460
Non-controlling interests	-	-	-	-	-	-	-	2,498	2,498
Shareholders' funds	-	-	-	-	-	-	-	37,708	37,708
Total equity	-	-	-	-	-	-	-	40,206	40,206

(a) Derivatives financial assets and liabilities are included in the "Less than 7 days" bucket as they are mainly held for trading. Refer to the table in Note 43.2 on cash flows associated with these derivatives

The above table includes disclosure of the contractual maturity of financial liabilities, which approximates the same analysis on an undiscounted basis as total future interest payments are not material relative to the principal amounts. Assets and liabilities (including non-maturing savings/ current deposits) are represented on a contractual basis or in a period when it can legally be withdrawn. On a behavioural basis for liquidity risk analysis, the assets and liabilities cash flows may differ from the contractual basis.

43.2 Derivatives

The table below shows the contractual undiscounted cash flows for derivatives settled on net and gross settlement basis.

In $ millions[(a)]	Less than 7 days	1 week to 1 month	1 to 3 months	3 to 12 months	More than 1 year	Total
2015						
Derivatives settled on a net basis	**(398)**	**3**	**41**	**153**	**457**	**256**
Derivatives settled on a gross basis						
- inflow	**48,301**	**93,374**	**141,698**	**263,871**	**136,811**	**684,055**
- outflow	**(48,045)**	**(93,041)**	**(141,707)**	**(263,906)**	**(136,252)**	**(682,951)**
2014						
Derivatives settled on a net basis	(490)	18	20	149	451	148
Derivatives settled on a gross basis						
- inflow	51,768	92,889	165,736	307,503	155,025	772,921
- outflow	(51,476)	(92,575)	(165,570)	(307,689)	(155,044)	(772,354)

(a) Positive indicates inflow and negative indicates outflow of funds

43.3 Contingent liabilities and commitments

The table below shows the Group's contingent liabilities and commitments based on the remaining period as at the balance sheet date to contractual expiry date:

In $ millions	Less than 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
2015					
Guarantees, endorsements and other contingent liabilities	**19,901**	**-**	**-**	**-**	**19,901**
Undrawn credit commitments[(a)] and other facilities	**197,676**	**8,985**	**10,389**	**2,732**	**219,782**
Operating lease commitments	**226**	**342**	**84**	**9**	**661**
Capital commitments	**33**	**8**	**7**	**-**	**48**
Total	**217,836**	**9,335**	**10,480**	**2,741**	**240,392**
2014					
Guarantees, endorsements and other contingent liabilities	22,231	-	-	-	22,231
Undrawn credit commitments[(a)] and other facilities	166,719	8,345	9,637	2,775	187,476
Operating lease commitments	207	308	158	56	729
Capital commitments	22	-	-	-	22
Total	189,179	8,653	9,795	2,831	210,458

(a) Include commitments that are unconditionally cancellable at any time by the Group

The Group expects that not all of the contingent liabilities and undrawn credit commitments will be drawn before expiry.

44 Operational Risk

Operational risk includes processing errors, fraudulent acts, inappropriate behaviour of staff, vendors' misperformance, system failure and natural disasters. Operational risk is inherent in most of the Group's businesses and activities.

The Group's objective is to keep operational risk at appropriate levels, taking into account the markets the Group operates in, the characteristics of the businesses as well as the competitive and regulatory environment the Group is subject to.

Operational Risk Management

The Group's approach to operational risk management comprises the following building blocks:

- **Policies**
  The Group Operational Risk Management (ORM) Policy provides a group-wide approach for managing operational risk in a structured, systematic and consistent manner. There are policies, standards, tools and programmes in place to govern ORM practices across the Group. These include corporate operational risk policies and standards which are owned by the respective corporate oversight and control functions and include key subject-specific policies such as Technology Risk Management Framework, Group Compliance Policy, Fraud Management Policy and Group Anti-Money Laundering, Countering the Financing of Terrorism and Sanctions Policy, New Product Approval Policy and Outsourcing Risk Policy.

- **Risk Methodologies**
  The Group adopts the standardised approach to compute operational risk regulatory capital. To manage and control operational risk, the Group uses various tools including risk and control self-assessment, operational risk event management and key risk indicators monitoring. Risk and control self-assessment is used by each business or support unit to identify key operational risks and assess the degree of effectiveness of the internal controls. For control issues identified, the units are responsible for developing action plans and tracking the timely resolution. Operational risk events are classified in accordance with Basel standards. Such events, including any significant incidents that may impact the Group's reputation, are required to be reported based on certain established thresholds. Key risk indicators with pre-defined escalation triggers are employed to facilitate risk monitoring in a forward-looking manner.

  Additional methodologies are in place to address subject-specific risks, including but not limited to the following:

Technology Risk
Information Technology (IT) risk is managed in accordance with a Technology Risk Management Framework. This covers risk governance, communication, monitoring, assessment, mitigation and acceptance and is supported by a set of IT policies and standards, control processes and risk mitigation programmes.

The Group has also established policies and standards to manage and address cyber security risk. To enhance the Group's management of this risk, the Group has appointed a Chief Information Security Officer who is responsible for the Group's cyber security risk management strategy and programme.

Compliance Risk
Compliance risk is the risk of impairment to the Group's ability to successfully conduct business as a result of any failure to comply with law, regulatory requirement, industry code or standard of professional conduct applicable to the conduct of business in the financial sector. This includes in particular laws and regulations applicable to the licensing and conduct of banking or other financial businesses, financial crime such as anti-money laundering and countering the financing of terrorism, fraud and bribery/corruption.

The Group maintains a compliance programme designed to identify, assess, measure, mitigate and report on such risks through a combination of policy, and relevant systems and controls. The Group also provides relevant training and executes assurance processes. The Group strongly believes in the need to promote a strong compliance culture. This is established through the leadership of the Board and senior management and aims to comply with the letter and spirit of the laws and regulatory standards in the environment in which the Group operates.

Fraud Risk
The Group has established minimum standards for its business and support units to prevent, detect, investigate and remediate against fraud and related events. This is based on the Fraud Management Programme through which standards are to be implemented on a unit and geographical level. These standards aim to provide end-to-end management of fraud and related issues within the Group.

Money Laundering, Financing of Terrorism and Sanctions Risks
There are minimum standards for the Group's business and support units to mitigate and manage the Group's actual and/or potential exposure to money laundering, terrorist financing, sanctions, corruption, or other illicit financial activity. Accountabilities have also been established for the protection of the assets and reputation of the Group and the interests of customers and shareholders.

New Product Approval and Outsourcing Risks
Each new product, service or outsourcing initiative is subjected to a risk review and sign-off process where relevant risks are identified and assessed by departments independent of the risk-taking unit proposing the product or service. Variations of existing products or services and outsourcing initiatives are also subjected to a similar process.

Other Mitigation Programmes
Business continuity management plays an integral role in the Group's risk mitigation programme to manage business disruptions. A robust crisis management and business continuity management programme is in place within essential business services during unforeseen events. Planning for business resilience includes identification of key business processes via Business Impact Analysis as well as the documentation and maintenance of Business Continuity Plan (BCP). Overall BCP objectives are aimed at minimising the impact of business interruption arising from severe loss scenarios and to provide a reasonable level of service until normal business operations are resumed. The crisis management structure encompasses an incident management process from the point of incident to crisis declaration and activation of the relevant committees or teams to manage the crisis. Exercises are conducted annually simulating varying scenarios to test the BCPs and crisis management protocol. Scenarios include incidents such as technology incidents having enterprise-wide impact on essential banking services, natural disasters with wide geographical area impact, safety-at-risk incidents (e.g. terrorism) and other events leading to significant business disruption. Senior management provides an attestation to the BRMC on an annual basis including the state of business continuity readiness, extent of alignment to regulatory guidelines and disclosure of residual risks.

To mitigate losses from specific unexpected and significant event risks, the Group purchases group-wide insurance policies, under the Group Insurance Programme, from third-party insurers. The Group has acquired insurance policies relating to crime and professional indemnity; directors and officers liability; property damage and business interruption; general liability and terrorism.

- **Processes, Systems and Reports**
  Robust internal control processes and systems are integral to identifying, monitoring, managing and reporting operational risk. The Group has implemented a web-based system that supports multiple operational risk management processes and tools including operational risk event reporting, risk and control self-assessment, key risk indicators, tracking of issues or action plans and operational risk reporting.

  Units are responsible for the day-to-day management of operational risk in their products, processes, systems and activities in accordance with the various frameworks and policies. RMG Operational Risk and other corporate oversight and control functions provide oversight and monitor the effectiveness of operational risk management, assess key operational risk issues with the units to determine the impact across the Group, report and/or escalate key operational risks to relevant senior management and Board-level committees with recommendations on appropriate risk mitigation strategies.

45 Capital Management

The capital management and planning process is overseen by the Capital Committee which is chaired by the Chief Financial Officer. Regular updates on the Group's current and projected capital positions are provided to the Board of Directors, which holds ultimate responsibility for the Group's capital management objective and capital structure.

The Group's capital management objective is to maintain a strong capital position consistent with regulatory requirements under the MAS' Notice to Banks No. 637 "Notice on Risk Based Capital Adequacy Requirements for Banks Incorporated in Singapore" (MAS Notice 637) and the expectations of various stakeholders, e.g. customers, investors and rating agencies. This objective is pursued while delivering returns to shareholders and ensuring that adequate capital resources are available for business growth and investment opportunities as well as adverse situations, taking into consideration our strategic plans and risk appetite.

The Group is subject to the capital adequacy requirements set out in the MAS Notice 637, which effects the Basel Committee on Banking Supervision's capital adequacy framework in Singapore. The Group has complied with all externally imposed capital requirements (whether prescribed by regulation or by contract) throughout the financial year (unaudited).

46 Segment Reporting

46.1 Business segment reporting

The Group's various business segments are described below:

Consumer Banking/ Wealth Management
Consumer Banking/ Wealth Management provides individual customers with a diverse range of banking and related financial services. The products and services available to customers include current and savings accounts, fixed deposits, loans and home finance, cards, payments, investment and insurance products.

Institutional Banking
Institutional Banking provides financial services and products to institutional clients including bank and non-bank financial institutions, government-linked companies, large corporates and small and medium-sized businesses. The business focuses on broadening and deepening customer relationships. Products and services comprise the full range of credit facilities from short-term working capital financing to specialised lending. It also provides global transactional services such as cash management, trade finance and securities and fiduciary services; treasury and markets products; corporate finance and advisory banking as well as capital markets solutions.

Treasury
Treasury provides treasury services to corporations, institutional and private investors, financial institutions and other market participants. It is primary involved in sales, structuring, market-making and trading across a broad range of financial products including foreign exchange, interest rate, debt, credit, equity and other structured derivatives. Income from these financial products and services offered to the customers of other business segments, such as Consumer Banking/Wealth Management and Institutional Banking, is reflected in the respective segments. Treasury is also responsible for managing surplus funds.

Others
Others encompass a range of activities from corporate decisions and include income and expenses not attributed to other business segments, including capital and balance sheet management, funding and liquidity. DBS Vickers Securities and Islamic Bank of Asia are also included in this segment.

The following table analyses the results, total assets and total liabilities of the Group by business segment:

In $ millions	Consumer Banking/ Wealth Management	Institutional Banking	Treasury	Others	Total
2015					
Net interest income	**2,157**	**3,538**	**694**	**711**	**7,100**
Non-interest income	**1,390**	**1,752**	**446**	**235**	**3,823**
Total income	**3,547**	**5,290**	**1,140**	**946**	**10,923**
Expenses	**2,261**	**1,722**	**572**	**345**	**4,900**
Allowances for credit and other losses	**116**	**558**	**(38)**	**107**	**743**
Share of profits of associates	**-**	**-**	**-**	**14**	**14**
Profit before tax	**1,170**	**3,010**	**606**	**508**	**5,294**
Income tax expense					**727**
Net profit attributable to shareholders					**4,454**
Total assets before goodwill and intangibles	**90,685**	**224,196**	**91,257**	**46,579**	**452,717**
Goodwill and intangibles					**5,117**
Total assets					**457,834**
Total liabilities	**172,723**	**155,231**	**43,354**	**43,730**	**415,038**
Capital expenditure	**75**	**28**	**12**	**219**	**334**
Depreciation[(a)]	**37**	**11**	**4**	**199**	**251**
2014					
Net interest income	1,689	3,258	996	378	6,321
Non-interest income	1,193	1,709	106	487	3,495
Total income	2,882	4,967	1,102	865	9,816
Expenses	1,920	1,536	510	364	4,330
Allowances for credit and other losses	89	540	(1)	39	667
Share of profits of associates	3	-	-	76	79
Profit before tax	876	2,891	593	538	4,898
Income tax expense					713
Net profit attributable to shareholders					4,046
Total assets before goodwill and intangibles	84,451	225,504	90,586	35,008	435,549
Goodwill and intangibles					5,117
Total assets					440,666
Total liabilities	162,146	164,788	36,229	37,297	400,460
Capital expenditure	72	25	13	153	263
Depreciation[(a)]	32	13	7	168	220

(a) Amounts for each business segment are shown before allocation of centralised cost

46.2 Geographical segment reporting

Income and net profit attributable to shareholders (Net profit) are based on the country in which the transactions are booked. Total assets are shown by geographical area in which the assets are booked. The total assets, income and net profit are stated after elimination of inter-group assets and revenues.

			The Group			
In $ millions	**Singapore**	**Hong Kong**	**Rest of Greater China[(a)]**	**South and Southeast Asia[(b)]**	**Rest of the World[(c)]**	**Total**
2015						
Net interest income	**4,658**	**1,330**	**547**	**382**	**183**	**7,100**
Non-interest income	**2,154**	**959**	**472**	**175**	**63**	**3,823**
Total income	**6,812**	**2,289**	**1,019**	**557**	**246**	**10,923**
Expenses	**2,816**	**951**	**699**	**343**	**91**	**4,900**
Allowances for credit and other losses	**320**	**58**	**140**	**181**	**44**	**743**
Share of profits of associates	**(3)**	**-**	**13**	**4**	**-**	**14**
Profit before tax	**3,673**	**1,280**	**193**	**37**	**111**	**5,294**
Income tax expense	**469**	**189**	**26**	**5**	**38**	**727**
Net profit attributable to shareholders	**3,091**	**1,091**	**167**	**32**	**73**	**4,454**
Total assets before goodwill and intangibles	**303,530**	**73,013**	**41,784**	**16,304**	**18,086**	**452,717**
Goodwill and intangibles	**5,083**	**34**	**-**	**-**	**-**	**5,117**
Total assets	**308,613**	**73,047**	**41,784**	**16,304**	**18,086**	**457,834**
Non-current assets[(d)]	**2,022**	**386**	**85**	**46**	**8**	**2,547**
2014						
Net interest income	4,018	1,098	598	404	203	6,321
Non-interest income	2,130	802	352	148	63	3,495
Total income	6,148	1,900	950	552	266	9,816
Expenses	2,521	789	622	310	88	4,330
Allowances for credit and other losses	254	52	68	272	21	667
Share of profits of associates	18	3	8	50	-	79
Profit before tax	3,391	1,062	268	20	157	4,898
Income tax expense	487	180	31	(25)	40	713
Net profit attributable to shareholders	2,766	882	237	44	117	4,046
Total assets before goodwill and intangibles	286,633	72,487	44,637	17,254	14,538	435,549
Goodwill and intangibles	5,083	34	-	-	-	5,117
Total assets	291,716	72,521	44,637	17,254	14,538	440,666
Non-current assets[(d)]	1,959	382	96	41	2	2,480

(a) Rest of Greater China includes branch, subsidiary and associate operations in Mainland China and Taiwan
(b) South and Southeast Asia includes branch, subsidiary and associate operations in India, Indonesia, Malaysia and Vietnam
(c) Rest of the World includes branch operations in South Korea, Japan, Dubai, United States of America, United Kingdom and Australia. Los Angeles Agency became a representative office on 31 March 2015 and its business was transferred to Singapore
(d) Includes investments in associates, properties and other fixed assets

Directors' Statement

The Directors are pleased to submit their statement to the Members, together with the audited balance sheet of DBS Group Holdings Ltd (the Company or DBSH) and the consolidated financial statements of the Company and its subsidiaries (the Group) for the financial year ended 31 December 2015. These have been prepared in accordance with the provisions of the Companies Act, Chapter 50 (the Companies Act) and the Singapore Financial Reporting Standards, as modified by the requirements of Notice to Banks No. 612 "Credit Files, Grading and Provisioning" issued by the Monetary Authority of Singapore.

In the opinion of the Directors, the balance sheet of the Company and the consolidated financial statements of the Group, together with the notes thereon, as set out on pages 1 to 73, are drawn up so as to give a true and fair view of the financial position of the Company and the Group as at 31 December 2015, and the performance, changes in equity and cash flows of the Group for the financial year ended on that date. As at the date of this statement, there are reasonable grounds to believe that the Company and the Group will be able to pay their debts as and when they fall due.

DBSH Share Option Plan

Particulars of the share options granted under the DBSH Share Option Plan in 2004 and 2005 have been set out in the Directors' Reports for the years ended 31 December 2004 and 2005 respectively. No grants have been made under the DBSH Share Option Plan since 2006.

The movements of the unissued ordinary shares of the Company in outstanding DBSH options granted under the DBSH Share Option Plan were as follows:

DBSH Options	Number of unissued ordinary shares 1 January 2015	During the year Exercised	Forfeited/ Expired	Number of unissued ordinary shares 31 December 2015	Exercise price per share	Expiry date
March 2005	354,877	350,623	4,254	-	$12.81	01 March 2015
	354,877	350,623	4,254	-		

The DBSH Share Option Plan expired on 19 June 2009 and it was not extended or replaced. Therefore, no further options were granted by the Company during the financial year. The termination of the DBSH Share Option Plan will not affect the rights of holders of any outstanding existing options.

The persons to whom the DBSH options have been granted do not have any right to participate by virtue of the DBSH options in any share issue of any other company. No Director has received any DBSH option under the DBSH Share Option Plan.

DBSH Share Plan

During the financial year, time-based awards in respect of an aggregate of 5,718,522 ordinary shares were granted pursuant to the DBSH Share Plan to selected employees of the Group. This included 312,085 ordinary shares comprised in awards granted to the executive Director, Mr Piyush Gupta, which formed part of his remuneration. During the financial year, certain non-executive Directors received an aggregate of 47,545 share awards, which formed part of their directors' fees. Details are set out below.

Directors of the Company	Share awards granted during the financial year under review	Share awards vested during the financial year under review
Peter Seah[(2)]	25,496	38,102
Piyush Gupta	312,085 [(1)]	319,347
Bart Broadman[(2)]	3,021	6,347
Euleen Goh[(2)]	4,861	10,122
Ho Tian Yee[(2)]	2,778	3,754
Nihal Kaviratne CBE[(2)]	3,529	4,851
Andre Sekulic[(2)]	3,794	3,794
Danny Teoh[(2)]	4,066	6,712

(1) Mr Gupta's awards formed part of his remuneration for 2014.

(2) The awards of these non-executive Directors formed part of their directors' fees for 2014, which had been approved by the shareholders at DBSH's annual general meeting held on 23 April 2015. All the awards granted to these non-executive Directors during the financial year under review vested immediately upon grant.

Information on the DBSH Share Plan is as follows:

(i) Awards over DBSH's ordinary shares may be granted to Group executives who hold such rank as may be determined by the Compensation and Management Development Committee of DBSH from time to time. Awards may also be granted to (amongst others) executives of associated companies of DBSH who hold such rank as may be determined by the Compensation and Management Development Committee from time to time, and non-executive Directors of DBSH.

The participants of the DBSH Share Plan shall not be eligible to participate in the DBSH Employee Share Plan or other equivalent plans.

(ii) Where time-based awards are granted, participants are awarded ordinary shares of DBSH or, at the Compensation and Management Development Committee's discretion, their equivalent cash value or a combination of both as part of their deferred bonus, at the end of the prescribed vesting periods. Dividends on unvested shares do not accrue to employees.

(iii) The DBSH Share Plan shall continue to be in force at the discretion of the Compensation and Management Development Committee, subject to a maximum period of ten years. At an Extraordinary General Meeting held on 8 April 2009, the DBSH Share Plan was extended for another ten years, from 18 September 2009 to 17 September 2019, provided always that the DBSH Share Plan may continue beyond the above stipulated period with the approval of the shareholders of DBSH by ordinary resolution in general meeting and of any relevant authorities which may then be required.

(iv) Awards under the DBSH Share Plan may be granted at any time in the course of a financial year, and may lapse by reason of cessation of service of the participant, or the retirement, redundancy, ill health, injury, disability, death, bankruptcy or misconduct of the participant, or by reason of the participant, being a non-executive Director, ceasing to be a Director, or in the event of a take-over, winding up or reconstruction of DBSH.

(v) Subject to the prevailing legislation and the rules of the Singapore Exchange, DBSH will have the flexibility to deliver ordinary shares of DBSH to participants upon vesting of their awards by way of an issue of new ordinary shares and/or the transfer of existing ordinary shares (which may include ordinary shares held by the Company in treasury).

(vi) The class and/or number of ordinary shares of DBSH comprised in an award to the extent not yet vested, and/or which may be granted to participants, are subject to adjustment by reason of any variation in the ordinary share capital of DBSH (whether by way of a capitalisation of profits or reserves or rights issue, reduction, subdivision, consolidation, or distribution) or if DBSH makes a capital distribution or a declaration of a special dividend (whether in cash or in specie), upon the written confirmation of the auditor of DBSH that such adjustment (other than in the case of a capitalisation issue) is fair and reasonable.

Board of Directors

The Directors in office at the date of this statement are:

Peter Seah Lim Huat	-	Chairman
Piyush Gupta	-	Chief Executive Officer
Bart Joseph Broadman		
Euleen Goh Yiu Kiang		
Ho Tian Yee		
Nihal Vijaya Devadas Kaviratne CBE		
Andre Sekulic		
Danny Teoh Leong Kay		
Woo Foong Pheng (Mrs Ow Foong Pheng)		

Ms Euleen Goh, Mr Danny Teoh and Mr Piyush Gupta will retire in accordance with Article 95 of the Company's Constitution at the forthcoming annual general meeting (AGM) and will offer themselves for re-election at the AGM.

Mr Nihal Vijaya Devadas Kaviratne CBE, who is over the age of 70 years, will retire under the resolution passed at the AGM held on 23 April 2015 pursuant to Section 153(6) of the Companies Act, Chapter 50 which was then in force. As such, Mr Kaviratne has to be re-appointed by the Members at the forthcoming AGM to continue in office as a Director.

Arrangements to enable Directors to acquire shares or debentures

Neither at the end of, nor at any time during the financial year, was the Company a party to any arrangement, the object of which is to enable the Directors to acquire benefits through the acquisition of shares in, or debentures of, the Company or any other body corporate, save as disclosed in this statement.

Directors' interest in shares or debentures

The following Directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under Section 164 of the Companies Act, an interest in shares of the Company and related corporations as stated below:

	Holdings in which Directors have a direct interest		Holdings in which Directors are Deemed to have an interest	
	As at 31 Dec 2015	As at 1 Jan 2015	As at 31 Dec 2015	As at 1 Jan 2015
DBSH ordinary shares				
Peter Seah	125,994	84,838	-	-
Piyush Gupta	623,196	403,849	118,000	118,000
Bart Broadman	28,862	22,515	-	-
Euleen Goh	34,245	24,123	-	-
Ho Tian Yee	12,017	7,973	-	-
Nihal Kaviratne CBE	9,865	5,014	-	-
Andre Sekulic	11,611	7,539	-	-
Danny Teoh	25,966	19,254	18,723	18,723
Ow Foong Pheng	24,466	4,403	-	-

Share awards (unvested) granted under the DBSH Share Plan				
Peter Seah	7,639	20,245	-	-
Piyush Gupta[1]	1,052,706	1,059,968	-	-
Bart Broadman	1,647	4,973	-	-
Euleen Goh	2,961	8,222	-	-
Ho Tian Yee	1,008	1,984	-	-
Nihal Kaviratne CBE	1,364	2,686	-	-
Danny Teoh	2,256	4,902	-	-
DBS Bank 4.7% non-cumulative non-convertible redeemable perpetual preference shares				
Euleen Goh	3,000	3,000	-	-

(1) Mr Gupta's share awards form part of his remuneration. Details of the DBSH Share Plan are set out in Note 37 of the Notes to the 2015 Company's financial statements

There was no change in any of the above-mentioned interests between the end of the financial year and 21 January 2016.

Audit Committee

The Audit Committee comprises non-executive Directors Mr Danny Teoh (Chairman), Mr Nihal Kaviratne CBE, Mr Peter Seah, Mr Andre Sekulic and Mrs Ow Foong Pheng.

The Audit Committee performed its functions in accordance with the Companies Act, the SGX-ST Listing Manual, the Banking (Corporate Governance) Regulations 2005, the MAS Guidelines for Corporate Governance and the Code of Corporate Governance 2012, which include, inter alia, the following:

(i) reviewing the Group's consolidated financial statements and financial announcements prior to submission to the Board;
(ii) reviewing the adequacy and effectiveness of the Group's internal controls;
(iii) reviewing with the external auditor, its audit plan, its audit report, its evaluation of the internal accounting controls of DBS and assistance given by the management to the external auditor;
(iv) reviewing the internal auditor's plans and the scope and results of audits; and
(v) overseeing the adequacy and effectiveness of the internal audit function, and the effectiveness, independence and objectivity of the external auditor.

In its review of the audited financial statements for the financial year ended 31 December 2015, the Audit Committee had discussed with management and the external auditor the accounting principles that were applied and their judgement on the items that might affect the financials. Based on the review and discussions with management and the external auditor, the Audit Committee is of the view that the financial statements are fairly presented in conformity with generally accepted accounting principles in all material aspects.

The Audit Committee has received the requisite information from PricewaterhouseCoopers LLP (PwC) and has considered the financial, business and professional relationship between PwC and the Group. It is of the view that such relationship is compatible with maintaining PwC's independence.

The Audit Committee has recommended, to the Board of Directors, the re-appointment of PwC as independent external auditor at the forthcoming AGM of the Company on 28 April 2016.

INDEPENDENT AUDITOR

PricewaterhouseCoopers LLP has expressed its willingness to accept re-appointment as independent external auditor.

On behalf of the Directors

Peter Seah Lim Huat

Piyush Gupta

19 February 2016
Singapore

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DBS GROUP HOLDINGS LTD (INCORPORATED IN SINGAPORE)

Report on the Financial Statements

We have audited the accompanying financial statements of DBS Group Holdings Ltd (the "Company") and its subsidiaries (the "Group") set out on pages 1 to 73, which comprise the consolidated balance sheet of the Group and balance sheet of the Company as at 31 December 2015, the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards, including the modification of the requirements of FRS 39 Financial Instruments: Recognition and Measurement in respect of loan loss provisioning by Notice to Banks No. 612 "Credit Files, Grading and Provisioning" issued by Monetary Authority of Singapore, so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015, and of the financial performance, changes in equity and cash flows of the Group for the financial year ended on that date.

Report on other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors, have been properly kept in accordance with the provisions of the Act.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants

Singapore, 19 February 2016

DBS BANK LTD

(Incorporated in Singapore. Registration Number: 196800306E)

AND ITS SUBSIDIARIES

FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

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DBS BANK LTD AND ITS SUBSIDIARIES
INCOME STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

		The Group		Bank	
In $ millions	**Note**	**2015**	2014	**2015**	2014
Interest income		**9,644**	8,948	**7,080**	6,282
Interest expense		**2,558**	2,626	**1,691**	1,617
Net interest income	4	**7,086**	6,322	**5,389**	4,665
Net fee and commission income	5	**2,144**	2,027	**1,536**	1,431
Net trading income	6	**1,202**	901	**274**	312
Net income from investment securities	7	**339**	274	**319**	233
Other income	8	**155**	293	**514**	456
Non-interest income		**3,840**	3,495	**2,643**	2,432
Total income		**10,926**	9,817	**8,032**	7,097
Employee benefits	9	**2,651**	2,294	**1,667**	1,464
Other expenses	10	**2,242**	2,029	**1,450**	1,304
Total expenses		**4,893**	4,323	**3,117**	2,768
Profit before allowances		**6,033**	5,494	**4,915**	4,329
Allowances for credit and other losses	11	**743**	667	**435**	547
Profit after allowances		**5,290**	4,827	**4,480**	3,782
Share of profits of associates		**14**	79	**-**	-
Profit before tax		**5,304**	4,906	**4,480**	3,782
Income tax expense	12	**725**	716	**636**	533
Net profit		**4,579**	4,190	**3,844**	3,249
Attributable to:					
Shareholders		**4,503**	4,098	**3,844**	3,249
Non-controlling interests		**76**	92	**-**	-
		4,579	4,190	**3,844**	3,249

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2015

	The Group		Bank	
In $ millions	**2015**	2014	**2015**	2014
Net profit	**4,579**	4,190	**3,844**	3,249
Other comprehensive income[(a)]:				
Foreign currency translation differences for foreign operations	**25**	96	**20**	19
Share of other comprehensive income of associates	**4**	7	**-**	-
Available-for-sale financial assets and others				
Net valuation taken to equity	**(218)**	467	**(222)**	427
Transferred to income statement	**61**	(165)	**58**	(134)
Tax on items taken directly to or transferred from equity	**7**	(14)	**7**	(14)
Other comprehensive income, net of tax	**(121)**	391	**(137)**	298
Total comprehensive income	**4,458**	4,581	**3,707**	3,547
Attributable to:				
Shareholders	**4,375**	4,484	**3,707**	3,547
Non-controlling interests	**83**	97	**-**	-
	4,458	4,581	**3,707**	3,547

(a) Items recorded in "Other comprehensive income" above will be reclassified subsequently to the income statement when specific conditions are met e.g. when foreign operations or available-for-sale financial assets are disposed of

(see notes on pages 6 to 83, which form part of these financial statements)

DBS BANK LTD AND ITS SUBSIDIARIES
BALANCE SHEETS AT 31 DECEMBER 2015

		The Group		Bank	
In $ millions	**Note**	**2015**	2014	**2015**	2014
Assets					
Cash and balances with central banks	14	**18,828**	19,505	**11,021**	12,395
Government securities and treasury bills	15	**34,501**	29,694	**29,181**	24,034
Due from banks		**38,274**	42,250	**32,704**	35,716
Derivatives	35	**23,631**	16,995	**22,791**	16,488
Bank and corporate securities	16	**40,073**	37,763	**35,978**	33,686
Loans and advances to customers	17	**283,289**	275,588	**229,287**	218,232
Other assets	19	**11,587**	11,275	**8,818**	8,000
Associates	22	**1,000**	995	**239**	205
Subsidiaries	21	**-**	-	**25,331**	18,641
Properties and other fixed assets	24	**1,547**	1,485	**635**	569
Goodwill and intangibles	25	**5,117**	5,117	**281**	281
Total assets		**457,847**	440,667	**396,266**	368,247
Liabilities					
Due to banks		**18,251**	16,176	**15,797**	14,310
Deposits and balances from customers	26	**320,134**	317,173	**250,082**	244,669
Derivatives	35	**22,191**	18,769	**21,386**	18,383
Other liabilities	27	**12,363**	11,711	**8,726**	7,062
Other debt securities	28	**36,194**	30,302	**34,554**	28,835
Due to holding company		**2,133**	4,088	**1,085**	3,373
Due to subsidiaries	29	**-**	-	**24,432**	14,341
Subordinated term debts	30	**4,026**	4,665	**4,026**	4,665
Total liabilities		**415,292**	402,884	**360,088**	335,638
Net assets		**42,555**	37,783	**36,178**	32,609
Equity					
Share capital	31	**23,496**	22,096	**23,496**	22,096
Other reserves	32	**2,265**	2,471	**2,435**	2,572
Revenue reserves	32	**14,486**	11,521	**10,247**	7,941
Shareholders' funds		**40,247**	36,088	**36,178**	32,609
Non-controlling interests	33	**2,308**	1,695	**-**	-
Total equity		**42,555**	37,783	**36,178**	32,609

DBS BANK LTD AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015

The Group **In $ millions**	**Share Capital**	**Other reserves**	**Revenue reserves**	**Total**	**Non-controlling interests**	**Total equity**
2015						
Balance at 1 January	**22,096**	**2,471**	**11,521**	**36,088**	**1,695**	**37,783**
Issue of ordinary shares during the year	**1,400**			**1,400**		**1,400**
Issue of preference shares and perpetual loan				**-**	**688**	**688**
Dividends paid to holding company			**(1,500)**	**(1,500)**		**(1,500)**
Dividends paid on preference shares			**(38)**	**(38)**		**(38)**
Dividends paid to non-controlling interests				**-**	**(86)**	**(86)**
Acquisition of non-controlling interests		**(78)**		**(78)**	**(72)**	**(150)**
Total comprehensive income		**(128)**	**4,503**	**4,375**	**83**	**4,458**
Balance at 31 December	**23,496**	**2,265**	**14,486**	**40,247**	**2,308**	**42,555**
2014						
Balance at 1 January	17,096	2,085	15,379	34,560	1,747	36,307
Issue of ordinary shares during the year	5,000			5,000		5,000
Redemption of preference shares			(1,700)	(1,700)		(1,700)
Dividends paid to holding company			(6,197)	(6,197)		(6,197)
Dividends paid on preference shares			(59)	(59)		(59)
Dividends paid to non-controlling interests				-	(86)	(86)
Change in non-controlling interests				-	(63)	(63)
Total comprehensive income		386	4,098	4,484	97	4,581
Balance at 31 December	22,096	2,471	11,521	36,088	1,695	37,783

(see notes on pages 6 to 83, which form part of these financial statements)

DBS BANK LTD AND ITS SUBSIDIARIES
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015

Bank

In $ millions	Share Capital	Other reserves	Revenue reserves	Total equity
2015				
Balance at 1 January	**22,096**	**2,572**	**7,941**	**32,609**
Issue of ordinary shares during the year	**1,400**			**1,400**
Dividends paid to holding company			**(1,500)**	**(1,500)**
Dividends paid on preference shares			**(38)**	**(38)**
Total comprehensive income		**(137)**	**3,844**	**3,707**
Balance at 31 December	**23,496**	**2,435**	**10,247**	**36,178**
2014				
Balance at 1 January	17,096	2,274	12,649	32,019
Issue of ordinary shares during the year	5,000			5,000
Redemption of preference shares			(1,700)	(1,700)
Remeasurement of defined benefit plan			(1)	(1)
Dividends paid to holding company			(6,197)	(6,197)
Dividends paid on preference shares			(59)	(59)
Total comprehensive income		298	3,249	3,547
Balance at 31 December	22,096	2,572	7,941	32,609

(see notes on pages 6 to 83, which form part of these financial statements)

DBS BANK LTD AND ITS SUBSIDIARIES
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2015

The Group

In $ millions	**2015**	2014
Cash flows from operating activities		
Net profit	**4,579**	4,190
Adjustments for non-cash items:		
Allowances for credit and other losses	**743**	667
Depreciation of properties and other fixed assets	**251**	220
Share of profits of associates	**(14)**	(79)
Net gain on disposal (net of write-off) of properties and other fixed assets	**(82)**	(35)
Net income from investment securities	**(339)**	(274)
Net gain on disposal of associate	**-**	(223)
Income tax expense	**725**	713
Fair value gain on acquisition of interest in joint venture	**-**	(3)
Profit before changes in operating assets and liabilities	**5,863**	5,176
Increase/(Decrease) in:		
Due to banks	**1,858**	2,604
Deposits and balances from customers	**(1,592)**	24,808
Other liabilities	**1,639**	1,314
Other debt securities and borrowings	**5,735**	6,982
Due to holding company	**(1,955)**	2,682
(Increase)/Decrease in:		
Restricted balances with central banks	**960**	111
Government securities and treasury bills	**(4,350)**	(1,986)
Due from banks	**4,359**	(2,433)
Loans and advances to customers	**(4,076)**	(27,558)
Bank and corporate securities	**(1,911)**	(3,865)
Other assets	**(5,189)**	(2,172)
Tax paid	**(731)**	(731)
Net cash generated from operating activities (1)	**610**	4,932
Cash flows from investing activities		
Proceeds from disposal of interest in associate	**-**	435
Acquisition of interest in associate and joint venture	**(21)**	(88)
Dividends from associates	**32**	98
Purchase of properties and other fixed assets	**(334)**	(263)
Proceeds from disposal of properties and other fixed assets	**140**	55
Acquisition of non-controlling interests	**(150)**	-
Acquisition of business	**-**	(281)
Net cash used in investing activities (2)	**(333)**	(44)
Cash flows from financing activities		
Increase in share capital	**1,400**	5,000
Payment upon redemption of subordinated term debts	**-**	(977)
Purchase of subordinated term debts	**(743)**	-
Dividends paid to non-controlling interests	**(86)**	(86)
Dividends paid to shareholders of the Bank	**(1,538)**	(6,256)
Redemption of preference shares	**-**	(1,700)
Change in non-controlling interests	**-**	(63)
Issue of preference shares and perpetual loan	**688**	-
Net cash used in financing activities (3)	**(279)**	(4,082)
Exchange translation adjustments (4)	**240**	91
Net change in cash and cash equivalents (1)+(2)+(3)+(4)	**238**	897
Cash and cash equivalents at 1 January	**11,839**	10,942
Cash and cash equivalents at 31 December (Note 14)	**12,077**	11,839

(see notes on pages 6 to 83, which form part of these financial statements)

These Notes are integral to the financial statements.

The consolidated financial statements for the year ended 31 December 2015 were authorised for issue by the Directors on 19 February 2016.

1 Domicile and Activities

DBS Bank Ltd (the Bank) is incorporated and domiciled in the Republic of Singapore and has its registered office at 12 Marina Boulevard, Marina Bay Financial Centre Tower Three, Singapore 018982. It is a wholly-owned subsidiary of DBS Group Holdings Ltd (DBSH).

The Bank is principally engaged in a range of commercial banking and financial services, principally in Asia.

The financial statements relate to the Bank and its subsidiaries (the Group) and the Group's interests in associates.

2 Summary of Significant Accounting Policies

2.1 Basis of preparation

Compliance with Singapore Financial Reporting Standards (FRS)
The financial statements of the Bank and the consolidated financial statements of the Group are prepared in accordance with Singapore Financial Reporting Standards (FRS) and related Interpretations promulgated by the Accounting Standards Council (ASC). In accordance with Section 201(18) of the Companies Act (the Act), the requirements of FRS 39 Financial Instruments: Recognition and Measurement in respect of loan loss provisioning are modified by the requirements of Notice to Banks No. 612 "Credit Files, Grading and Provisioning" (MAS Notice 612) issued by the Monetary Authority of Singapore.

The financial statements are presented in Singapore dollars and rounded to the nearest million, unless otherwise stated.

Differences between International Financial Reporting Standards (IFRS) and FRS
Beyond the above modification to FRS related to MAS Notice 612, there are no significant differences between IFRS and FRS in terms of their application to the Group. The consolidated financial statements and the notes thereon satisfy all necessary disclosures under IFRS and FRS.

2.2 Significant estimates and judgement

The preparation of financial statements requires management to exercise judgement, use estimates and make assumptions in the application of policies and in reporting the amounts in the financial statements. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from these estimates. Critical accounting estimates and assumptions used that are significant to the financial statements, and areas involving a higher degree of judgement and complexity, are disclosed in Note 3.

2.3 Adoption of new and revised accounting standards

On 1 January 2015, the Group adopted the following new or revised FRS that are issued by the ASC and relevant for the Group:

- Improvements to FRSs 2014

The adoption of these FRS has no significant impact on the financial statements of the Group.

In addition to the above, a number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2015. The Group has not applied these standards or amended standards in preparing these financial statements. None of them is expected to have a significant effect on the financial statements of the Group and the Bank other than FRS 109.

FRS 109: Financial Instruments
FRS 109 replaces the existing guidance in FRS 39 Financial Instruments: Recognition and Measurement. It includes revised guidance on the classification and measurement of financial instruments and introduces a new expected credit loss model for impairment of financial assets as well as new requirements for general hedge accounting. The standard is effective for annual reporting periods beginning on or after 1 January 2018. Early adoption is permitted.

A summary of the most significant group accounting policies is described further below starting with those relating to the entire financial statements followed by those relating to the income statement, the balance sheet and other specific topics. This does not reflect the relative importance of these policies to the Group.

A) General Accounting Policies

2.4 Group Accounting

Subsidiaries
Subsidiaries are entities (including structured entities) over which the Group has control. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are consolidated from the date control is transferred to the Group to the date control ceases.

The acquisition method is used to account for business combinations. Refer to Note 2.12 for the Group's accounting policy on goodwill.

All intra-group transactions and balances are eliminated on consolidation.

Associates
Associates are entities over which the Group has significant influence, but no control where the Group generally holds a shareholding of between and including 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method.

2.5 Foreign currency treatment

Functional and presentation currency
Items in the financial statements are measured using the functional currency of each entity in the Group, this being the currency of the primary economic environment in which the entity operates. The Group's financial statements are presented in Singapore dollars, which is the functional currency of the Bank.

Foreign currency transactions and balances
Transactions in foreign currencies are measured using the exchange rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency of the entity undertaking the transaction at the exchange rates at the balance sheet date. Foreign exchange differences arising from this translation are recognised in the income statement within "Net trading income".

Non-monetary assets and liabilities measured at cost in a foreign currency are translated using the exchange rates at the date of the transaction.

Non-monetary assets and liabilities measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined, which is generally the balance sheet date.

Unrealised foreign exchange differences arising from non-monetary financial assets and liabilities classified as fair value through profit or loss are recognised in the income statement within "Net trading income". For non-monetary financial assets such as equity investments classified as available-for-sale, unrealised foreign exchange differences are recorded in other comprehensive income and accumulated in equity until the assets are disposed of or become impaired, upon which they are reclassified to the income statement.

Subsidiaries and branches
The results and financial position of subsidiaries and branches whose functional currency is not Singapore dollars ("foreign operations") are translated into Singapore dollars in the following manner:

- Assets and liabilities are translated at the exchange rates at the balance sheet date;
- Income and expenses in the income statement are translated at exchange rates prevailing at each month-end, approximating the exchange rates at the dates of the transactions; and
- All resulting exchange differences are recognised in other comprehensive income and accumulated under capital reserves in equity. When a foreign operation is disposed of, such exchange differences are recognised in the income statement as part of the gain or loss on disposal.

For acquisitions prior to 1 January 2005, the foreign exchange rates at the respective dates of acquisition were used. Please refer to Note 25 for an overview of goodwill recorded. Goodwill and fair value adjustments arising on the acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of the foreign operation and translated at the closing rate.

2.6 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to management.

In preparing the segment information, amounts for each business segment are shown after the allocation of certain centralised costs, funding income and the application of transfer pricing, where appropriate. Transactions between segments are recorded within the segment as if they are third party transactions and are eliminated on consolidation.

Please refer to Note 45 for further details on business and geographical segment reporting.

B) Income Statement

2.7 Income recognition

Interest income and interest expense
Interest income and interest expense as presented in Note 4 arise from all interest-bearing financial assets and financial liabilities regardless of their classification and measurement, with the exception of the Group's structured investment deposits which are carried at fair value through profit or loss. Interest expense on such structured investment deposits is presented together with other fair value changes in trading income.

Interest income and interest expense are recognised on a time-proportionate basis using the effective interest method. The calculation includes significant fees and transaction costs that are integral to the effective interest rate, as well as premiums or discounts.

Fee and commission income
The Group earns fee and commission income from a diverse range of products and services provided to its customers.

Fee and commission income is generally recognised on the completion of a transaction. Such fees include underwriting fees, brokerage fees and fees related to completion of corporate finance transactions.

For a service that is provided over a period of time, fee and commission income is recognised over the period during which the related service is provided or credit risk is undertaken. Such fees include the income from issuance of financial guarantees and bancassurance fixed service fees.

Fee and commission income is recorded net of expenses directly related to it. These expenses typically include brokerage fees paid, card-related expenses and sales commissions, but do not include expenses for services delivered over a period (such as service contracts) and other expenses that are not specifically related to fee and commission income transactions.

Dividend income
Dividend income is recognised when the right to receive payment is established. This is generally the ex-dividend date for listed equity securities, and the date when shareholders approve the dividend for unlisted equity securities. Dividend income arising from held-for-trading financial assets is recognised in "Net trading income", while those arising from available-for-sale financial assets is recognised in "Net income from investment securities".

Allowances for credit and other losses
Please refer to Note 2.10 for the accounting policy on impairment of financial assets.

C) Balance Sheet

2.8 Financial assets

Initial recognition
Purchases and sales of all financial assets, even if their classification and measurement are subsequently changed, are recognised on the date that the Group enters into the contractual arrangements with counterparties. When the Group acts as a trustee or in a fiduciary capacity for assets it does not directly control or benefit from, the assets and the corresponding income belonging to a customer are excluded from the financial statements.

Financial assets are initially recognised at fair value, which is generally the transaction price.

Classification and subsequent measurement
The Group classifies and measures financial assets based on their nature and the purpose for which they are acquired. This generally corresponds to the business models in which they are applied and how management monitors performance, as follows:

- Non-derivative financial assets that are managed mainly for longer-term holding and collection of payments are classified as **loans and receivables.** These assets have fixed or determinable payments, are not quoted in an active market and are mainly in the "Consumer Banking/Wealth Management" and "Institutional Banking" segments. Loans and receivables are carried at amortised cost using the effective interest method.

- Non-derivative financial assets that are managed on a fair value basis, which are mainly in the "Treasury" segment, are classified as **financial assets at fair value through profit or loss**. Such assets include instruments held for the purpose of short-term selling and market-making ("**held for trading**"), or designated under the fair value option if doing so eliminates or significantly reduces measurement or recognition inconsistencies that would otherwise arise, or if the financial asset contains an embedded derivative that would otherwise need to be separately recorded (**"designated at fair value through profit or loss"**).

  Realised or unrealised gains or losses on such financial assets, except interest income, are taken to "Net trading income" in the income statement in the period they arise.

  Derivatives (including derivatives embedded in other contracts but separated for accounting purposes) are also categorised as **held for trading** unless they are designated as hedging instruments in accordance with Note 2.18. Derivatives are classified as assets when the fair value is positive and as liabilities when the fair value is negative. Changes in the fair value of derivatives other than those designated as hedging instruments in cash flow or net investment hedges are included in "Net trading income".

- Non-derivative financial assets that the Group intends to hold to maturity are classified as **held to maturity**. These are Singapore Government securities that the Group holds for satisfying regulatory liquidity requirements and are held within the "Others" segment. These assets are carried at amortised cost using the effective interest method.

- The Group also holds other non-derivative financial assets for the purpose of investment or satisfying regulatory liquidity requirements. Such assets are held for an indefinite period and may be sold in response to needs for liquidity or changes in interest rates, credit spreads, exchange rates or equity prices. Financial assets in this category are held in all business segments as well as the liquidity management unit in the "Others" segment. These assets are classified as **available-for-sale** and initially and subsequently measured at fair value.

  Unrealised gains or losses arising from changes in fair value are recognised in other comprehensive income and accumulated in available-for-sale revaluation reserves. When sold or impaired, the accumulated fair value adjustments in the available-for-sale revaluation reserves are reclassified to the income statement. Unquoted equity investments classified as available-for-sale for which fair values cannot be reliably determined are carried at cost, less impairment (if any).

Where the classification and measurement of financial assets do not reflect the management of the financial assets (or financial liabilities), the Group may apply hedge accounting where permissible and relevant to better reflect the management of the financial assets. Please refer to Note 2.18 for details on hedging and hedge accounting.

Please refer to Note 13 for further details on the types of financial assets classified and measured as above.

Reclassification
When the purpose for holding a financial asset changes, or when FRS otherwise requires it, non-derivative financial assets are reclassified accordingly. Financial assets may be classified out of the fair value through profit or loss or available-for-sale categories only in particular circumstances as prescribed by FRS 39. In 2008 and 2009, the Group reclassified certain financial assets between categories as a result of a change in its holding intention. The reclassifications did not have a material impact on the income statement and statement of comprehensive income for the current year.

Determination of fair value
The fair value of financial assets is the price that would be received if the asset is sold in an orderly transaction between market participants at the measurement date. Fair value is generally estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments. Where applicable, a valuation reserve or pricing adjustment is applied to arrive at the fair value. The determination of fair value is considered a significant accounting policy for the Group and further details are disclosed in Note 38.

Offsetting
Financial assets and liabilities are presented net when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle them on a net basis, or realise the asset and settle the liability simultaneously.

Derecognition
Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or when they have been transferred together with substantially all the risks and rewards of ownership.

The Group enters into certain transactions where it transfers financial assets recognised on its balance sheet but retains either all or a portion of the risks and rewards of the transferred financial assets. In such cases, the transferred financial assets are not derecognised from the balance sheet. Such transactions include repurchase transactions described in Note 2.11. They also include transactions where control over the financial asset is retained, for example, by a simultaneous transaction (such as options) with the same counterparty to which the asset is transferred. These are mainly transacted in the “Treasury” segment. In such cases the Group continues to recognise the asset to the extent of its continuing involvement which is the extent to which it is exposed to changes in the value of the transferred asset.

Please refer to Note 18 for disclosures on transferred financial assets.

2.9 Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand and non-restricted balances with central banks which are readily convertible into cash.

2.10 Impairment of financial assets
The Group assesses at each balance sheet date whether there is evidence that a financial asset or a group of financial assets is impaired.

(a) Financial assets classified as loans and receivables and held to maturity

The Group carries out regular and systematic reviews of all credit facilities extended to customers.

The criteria that the Group uses to determine whether there is evidence of an impairment loss include:

- Significant financial difficulty of the issuer or obligor, including breach of covenants and/or financial conditions.
- A breach of contract, such as a default or delinquency in interest or principal payments.
- Granting of a concession to the borrower, for economic or legal reasons relating to the borrower’s financial difficulty, that the Group would not otherwise consider.
- High probability of bankruptcy or other financial reorganisation of the borrower.

Specific allowances for credit losses
A specific allowance for credit losses is recognised if there is evidence that the Group will be unable to collect all amounts due under a claim according to the original contractual terms or the equivalent value. A “claim” means a loan, debt security or a commitment such as financial guarantees and letters of credit.

A specific allowance for credit losses is recorded as a reduction in the carrying value of a claim on the balance sheet. For an off-balance sheet item such as a commitment, a specific allowance for credit loss is recorded as “provision for loss in respect of off-balance sheet credit exposures” within “Other liabilities”.

Specific allowances for credit losses are evaluated either individually or collectively for a portfolio.

Specific allowance for an individual credit exposure is made when existing facts, conditions or valuations indicate that the Group is not likely to collect the principal and interest due contractually on the claim. An allowance is reversed only when there has been an identifiable event that has led to an improvement in the collectability of the claim. The amount of specific allowance also takes into account the collateral value, which may be discounted to reflect the impact of a forced sale or untimely liquidation.

Overdue unsecured consumer loans which are homogenous in nature, such as credit card receivables, are pooled according to their delinquency behaviour and evaluated for impairment collectively as a group, taking into account the historical loss experience of such loans.

When a loan is uncollectible, it is written off against the related allowance for loan impairment. Such loans are written off after all the recovery procedures have been exhausted and the amount of the loss has been determined. Recoveries in full or in part of amounts previously written off are credited to the income statement in "Allowances for credit and other losses".

General allowances for credit losses
Apart from specific allowances, the Group also recognises general allowances for credit losses. The Group maintains a level of allowances that is deemed sufficient to absorb the estimated credit losses inherent in its loan portfolio (including off-balance sheet credit exposures). The Group maintains general allowances of at least 1% of credit exposures arising from both on and off-balance sheet items (against which specific allowances have not been made), adjusted for collateral held. This is in accordance with the transitional arrangements under MAS Notice 612.

(b) Financial assets classified as available-for-sale

The Group assesses at each balance sheet date whether there is evidence that an available-for-sale financial asset is impaired.

In the case of an equity investment, a significant or prolonged decline in the fair value of the security below its cost is a factor in determining whether the asset is impaired.

When there is evidence of an impairment of an available-for-sale financial asset, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the income statement – is reclassified from the revaluation reserve within equity to the income statement as "Allowances for credit and other losses".

For equity investments, impairment losses are not reversed until they are disposed of. For impaired debt instruments that subsequently recover in value, the impairment losses are reversed through the income statement if there has been an identifiable event that led to the recovery.

2.11 Repurchase agreements

Repurchase agreements (***Repos***) are treated as collateralised borrowings. The amount borrowed is reflected as a financial liability either as "Due to banks" or "Deposits and balances from customers". The securities sold under repos are treated as pledged assets and remain on the balance sheet at amortised cost or fair value depending on their classification.

Reverse repurchase agreements (***Reverse repos***) are treated as collateralised lendings. The amount lent is reflected as a financial asset as "Cash and balances with central banks", "Due from banks" or "Loans and advances to customers".

Amounts paid and received in excess of the amounts borrowed and lent on the repos and reverse repos are amortised as interest expense and interest income respectively using the effective interest method.

2.12 Goodwill

Goodwill arising from business combinations generally represents the excess of the acquisition cost over the fair value of identifiable assets acquired and liabilities and contingent liabilities assumed on the acquisition date. Goodwill is stated at cost less impairment losses and is tested at least annually for impairment.

At the acquisition date, any goodwill acquired is allocated to each of the cash-generating units (CGU) or group of CGUs expected to benefit from the combination's synergies.

An impairment loss is recognised when the carrying amount of a CGU, or group of CGUs, including the goodwill, exceeds the applicable recoverable amount. The recoverable amount of a CGU or CGU group is the higher of the CGU's or CGU group's fair value less cost to sell and its value-in-use. An impairment loss on goodwill is recognised in the income statement and cannot be reversed in subsequent periods.

2.13 Properties and other fixed assets

Properties (including investment properties) and other fixed assets are stated at cost less accumulated depreciation and impairment losses.

Depreciation is calculated using the straight-line method over the estimated useful lives of the assets.

Generally, the useful lives are as follows:

Buildings	50 years or over the remaining lease period, whichever is shorter.
Leasehold land	100 years or over the remaining lease period, whichever is shorter. Leasehold land where the unexpired lease period is more than 100 years is not depreciated.
Computer software	3 - 5 years
Office equipment, furniture and fittings	5 - 10 years

Please refer to Note 24 for the details of properties and other fixed assets and their movements during the year.

2.14 Financial liabilities

Initial recognition, classification and subsequent measurement
Financial liabilities are initially recognised at fair value. The Group generally classifies and measures its financial liabilities in accordance with the purpose for which the financial liabilities are incurred and managed. Accordingly:

- Financial liabilities are classified as **financial liabilities at fair value through profit or loss** if they are incurred for the purpose of repurchasing in the near term (**"held for trading"**), and this may include debt securities issued and short positions in securities for the purpose of ongoing market-making or trading. Financial liabilities at fair value through profit or loss can also be designated by management on initial recognition (**"designated at fair value through profit or loss"**) if doing so eliminates or significantly reduces measurement or recognition inconsistencies that would otherwise arise, or if the financial liability contains an embedded derivative that would otherwise need to be separately recorded. Financial liabilities in this classification are usually within the "Treasury" segment.

  Realised or unrealised gains or losses on financial liabilities held for trading and financial liabilities designated under the fair value option, except interest expense, are taken to "Net trading income" in the income statement in the period they arise. Interest expense on structured investment deposits at fair value through profit or loss is also presented together with other fair value changes in "Net trading income".

- Derivative liabilities are treated consistently with derivative assets. Please refer to Note 2.8 for the accounting policy on derivatives.

- Other financial liabilities are carried at **amortised cost** using the effective interest method. These comprise predominantly the Group's "Deposits and balances from customers", "Due to banks" and "Other debt securities".

Please refer to Note 13 for further details on the types of financial liabilities classified and measured as above.

Determination of fair value
The fair value of financial liabilities is the price that would be paid to transfer the liability in an orderly transaction between market participants at the measurement date.

Please refer also to Note 38 for further fair value disclosures.

Derecognition
A financial liability is derecognised from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired.

2.15 Loan commitments, letters of credit and financial guarantees

Loan commitments
Loan commitments are typically not financial instruments and are not recognised on the balance sheet. They are disclosed in accordance with FRS 37 and form part of the disclosures in Note 34. Upon a loan draw-down, the amount of the loan is accounted for under "loans and receivables" as described in Note 2.8.

Letters of credit
Letters of credit are recorded off-balance sheet as contingent liabilities upon issuance, and the corresponding payables to the beneficiaries and receivables from the applicants are recognised on-balance sheet upon acceptance of the underlying documents.

Financial guarantees
A financial guarantee is initially recognised in the financial statements at fair value on the date the guarantee is given. This is generally the amount (fee) paid by the counterparty. Subsequently, the fee is recognised over time as income in accordance with the principles in Note 2.7.

Off-balance sheet credit exposures are managed for credit risk in the same manner as financial assets. Please refer to Note 2.10 on the Group's accounting policies on allowances for credit losses.

2.16 Provisions and other liabilities

Provisions for other liabilities of uncertain timing and amounts are recognised when:

- the Group has a present legal or constructive obligation as a result of past events;

- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and

- a reliable estimate of the amount of the obligation can be made.

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the balance sheet date.

2.17 Share capital and other instruments classified as equity

Ordinary shares, preference shares and other instruments which do not result in the Group having a contractual obligation to deliver cash or another financial asset, or to exchange financial assets or financial liabilities with the holder under conditions that are potentially unfavourable to the Group, are classified as equity. Distributions arising from such instruments are recognised in equity as there is no contractual obligation to pay distributions on these instruments. Incremental external costs directly attributable to the issuance of such instruments are accounted for as a deduction from equity.

For ordinary and preference shares, interim dividends are recorded during the financial year in which they are declared payable. Final dividends are recorded during the financial year in which the dividends are approved by the shareholders at the Annual General Meeting.

D) Other Specific Topics

2.18 Hedging and hedge accounting

The Group uses derivative contracts mainly as part of its risk management strategies for hedging interest rate risk arising from maturity mismatches or for hedging currency risk arising from currency mismatches and cash flows in foreign currencies.

In some cases, where the strict criteria in FRS 39 are met, hedge accounting is applied as set out in subsequent paragraphs. At the inception of each hedging relationship, the Group documents the relationship between the hedging instrument and the hedged item; the risk management objective for undertaking the hedge transaction; and the methods used to assess the effectiveness of the hedge. At inception and on an on-going basis, the Group also documents its assessment of whether the hedging instrument is highly effective in offsetting changes in the fair value or cash flows of the hedged item.

Fair value hedge
The Group's fair value hedges consist principally of interest rate swaps used for managing the interest rate gaps that naturally arise from its purchases or issues of debt securities, and where a mismatch in the measurement between the hedging derivative and the hedged item exists. Such hedges are mainly used in the "Treasury" and "Others" segments.

For a qualifying fair value hedge, the changes in the fair value of the hedging derivatives are recorded in the income statement, together with any changes in the fair value of the hedged item attributable to the hedged risk.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item is amortised to the income statement over its remaining maturity, using the effective interest method.

Cash flow hedge
For transactions with highly probable cash flows, derivatives are used to hedge against cash flow variability due to exchange rate movements in certain situations. Cash flow hedge accounting is principally applied in such cases.

The effective portion of changes in the fair value of a derivative designated and qualifying as a cash flow hedge is recognised in other comprehensive income and accumulated under the cash flow hedge reserve in equity. This amount is reclassified to the income statement in the periods when the hedged forecast cash flows affect the income statement. The ineffective portion of the gain or loss is recognised immediately in the income statement under "Net trading income".

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in the cash flow hedge reserve remains until the forecast transaction is recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss in the cash flow hedge reserve is reclassified from equity to the income statement.

Net investment hedge
Net investment hedge accounting is applied to hedged investments in foreign operations which comprise certain subsidiaries, branches and associates with a functional currency different from that of the Bank. Under the Group's hedging strategy, the carrying amount of these investments could be fully hedged, partially hedged or not hedged at all.

Hedges of net investments in the Group's foreign operations are accounted for in a manner similar to cash flow hedges. On disposal of the foreign operations, the cumulative gain or loss in the capital reserves is reclassified to the income statement as part of the gain or loss on disposal.

Economic hedges which do not qualify for hedge accounting
Some derivatives may be transacted as economic hedges as part of the Group's risk management but do not qualify for hedge accounting under FRS 39. These include swaps and other derivatives (e.g. futures and options) that the Group transacts to manage interest rate, foreign exchange or other risks. Such derivatives are treated in the same way as derivatives held for trading purposes, i.e. realised and unrealised gains and losses are recognised in "Net trading income". In some cases, the hedged exposures are designated at fair value through profit or loss, thereby achieving some measure of offset in the income statement.

Please refer to Note 35.2 for disclosures on hedging derivatives.

2.19 Employee benefits

Employee benefits, which include base pay, cash bonuses, share-based compensation, contribution to defined contribution plans such as the Central Provident Fund and other staff-related allowances, are recognised in the income statement when incurred. For defined contribution plans, contributions are made to publicly or privately administered funds on a mandatory, contractual or voluntary basis. Once the contributions have been paid, the Group has no further payment obligations.

Employee entitlement to annual leave is recognised when they accrue to employees. A provision is made for the estimated liability for annual unutilised leave as a result of services rendered by employees up to the balance sheet date.

2.20 Share-based compensation

Employee benefits also include share-based compensation, namely the DBSH Share Ownership Scheme (the Scheme), the DBSH Share Option Plan, the DBSH Share Plan and the DBSH Employee Share Plan (the Plans). The details of the Scheme and Plans are described in Note 36.

Equity instruments granted and ultimately vested under the Plans are recognised in the income statement based

on the fair value of the equity instrument at the date of grant. The expense is amortised over the vesting period of each award, with a corresponding adjustment to the share option/plan reserves. Monthly contributions to the Scheme are expensed off when incurred.

For the DBSH Share Plan and the DBSH Employee Share Plan, a trust has been set up for each share plan. The employee trust funds are consolidated and the DBSH shares held by the trust funds are accounted for as “treasury shares”, which is presented as a deduction within equity.

2.21 Current and deferred taxes

Current income tax for current and prior periods is recognised as the amount expected to be paid or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. The Group considers uncertain tax positions generally at the level of the total tax liability to each tax authority for each period. The liability is determined based on the total amount of current tax expected to be paid, taking into account all tax uncertainties, using either an expected value approach or a single best estimate of the most likely outcome.

Tax assets and liabilities of the same type (current or deferred) are offset when a legal right of offset exist and settlement in this manner is intended. This applies generally when they arise from the same tax reporting group and relate to the same tax authority.

Deferred income tax is provided on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted by the balance sheet date.

The amount of deferred tax assets recognised takes into account the likelihood the amount that can be used to offset payable taxes on future profits.

Deferred tax related to fair value re-measurement of available-for-sale investments, which are recognised outside profit or loss, is also recognised outside profit or loss, i.e. in other comprehensive income and accumulated in the available-for-sale revaluation reserves.

3 Critical Accounting Estimates

The Group's accounting policies and use of estimates are integral to the reported amounts in the financial statements. Certain accounting estimates require management's judgement in determining the appropriate methodology for valuation of assets and liabilities. Procedures are in place to ensure that methodologies are reviewed and revised as appropriate. The Group believes its estimates for determining the valuation of its assets and liabilities are appropriate.

The following is a brief description of the Group's critical accounting estimates that involve management's valuation judgement.

3.1 Impairment allowances

It is the Group's policy to recognise, through charges against profit, specific and general allowances in respect of estimated and inherent credit losses in its portfolio as described in Note 2.10.

In estimating specific allowances, the Group assesses the gap between borrowers' obligations to the Group and their repayment ability. The assessment takes into account various factors, including the economic or business outlook, the future profitability of the borrowers and the liquidation value of collateral. Such assessment requires considerable judgement.

Another area requiring judgement is the calculation of general allowances, which are determined after taking into account historical data and management's assessment of the current economic and credit environment, country and portfolio risks, as well as industry practices. Please refer to Note 40 for a further description of the Group's credit risk management.

3.2 Fair value of financial instruments

The majority of the Group's financial instruments reported at fair value are based on quoted and observable market prices or on internally developed models that are based on independently sourced market parameters.

The fair value of financial instruments without an observable market price in an active market may be determined using valuation models. The choice of model requires significant judgement for complex products especially those in the "Treasury" segment.

Policies and procedures have been established to facilitate the exercise of judgement in determining the risk characteristics of various financial instruments, discount rates, estimates of future cash flows and other factors used in the valuation process.

Please refer to Note 38 for details on fair valuation and fair value hierarchy of the Group's financial instruments measured at fair value.

3.3 Goodwill

The Group performs an impairment review to ensure that the carrying amount of a CGU to which goodwill is allocated does not exceed the recoverable amount of the CGU. Note 25 provides details of goodwill at the reporting date.

The recoverable amount represents the present value of the estimated future cash flows expected to arise from continuing operations. Therefore, in arriving at the recoverable amount, management exercises judgement in estimating the future cash flows, growth rate and discount rate.

3.4 Income taxes

The Group has exposure to income taxes in numerous jurisdictions. Significant judgement is involved in determining the Group's provision for income taxes. The Group recognises liabilities for expected tax issues based on reasonable estimates of whether additional taxes will be due. Where uncertainty exists around the Group's tax position including resolution of any related appeals or litigation processes, appropriate provisions are provided based on technical merits of the positions with the same tax authority. Note 20 provides details of the Group's deferred tax assets/liabilities. In general, determination of the value of assets/liabilities relating to carry forward tax losses requires judgement.

4 Net Interest Income

In $ millions	The Group 2015	The Group 2014	Bank 2015	Bank 2014
Cash and balances with central banks and Due from banks	**466**	577	**398**	398
Customer non-trade loans	**6,126**	5,256	**4,404**	3,604
Trade assets	**1,294**	1,583	**752**	953
Securities	**1,758**	1,532	**1,526**	1,327
Total interest income	**9,644**	8,948	**7,080**	6,282
Deposits and balances from customers	**1,940**	2,086	**948**	1,000
Other borrowings	**618**	540	**743**	617
Total interest expense	**2,558**	2,626	**1,691**	1,617
Net interest income	**7,086**	6,322	**5,389**	4,665
Comprising:				
Interest income from financial assets at fair value through profit or loss	**648**	595	**554**	474
Interest income from financial assets not at fair value through profit or loss	**8,996**	8,353	**6,526**	5,808
Interest expense from financial liabilities at fair value through profit or loss	**(204)**	(142)	**(203)**	(133)
Interest expense from financial liabilities not at fair value through profit or loss	**(2,354)**	(2,484)	**(1,488)**	(1,484)
Total	**7,086**	6,322	**5,389**	4,665

5 Net Fee and Commission Income

In $ millions	The Group 2015	The Group 2014	Bank 2015	Bank 2014
Brokerage	**180**	173	**37**	28
Investment banking[c]	**165**	219	**160**	189
Trade and transaction services[b][c]	**556**	539	**397**	359
Loan-related	**442**	385	**347**	303
Cards[d]	**434**	369	**316**	283
Wealth management	**599**	507	**412**	361
Others	**76**	83	**59**	52
Fee and commission income	**2,452**	2,275	**1,728**	1,575
Less: fee and commission expense	**308**	248	**192**	144
Net fee and commission income[a]	**2,144**	2,027	**1,536**	1,431

(a) Includes net fee and commission income of $51 million (2014: $35 million) and $34 million (2014: $21 million) for the Group and Bank respectively, which was derived from the provision of trust and other fiduciary services during the year
Net fee and commission income earned from financial assets or liabilities not at fair value through profit or loss was $776 million (2014: $687 million) and $615 million (2014: $555 million) during the year for the Group and Bank respectively
(b) Includes trade & remittances, guarantees and deposit-related fees
(c) Fees from fiduciary services for 2014 are reclassified from investment banking to trade and transaction services
(d) Card fees are net of interchange fees paid

6 Net Trading Income

In $ millions	The Group 2015	The Group 2014	Bank 2015	Bank 2014
Net trading income				
- Foreign exchange	**989**	558	**212**	47
- Interest rates, credit, equities and others[a]	**222**	346	**62**	263
Net (loss)/gain from financial assets designated at fair value	**(89)**	9	**(89)**	8
Net gain/(loss) from financial liabilities designated at fair value	**80**	(12)	**89**	(6)
Total	**1,202**	901	**274**	312

(a) Includes dividend income of $23 million (2014: $19 million) for the Group; and $23 million (2014: $19 million) for the Bank

7 Net Income from Investment Securities

In $ millions	The Group 2015	The Group 2014	Bank 2015	Bank 2014
Debt securities				
- Available-for-sale	**117**	122	**106**	101
- Loans and receivables	**#**	4	**#**	3
Equity securities[(a)(b)]	**222**	148	**213**	129
Total[(c)]	**339**	274	**319**	233
Of which: net gains transferred from available-for-sale revaluation reserves	**125**	212	**128**	182

Amount under $500,000
(a) Includes dividend income of $63 million (2014: $57 million) for the Group; and $56 million (2014: $49 million) for the Bank
(b) 2015 includes an amount of $136 million for the Group and the Bank relating to gain from disposal of a property investment
(c) Includes fair value impact of hedges for the investment securities

8 Other Income

In $ millions	The Group 2015	The Group 2014	Bank 2015	Bank 2014
Rental income	**37**	35	**9**	10
Net gain on disposal of properties and other fixed assets	**90**	43	**#**	43
Others[(a)(b)]	**28**	215	**505**	403
Total	**155**	293	**514**	456

Amount under $500,000
(a) 2014 includes an amount of $198 million for the Group and $153 million for the Bank, comprising a gain of $223 million for the Group and $178 million for the Bank for the divestment of a remaining stake in the Bank of the Philippine Islands (BPI) less a sum of $25 million donated to National Gallery Singapore.
(b) Includes dividend income from subsidiaries and associates of $485 million for the Bank (2014: $262 million)

9 Employee Benefits

In $ millions	The Group 2015	The Group 2014	Bank 2015	Bank 2014
Salaries and bonuses	**2,149**	1,887	**1,351**	1,204
Contributions to defined contribution plans	**135**	111	**88**	73
Share-based expenses	**102**	85	**81**	71
Others	**265**	211	**147**	116
Total	**2,651**	2,294	**1,667**	1,464

10 Other Expenses

In $ millions	The Group 2015	The Group 2014	Bank 2015	Bank 2014
Computerisation expenses[(a)]	**883**	776	**682**	602
Occupancy expenses[(b)]	**398**	369	**209**	201
Revenue-related expenses	**301**	238	**166**	127
Others[(c)]	**660**	646	**393**	374
Total	**2,242**	2,029	**1,450**	1,304

(a) Includes hire and maintenance costs of computer hardware and software
(b) Includes rental expenses of office and branch premises of $241 million (2014: $220 million) for the Group, and $134 million (2014: $129 million) for the Bank and amounts incurred in the maintenance and service of buildings
(c) Includes office administration expenses (e.g. printing, stationery, telecommunications, etc), and legal and professional fees

In $ millions	The Group 2015	The Group 2014	Bank 2015	Bank 2014
Depreciation expenses	**251**	220	**168**	147
Hire and maintenance costs of fixed assets, including building-related expenses	**453**	388	**278**	245
Expenses on investment properties	**7**	7	**#**	#
Audit fees payable to external auditors[(a)]				
- Auditors of the Bank	**3**	3	**3**	3
- Associated firms of Auditors of the Bank	**4**	4	**1**	1
Non-audit fees payable to external auditors[(a)]				
- Auditors of the Bank	**1**	1	**1**	1
- Associated firms of Auditors of the Bank	**1**	1	**1**	1

\# Amount under $500,000
(a) PricewaterhouseCoopers network firms

11 Allowances for Credit and Other Losses

In $ millions	The Group 2015	The Group 2014	Bank 2015	Bank 2014
Loans and advances to customers (Note 17)	**676**	620	**409**	483
Investment securities				
- Available-for-sale	**19**	15	**5**	14
- Loans and receivables	**(8)**	2	**(9)**	-
Investment in subsidiaries	**-**	-	**8**	29
Properties and other fixed assets	**(14)**	-	**-**	-
Off-balance sheet credit exposures	**8**	23	**22**	20
Others (bank loans and sundry debtors)	**62**	7	**-**	1
Total	**743**	667	**435**	547

12 Income Tax Expense

	The Group		Bank	
In $ millions	**2015**	**2014**	**2015**	**2014**
Current tax expense				
- Current year	**826**	761	**667**	585
- Prior years' provision	**(55)**	17	**(35)**	8
Deferred tax expense				
- Prior years' provision	**(10)**	(10)	**(1)**	(10)
- Origination of temporary differences	**(36)**	(52)	**5**	(50)
Total	**725**	716	**636**	533

The deferred tax charge/(credit) in the income statement comprises the following temporary differences:

	The Group		Bank	
In $ millions	**2015**	**2014**	**2015**	**2014**
Accelerated tax depreciation	**5**	12	**15**	4
Allowances for loan losses	**(49)**	(67)	**(13)**	(65)
Other temporary differences	**(2)**	(7)	**2**	1
Deferred tax credit to income statement	**(46)**	(62)	**4**	(60)

The tax on the Group's profit (before share of profits of associates) and the Bank's profit differ from the theoretical amount that would arise using the Singapore basic tax rate as follows:

	The Group		Bank	
In $ millions	**2015**	**2014**	**2015**	**2014**
Profit	**5,290**	4,827	**4,480**	3,782
Prima facie tax calculated at a tax rate of 17% (2014: 17%)	**899**	821	**762**	643
Effect of different tax rates in other countries	**9**	(5)	**7**	(21)
Net income not subject to tax	**(54)**	(107)	**(104)**	(86)
Net income taxed at concessionary rate	**(79)**	(117)	**(79)**	(117)
Others	**(50)**	124	**50**	114
Income tax expense charged to income statement	**725**	716	**636**	533

Deferred income tax relating to available-for-sale financial assets and others of $7 million was credited directly to equity (2014: $14 million charged to equity) for the Group. Deferred income tax relating to available-for-sale financial assets and others of $7 million was credited to equity (2014: $13 million charged to equity) for the Bank.

Refer to Note 20 for further information on deferred tax assets/liabilities.

13 Classification of Financial Instruments

	The Group						
In $ millions	**Held for trading**	**Designated at fair value through profit or loss**	**Loans and receivables /amortised cost**	**Available-for-sale**	**Held to maturity**	**Hedging derivatives**	**Total**
2015							
Assets							
Cash and balances with central banks	**241**	**-**	**14,363**	**4,224**	**-**	**-**	**18,828**
Government securities and treasury bills	**7,569**	**-**	**-**	**25,267**	**1,665**	**-**	**34,501**
Due from banks	**4,961**	**-**	**32,560**	**753**	**-**	**-**	**38,274**
Derivatives	**23,236**	**-**	**-**	**-**	**-**	**395**	**23,631**
Bank and corporate securities	**9,035**	**77**	**17,380**	**13,581**	**-**	**-**	**40,073**
Loans and advances to customers	**-**	**1,269**	**282,020**	**-**	**-**	**-**	**283,289**
Other financial assets	**-**	**-**	**11,288**	**-**	**-**	**-**	**11,288**
Total financial assets	**45,042**	**1,346**	**357,611**	**43,825**	**1,665**	**395**	**449,884**
Other asset items outside the scope of FRS 39[(a)]							**7,963**
Total assets							**457,847**
Liabilities							
Due to banks	**954**	**-**	**17,297**	**-**	**-**	**-**	**18,251**
Deposits and balances from customers	**91**	**1,254**	**318,789**	**-**	**-**	**-**	**320,134**
Derivatives	**22,017**	**-**	**-**	**-**	**-**	**174**	**22,191**
Other financial liabilities	**886**	**-**	**10,400**	**-**	**-**	**-**	**11,286**
Other debt securities	**4,114**	**1,424**	**30,656**	**-**	**-**	**-**	**36,194**
Due to holding company	**-**	**-**	**2,133**	**-**	**-**	**-**	**2,133**
Subordinated term debts	**-**	**-**	**4,026**	**-**	**-**	**-**	**4,026**
Total financial liabilities	**28,062**	**2,678**	**383,301**	**-**	**-**	**174**	**414,215**
Other liability items outside the scope of FRS 39[(b)]							**1,077**
Total liabilities							**415,292**

	The Group						
In $ millions	**Held for trading**	**Designated at fair value through profit or loss**	**Loans and receivables /amortised cost**	**Available-for-sale**	**Held to maturity**	**Hedging derivatives**	**Total**
2014							
Assets							
Cash and balances with central banks	841	-	14,452	4,212	-	-	19,505
Government securities and treasury bills	6,943	-	27	21,551	1,173	-	29,694
Due from banks	6,127	-	34,911	1,212	-	-	42,250
Derivatives	16,800	-	-	-	-	195	16,995
Bank and corporate securities	10,631	70	13,346	13,716	-	-	37,763
Loans and advances to customers	-	1,228	274,360	-	-	-	275,588
Other financial assets	-	-	11,019	-	-	-	11,019
Total financial assets	41,342	1,298	348,115	40,691	1,173	195	432,814
Other asset items outside the scope of FRS 39[(a)]							7,853
Total assets							440,667
Liabilities							
Due to banks	567	-	15,609	-	-	-	16,176
Deposits and balances from customers	369	742	316,062	-	-	-	317,173
Derivatives	18,585	-	-	-	-	184	18,769
Other financial liabilities	1,189	-	9,477	-	-	-	10,666
Other debt securities	3,674	1,297	25,331	-	-	-	30,302
Due to holding company	-	-	4,088	-	-	-	4,088
Subordinated term debts	-	-	4,665	-	-	-	4,665
Total financial liabilities	24,384	2,039	375,232	-	-	184	401,839
Other liability items outside the scope of FRS 39[(b)]							1,045
Total liabilities							402,884

(a) Includes associates, goodwill and intangibles, properties and other fixed assets and deferred tax assets
(b) Includes current tax liabilities, deferred tax liabilities and provision for loss in respect of off-balance sheet credit exposures

	Bank						
In $ millions	**Held for trading**	**Designated at fair value through profit or loss**	**Loans and receivables /amortised cost**	**Available-for-sale**	**Held to maturity**	**Hedging derivatives**	**Total**
2015							
Assets							
Cash and balances with central banks	**241**	**-**	**9,305**	**1,475**	**-**	**-**	**11,021**
Government securities and treasury bills	**6,202**	**-**	**-**	**21,314**	**1,665**	**-**	**29,181**
Due from banks	**4,550**	**-**	**27,401**	**753**	**-**	**-**	**32,704**
Derivatives	**22,430**	**-**	**-**	**-**	**-**	**361**	**22,791**
Bank and corporate securities	**7,264**	**77**	**16,789**	**11,848**			**35,978**
Loans and advances to customers	**-**	**1,269**	**228,018**	**-**	**-**	**-**	**229,287**
Other financial assets	**-**	**-**	**8,652**	**-**	**-**	**-**	**8,652**
Due from subsidiaries	**-**	**-**	**13,924**	**-**	**-**	**-**	**13,924**
Total financial assets	**40,687**	**1,346**	**304,089**	**35,390**	**1,665**	**361**	**383,538**
Other asset items outside the scope of FRS 39[(a)]							**12,728**
Total assets							**396,266**
Liabilities							
Due to banks	**187**	**-**	**15,610**	**-**	**-**	**-**	**15,797**
Deposits and balances from customers	**91**	**941**	**249,050**	**-**	**-**	**-**	**250,082**
Derivatives	**21,224**	**-**	**-**	**-**	**-**	**162**	**21,386**
Other financial liabilities	**555**	**-**	**7,161**	**-**	**-**	**-**	**7,716**
Other debt securities	**4,114**	**1,344**	**29,096**				**34,554**
Due to holding company	**-**	**-**	**1,085**	**-**	**-**	**-**	**1,085**
Due to subsidiaries	**-**	**-**	**24,432**	**-**	**-**	**-**	**24,432**
Subordinated term debts	**-**	**-**	**4,026**	**-**	**-**	**-**	**4,026**
Total financial liabilities	**26,171**	**2,285**	**330,460**	**-**	**-**	**162**	**359,078**
Other liability items outside the scope of FRS 39[(b)]							**1,010**
Total liabilities							**360,088**

	Bank						
In $ millions	**Held for trading**	**Designated at fair value through profit or loss**	**Loans and receivables /amortised cost**	**Available-for-sale**	**Held to maturity**	**Hedging derivatives**	**Total**
2014							
Assets							
Cash and balances with central banks	841	-	9,901	1,653	-	-	12,395
Government securities and treasury bills	5,256	-	-	17,605	1,173	-	24,034
Due from banks	5,580	-	28,924	1,212	-	-	35,716
Derivatives	16,332	-	-	-	-	156	16,488
Bank and corporate securities	8,927	70	12,844	11,845	-	-	33,686
Loans and advances to customers	-	1,228	217,004	-	-	-	218,232
Other financial assets	-	-	7,835	-	-	-	7,835
Due from subsidiaries	-	-	6,795	-	-	-	6,795
Total financial assets	36,936	1,298	283,303	32,315	1,173	156	355,181
Other asset items outside the scope of FRS 39[(a)]							13,066
Total assets							368,247
Liabilities							
Due to banks	88	-	14,222	-	-	-	14,310
Deposits and balances from customers	369	-	244,300	-	-	-	244,669
Derivatives	18,217	-	-	-	-	166	18,383
Other financial liabilities	553	-	5,593	-	-	-	6,146
Other debt securities	3,674	1,297	23,864	-	-	-	28,835
Due to holding company	-	-	3,373	-	-	-	3,373
Due to subsidiaries	-	-	14,341	-	-	-	14,341
Subordinated term debts	-	-	4,665	-	-	-	4,665
Total financial liabilities	22,901	1,297	310,358	-	-	166	334,722
Other liability items outside the scope of FRS 39[(b)]							916
Total liabilities							335,638

(a) Includes investments in subsidiaries, associates, properties and other fixed assets and deferred tax assets
(b) Includes current tax liabilities, deferred tax liabilities and provision for loss in respect of-balance sheet credit exposures

Financial assets and liabilities are presented net when there is a legally enforceable right to offset the recognised amounts, and there is intention to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Financial assets and liabilities offset on the balance sheet

As at 31 December 2015, “Loans and advances to customers” of $170 million (2014: $2,168 million) were offset against “Deposits and balances from customers” of $170 million (2014: $2,176 million) because contractually there is a legally enforceable right to offset these amounts at both the Group and Bank, and intent to settle the loans and the deposits simultaneously at maturity or termination dates.

Financial assets and liabilities subject to netting agreement but not offset on the balance sheet

The Group enters into master netting arrangements with counterparties where it is appropriate and feasible to do so to mitigate counterparty risk. The credit risk associated with favourable contracts is reduced by a master netting arrangement to the extent that if an event of default occurs, all amounts with the counterparty are settled on a net basis. Master netting arrangements do not result in an offset of financial assets and liabilities on the balance sheet, as the legal right to offset the transactions is conditional upon default.

These agreements include derivative master agreements (including the International Swaps and Derivatives Association (ISDA) Master Agreement), global master repurchase agreements and global securities lending agreements. The collateral received and placed under these agreements is generally conducted under terms that are in accordance with normal market practice. In these agreements, the counterparty is typically allowed to sell or re-pledge those non-cash collateral (i.e. securities) lent or transferred, but has an obligation to return the securities at maturity. If the securities decrease in value, the Group may, in certain circumstances, be required to place additional cash collateral, and typically the counterparty has recourse only to the securities.

In addition, the Group receives cash and other collateral such as marketable securities to reduce its credit exposure. The Group also engages in a variety of counterparty credit mitigation arrangements in addition to netting and collateral arrangements.

The disclosures set out in the tables below pertain to financial assets and liabilities that are not offset in the balance sheet but are subject to enforceable master netting arrangement or similar agreement that covers similar financial instruments. The disclosures enable the understanding of both the gross and net amounts, as well as provide additional information on how such credit risk is mitigated.

				The Group		
				Related amounts not offset on balance sheet		
Types of financial assets/liabilities **In $ millions**	**Carrying amounts on balance sheet (A)**	**Financial instruments not in scope of offsetting disclosures (B)**	**Gross recognised financial instruments in scope (A - B= C + D +E)**	**Financial instruments (C)**	**Cash collateral received/ placed (D)**	**Net amounts in scope (E)**
2015						
Financial Assets						
Derivatives	**23,631**	**11,203[a]**	**12,428**	**11,712[a]**	**409**	**307**
Reverse repurchase agreements	**5,227[b]**	**124**	**5,103**	**5,097**	**-**	**6**
Securities borrowings	**47[c]**	**-**	**47**	**44**	**-**	**3**
Total	**28,905**	**11,327**	**17,578**	**16,853**	**409**	**316**
Financial Liabilities						
Derivatives	**22,191**	**8,551[a]**	**13,640**	**11,047[a]**	**2,066**	**527**
Repurchase agreements	**2,930[d]**	**1,050**	**1,880**	**1,875**	**5**	**-**
Short sale of securities	**886[e]**	**561**	**325**	**325**	**-**	**-**
Total	**26,007**	**10,162**	**15,845**	**13,247**	**2,071**	**527**

Types of financial assets/liabilities In $ millions	Carrying amounts on balance sheet (A)	Financial instruments not in scope of offsetting disclosures (B)	Gross recognised financial instruments in scope (A - B= C + D +E)	The Group Related amounts not offset on balance sheet Financial instruments (C)	Cash collateral received/ placed (D)	Net amounts in scope (E)
2014						
Financial Assets						
Derivatives	16,995	7,421[a]	9,574	8,884[a]	493	197
Reverse repurchase agreements	4,025[b]	441	3,584	3,580	-	4
Securities borrowings	78[c]	-	78	74	-	4
Total	21,098	7,862	13,236	12,538	493	205
Financial Liabilities						
Derivatives	18,769	6,667[a]	12,102	8,729[a]	2,867	506
Repurchase agreements	1,821[d]	480	1,341	1,328	13	-
Short sale of securities	1,189[e]	553	636	635	-	1
Securities lendings	4[f]	-	4	4	-	-
Total	21,783	7,700	14,083	10,696	2,880	507

(a) Related amounts under "Financial instruments" are prepared on the same basis as netting arrangements recognised for computation of Capital Adequacy Ratio (CAR) as set out under MAS Notice 637 (unaudited), which incorporates a conservative stance on enforceable netting. Accordingly, the amounts shown under "Financial instruments not in scope of offsetting disclosures" are those where either no netting agreement exists or where the netting agreement has not been recognised for computation of CAR
(b) Reverse repurchase agreements are presented under separate line items on the balance sheet, namely "Cash and balances with central banks", "Due from banks" and "Loans and advances to customers"
(c) Cash collateral placed under securities borrowings are presented under "Other assets" on the balance sheet
(d) Repurchase agreements are presented under separate line items on the balance sheet, namely "Due to banks" and "Deposits and balances from customers"
(e) Short sale of securities are presented under "Other liabilities" on the balance sheet
(f) Cash collateral received under securities lendings are presented under "Other liabilities" on the balance sheet

Types of financial assets/liabilities In $ millions	Carrying amounts on balance sheet (A)	Financial instruments not in scope of offsetting disclosures (B)	Gross recognised financial instruments in scope (A - B= C + D +E)	Bank Related amounts not offset on balance sheet Financial instruments (C)	Cash collateral received/ placed (D)	Net amounts in scope (E)
2015						
Financial Assets						
Derivatives	**22,791**	**8,665**[a]	**14,126**	**12,069**[a]	**409**	**1,648**
Reverse repurchase agreements	**5,119**[b]	**16**	**5,103**	**5,097**	**-**	**6**
Securities borrowings	**47**[c]	**-**	**47**	**44**	**-**	**3**
Total	**27,957**	**8,681**	**19,276**	**17,210**	**409**	**1,657**
Financial Liabilities						
Derivatives	**21,386**	**7,389**[a]	**13,997**	**11,404**[a]	**2,071**	**522**
Repurchase agreements	**2,164**[d]	**284**	**1,880**	**1,875**	**5**	**-**
Total	**23,550**	**7,673**	**15,877**	**13,279**	**2,076**	**522**
2014						
Financial Assets						
Derivatives	16,488	5,969[a]	10,519	9,276[a]	493	750
Reverse repurchase agreements	3,595[b]	11	3,584	3,580	-	4
Securities borrowings	78[c]	-	78	74	-	4
Total	20,161	5,980	14,181	12,930	493	758
Financial Liabilities						
Derivatives	18,383	5,889[a]	12,494	9,122[a]	2,876	496
Repurchase agreements	1,341[d]	-	1,341	1,328	13	-
Securities lendings	4[e]	-	4	4	-	-
Total	19,728	5,889	13,839	10,454	2,889	496

(a) Related amounts under "Financial instruments" are prepared on the same basis as netting arrangements recognised for computation of Capital Adequacy Ratio (CAR) as set out under MAS Notice 637 (unaudited), which incorporates a conservative stance on enforceable netting. Accordingly, the amounts shown under "Financial instruments not in scope of offsetting disclosures" are those where either no netting agreement exists or where the netting agreement has not been recognised for computation of CAR
(b) Reverse repurchase agreements are presented under separate line items on the balance sheet, namely "Cash and balances with central banks", "Due from banks" and "Loans and advances to customers"
(c) Cash collateral placed under securities borrowings are presented under "Other assets" on the balance sheet
(d) Repurchase agreements are presented under separate line items on the balance sheet, namely "Due to banks" and "Deposits and balances from customers"
(e) Cash collateral received under securities lendings are presented under "Other liabilities" on the balance sheet

14 Cash and Balances with Central Banks

In $ millions	The Group 2015	2014	Bank 2015	2014
Cash on hand	**3,069**	1,924	**2,869**	1,749
Non-restricted balances with central banks	**9,008**	9,915	**3,270**	6,087
Cash and cash equivalents	**12,077**	11,839	**6,139**	7,836
Restricted balances with central banks[(a)]	**6,751**	7,666	**4,882**	4,559
Total	**18,828**	19,505	**11,021**	12,395

(a) Mandatory balances with central banks

15 Government Securities and Treasury Bills

	The Group				
In $ millions	**Held for trading**	**Loans and receivables**	**Available-for-sale**	**Held to maturity**	**Total**
2015					
Singapore Government securities and treasury bills[(a)]	**2,569**	**-**	**8,078**	**1,665**	**12,312**
Other government securities and treasury bills[(b)]	**5,000**	**-**	**17,189**	**-**	**22,189**
Total	**7,569**	**-**	**25,267**	**1,665**	**34,501**
2014					
Singapore Government securities and treasury bills[(a)]	1,963	-	6,357	1,173	9,493
Other government securities and treasury bills[(b)]	4,980	27	15,194	-	20,201
Total	6,943	27	21,551	1,173	29,694

(a) Includes financial assets transferred of $579 million (2014: $522 million) (See Note 18)
(b) Includes financial assets transferred of $1,900 million (2014: $1,571 million) (See Note 18)

	Bank				
In $ millions	**Held for trading**	**Loans and receivables**	**Available-for-sale**	**Held to maturity**	**Total**
2015					
Singapore Government securities and treasury bills[(a)]	**2,569**	**-**	**8,078**	**1,665**	**12,312**
Other government securities and treasury bills[(b)]	**3,633**	**-**	**13,236**	**-**	**16,869**
Total	**6,202**	**-**	**21,314**	**1,665**	**29,181**
2014					
Singapore Government securities and treasury bills[(a)]	1,963	-	6,357	1,173	9,493
Other government securities and treasury bills[(b)]	3,293	-	11,248	-	14,541
Total	5,256	-	17,605	1,173	24,034

(a) Includes financial assets transferred of $579 million (2014: $522 million) (See Note 18)
(b) Includes financial assets transferred of $1,550 million (2014: $919 million) (See Note 18)

16 Bank and Corporate Securities

	The Group				
In $ millions	**Held for trading**	**Designated at fair value through profit or loss**	**Loans and receivables**	**Available-for-sale**	**Total**
2015					
Bank and corporate debt securities[(a)]	**7,654**	**77**	**17,530**	**11,884**	**37,145**
Less: impairment allowances	**-**	**-**	**(150)**	**-**	**(150)**
Equity securities	**1,381**	**-**	**-**	**1,697**	**3,078**
Total	**9,035**	**77**	**17,380**	**13,581**	**40,073**
2014					
Bank and corporate debt securities[(a)]	9,851	70	13,503	12,257	35,681
Less: impairment allowances	-	-	(157)	-	(157)
Equity securities	780	-	-	1,459	2,239
Total	10,631	70	13,346	13,716	37,763

(a) Includes financial assets transferred of $787 million (2014: $623 million) (See Note 18)

	Bank				
In $ millions	**Held for trading**	**Designated at fair value through profit or loss**	**Loans and receivables**	**Available-for-sale**	**Total**
2015					
Bank and corporate debt securities	**5,883**	**77**	**16,936**	**10,220**	**33,116**
Less: impairment allowances	**-**	**-**	**(147)**	**-**	**(147)**
Equity securities	**1,381**	**-**	**-**	**1,628**	**3,009**
Total	**7,264**	**77**	**16,789**	**11,848**	**35,978**
2014					
Bank and corporate debt securities	8,147	70	12,999	10,478	31,694
Less: impairment allowances	-	-	(155)	-	(155)
Equity securities	780	-	-	1,367	2,147
Total	8,927	70	12,844	11,845	33,686

17 Loans and Advances to Customers

	The Group		Bank	
In $ millions	**2015**	**2014**	**2015**	**2014**
Gross	**286,871**	279,154	**232,047**	220,912
Less: Specific allowances	**821**	983	**469**	584
General allowances	**2,761**	2,583	**2,291**	2,096
	283,289	275,588	**229,287**	218,232
Analysed by product				
Long-term loans	**124,362**	116,633	**101,985**	93,414
Short-term facilities	**62,976**	58,819	**51,722**	48,000
Housing loans	**58,569**	52,866	**49,773**	44,123
Trade loans	**40,964**	50,836	**28,567**	35,375
Gross total	**286,871**	279,154	**232,047**	220,912
Analysed by currency				
Singapore dollar	**117,587**	109,493	**117,547**	109,427
Hong Kong dollar	**34,386**	32,476	**12,631**	11,197
US dollar	**89,283**	96,552	**77,150**	81,802
Chinese yuan	**19,516**	20,399	**8,628**	7,948
Others	**26,099**	20,234	**16,091**	10,538
Gross total	**286,871**	279,154	**232,047**	220,912

Refer to Note 40.4 for breakdown of loans and advances to customers by geography and by industry.

The table below shows the movements in specific and general allowances for loans and advances to customers during the year:

	The Group				
In $ millions	**Balance at 1 January**	**Charge/(Write-back) to income statement**	**Net write-off during the year**	**Exchange and other movements**	**Balance at 31 December**
2015					
Specific allowances					
Manufacturing	**331**	**185**	**(303)**	**11**	**224**
Building and construction	**115**	**43**	**(43)**	**5**	**120**
Housing loans	**8**	**(2)**	**-**	**1**	**7**
General commerce	**140**	**144**	**(133)**	**6**	**157**
Transportation, storage and communications	**153**	**25**	**(87)**	**3**	**94**
Financial institutions, investment and holding companies	**90**	**14**	**(48)**	**4**	**60**
Professionals and private individuals (excluding housing loans)	**53**	**102**	**(99)**	**2**	**58**
Others	**93**	**40**	**(35)**	**3**	**101**
Total specific allowances	**983**	**551**	**(748)**	**35**	**821**
Total general allowances	**2,583**	**125**	**-**	**53**	**2,761**
Total allowances	**3,566**	**676**	**(748)**	**88**	**3,582**
2014					
Specific allowances					
Manufacturing	240	151	(80)	20	331
Building and construction	42	156	(91)	8	115
Housing loans	9	1	(2)	-	8
General commerce	142	49	(61)	10	140
Transportation, storage and communications	465	(32)	(290)	10	153
Financial institutions, investment and holding companies	146	19	(80)	5	90
Professionals and private individuals (excluding housing loans)	48	76	(76)	5	53
Others	37	58	(7)	5	93
Total specific allowances	1,129	478	(687)	63	983
Total general allowances	2,398	142	-	43	2,583
Total allowances	3,527	620	(687)	106	3,566

			Bank		
In $ millions	**Balance at 1 January**	**Charge/(Write-back) to income statement**	**Net write-off during the year**	**Exchange and other movements**	**Balance at 31 December**
2015					
Specific allowances					
Manufacturing	**205**	**61**	**(152)**	**6**	**120**
Building and construction	**87**	**40**	**(28)**	**5**	**104**
Housing loans	**4**	**-**	**-**	**-**	**4**
General commerce	**39**	**41**	**(27)**	**3**	**56**
Transportation, storage and communications	**127**	**27**	**(83)**	**4**	**75**
Financial institutions, investment and holding companies	**38**	**3**	**(39)**	**-**	**2**
Professionals and private individuals (excluding housing loans)	**22**	**52**	**(48)**	**1**	**27**
Others	**62**	**19**	**(4)**	**4**	**81**
Total specific allowances	**584**	**243**	**(381)**	**23**	**469**
Total general allowances	**2,096**	**166**	**-**	**29**	**2,291**
Total allowances	**2,680**	**409**	**(381)**	**52**	**2,760**
2014					
Specific allowances					
Manufacturing	121	86	(16)	14	205
Building and construction	19	152	(90)	6	87
Housing loans	6	(1)	(1)	-	4
General commerce	48	9	(21)	3	39
Transportation, storage and communications	450	(41)	(291)	9	127
Financial institutions, investment and holding companies	83	15	(63)	3	38
Professionals and private individuals (excluding housing loans)	21	39	(40)	2	22
Others	14	50	(6)	4	62
Total specific allowances	762	309	(528)	41	584
Total general allowances	1,915	174	-	7	2,096
Total allowances	2,677	483	(528)	48	2,680

Included in loans and advances to customers are loans designated at fair value, as follows:

	The Group		Bank	
In $ millions	**2015**	**2014**	**2015**	**2014**
Fair value designated loans and advances and related credit derivatives/enhancements				
Maximum credit exposure	**1,269**	1,228	**1,269**	1,228
Credit derivatives/enhancements – protection bought	**(1,269)**	(1,228)	**(1,269)**	(1,228)
Cumulative change in fair value arising from changes in credit risk	**(280)**	(194)	**(280)**	(194)
Cumulative change in fair value of related credit derivatives/enhancements	**280**	194	**280**	194

Changes in fair value arising from changes in credit risk are determined as the amount of change in fair value that is not attributable to changes in market conditions that give rise to market risk. These changes in market conditions include changes in a benchmark interest rate, foreign exchange rate or index of prices or rates.

During the year, the amount of change in the fair value of the loans and advances attributable to credit risk was a loss of $86 million (2014: loss of $56 million) for both the Group and Bank. During the year, the amount of change in the fair value of the related credit derivatives/enhancements was a gain of $86 million for both the Group and Bank (2014: gain of $56 million).

18 Financial Assets Transferred

The Group transfers financial assets to third parties or structured entities in the course of business, for example when it pledges securities as collateral for repurchase agreements or when it undertakes securities lending arrangements.

Transferred assets are derecognised in the Group's financial statements when substantially all of their risks and rewards are also transferred. Among them is pledged collateral (mainly cash) for derivative transactions under credit support annexes agreements. Derecognised assets that were subject to the Group's partial continuing involvement were not material in 2015 and 2014.

Where the Group retains substantially all the risks and rewards of the transferred assets, they continue to be recognised in the Group's financial statements. These assets are described below.

Securities

Securities transferred under repurchase agreements and securities lending arrangements are generally conducted under terms in line with normal market practice. The counterparty is typically allowed to sell or re-pledge the securities but has an obligation to return them at maturity. If the securities decrease in value, the Group may, in certain circumstances, be required to place additional cash collateral. The counterparty typically has no further recourse to the Group's other assets beyond the transferred securities.

For repurchase agreements, the securities transferred are either classified as "fair value through profit or loss" or "available-for-sale". The Group receives cash in exchange and records a financial liability for the cash received. The Group also pledged assets to secure its short position in securities and to facilitate settlement operations. The fair value of the associated liabilities approximates the carrying amount of $3,255 million (2014: $2,457 million) for the Group and $2,164 million (2014: $1,341 million) for the Bank, which are recorded under "Due to banks", "Deposits and balances from customers" and "Other liabilities" on the balance sheet.

For securities lending transactions, the securities lent are classified as "available-for-sale" or "loans and receivables" on the balance sheet, and the carrying amount approximates the fair value. As the Group mainly receives other financial assets in exchange, the associated liabilities recorded are not material.

	The Group		Bank	
In $ millions	**2015**	**2014**	**2015**	**2014**
Securities pledged and transferred				
Singapore Government securities and treasury bills	**579**	522	**579**	522
Other government securities and treasury bills	**1,900**	1,571	**1,550**	919
Bank and corporate debt securities	**787**	623	**-**	-
Total securities pledged and transferred	**3,266**	2,716	**2,129**	1,441

Covered Bonds

Pursuant to the Bank's Global Covered Bond Programme, selected pools of residential mortgages originated by the Bank have been assigned to a bankruptcy-remote structured entity, Bayfront Covered Bonds Pte Ltd (see Notes 21.2 and 28.4). These residential mortgages continue to be recognised on the Bank's balance sheet as the Bank remains exposed to the risks and rewards associated with them.

As at 31 December 2015, the carrying value of the covered bonds in issue was $1,412 million (2014: Nil), while the carrying value of assets assigned was $4,268 million (2014: Nil). The difference in values is attributable to an intended over-collateralisation required to maintain the credit ratings of the covered bonds in issue, and additional assets assigned to facilitate future issuances.

Other financial assets

The Group also enters into structured funding transactions where it retains the contractual rights to receive cash flows of financial assets extended to third parties, but assumes a contractual obligation to pay these cash flows under the issued notes. The carrying amounts and fair values of these financial assets and liabilities of the Group and the Bank both amount to $1,355 million (2014: $1,317 million).

19 Other Assets

In $ millions	The Group 2015	The Group 2014	Bank 2015	Bank 2014
Accrued interest receivable	**1,258**	1,194	**941**	875
Deposits and prepayments	**317**	268	**189**	186
Clients' monies receivable from securities business	**316**	636	**-**	-
Sundry debtors and others	**6,440**	5,300	**4,567**	3,153
Cash collaterals placed[(a)]	**2,957**	3,621	**2,955**	3,621
Deferred tax assets (Note 20)	**299**	256	**166**	165
Total	**11,587**	11,275	**8,818**	8,000

(a) Mainly relates to cash collateral placed in respect of derivative portfolios

20 Deferred Tax Assets/Liabilities

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same tax authority. The deferred tax assets and liabilities are determined after appropriate offsetting, as shown in "Other assets" (Note 19) and "Other liabilities" (Note 27) respectively.

Deferred tax assets and liabilities comprise the following temporary differences:

In $ millions	The Group 2015	The Group 2014	Bank 2015	Bank 2014
Deferred income tax assets				
Allowances for loan losses	**310**	254	**198**	180
Other temporary differences	**146**	137	**93**	97
	456	391	**291**	277
Amounts offset against deferred tax liabilities	**(157)**	(135)	**(125)**	(112)
Total	**299**	256	**166**	165
Deferred income tax liabilities				
Accelerated tax depreciation	**111**	104	**62**	48
Available-for-sale financial assets and others	**13**	20	**12**	19
Other temporary differences	**61**	56	**54**	56
	185	180	**128**	123
Amounts offset against deferred tax assets	**(157)**	(135)	**(125)**	(112)
Total	**28**	45	**3**	11
Net deferred tax assets	**271**	211	**163**	154

21 Subsidiaries and Consolidated Structured Entities

	Bank	
In $ millions	**2015**	**2014**
Unquoted equity shares[(a)(b)]	**11,407**	11,846
Due from subsidiaries	**13,924**	6,795
Total	**25,331**	18,641

(a) The carrying amounts of certain investments which are designated as hedged items in a fair value hedge are adjusted for fair value changes attributable to the hedged risks
(b) The carrying amounts presented are net of impairment allowances

21.1 Main operating subsidiaries

The main operating subsidiaries within the Group are listed below:

		Effective shareholding %	
Name of subsidiary	**Country of incorporation**	**2015**	**2014**
Commercial Banking			
DBS Bank (Hong Kong) Limited*	Hong Kong	**100**	100
DBS Bank (China) Limited*	China	**100**	100
DBS Bank (Taiwan) Limited*	Taiwan	**100**	100
PT Bank DBS Indonesia*	Indonesia	**99**	99
Merchant Banking			
The Islamic Bank of Asia Limited	Singapore	**50**	50
Stockbroking			
DBS Vickers Securities Holdings Pte Ltd	Singapore	**100**	100

* Audited by PricewaterhouseCoopers network firms outside Singapore

The Group's main subsidiaries are regulated banks and non-bank financial institutions. Statutory, contractual or regulatory requirements as well as protective rights of non-controlling interests may restrict the ability of the Bank to access and transfer assets freely to or from other entities within the Group and to settle liabilities of the Group. Since the Group did not have any material non-controlling interests as at the balance sheet dates, any protective rights associated with these did not give rise to significant restrictions in 2014 and 2015.

The Islamic Bank of Asia Limited's operations is in progressive wind-down, following approval from its shareholders on 6 October 2015.

Refer to Note 33 for information on non-controlling interests.

21.1.1 Acquisition of remaining interest in subsidiary

Acquisition of remaining interest in DBS China Square Limited

On 22 June 2015, the Bank acquired the remaining 30% stake it did not own in DBS China Square Limited for a cash consideration of $150 million from CapitaLand Investments Pte Ltd, a wholly-owned subsidiary of CapitaLand Limited.

21.2 Consolidated structured entity

The structured entity consolidated by the Group is listed below:

Name of entity	Purpose of consolidated structured entity	Country of incorporation
Bayfront Covered Bonds Pte Ltd	Covered bond guarantor	Singapore

Bayfront Covered Bonds Pte Ltd is a bankrupty-remote structured entity established in conjunction with the Bank's USD 10 billion Global Covered Bond Programme (see Note 28.4). As part of the contractual structures that are integral to this programme, the Bank provides funding and hedging facilities to it.

22 Associates

In $ millions	The Group 2015	2014
Quoted equity securities, at cost[(a)]	**71**	71
Unquoted equity securities, at cost	**800**	779
Sub-total	**871**	850
Share of post acquisition reserves	**129**	145
Total	**1,000**	995

(a) The market value of quoted associates amounted to $51 million (2014: $50 million)

In $ millions	Bank 2015	2014
Quoted equity securities[(a)]	**10**	10
Unquoted equity securities[(b)]	**229**	195
Total	**239**	205

(a) The market value of quoted associates amounted to $8 million (2014: $8 million)
(b) The carrying amounts of certain investments which are designated as hedged items in a fair value hedge are adjusted for fair value changes attributable to the hedged risks

The Group's share of income and expenses, assets and liabilities and off-balance sheet items of the associates at 31 December are as follows:

In $ millions	The Group 2015	2014
Income statement		
Share of income	**166**	222
Share of expenses	**(152)**	(143)
Balance sheet		
Share of total assets	**1,721**	1,700
Share of total liabilities	**721**	705
Off-balance sheet		
Share of contingent liabilities and commitments	**#**	#

Amount under $500,000

22.1 Main associates

The main associates of the Group are listed below:

Name of associate	Country of incorporation	Effective shareholding % 2015	2014
Quoted			
Hwang Capital (Malaysia) Bhd[(a)]*	Malaysia	**27.7**	27.7
Unquoted			
Central Boulevard Development Pte Ltd	Singapore	**33.3**	33.3
Network for Electronic Transfers (Singapore) Pte Ltd	Singapore	**33.3**	33.3
Changsheng Fund Management Company**	China	**33.0**	33.0

* Audited by PricewaterhouseCoopers network firms outside Singapore
** Audited by other auditors
(a) Shareholding includes 4.15% held through the Bank

As of 31 December 2015 and 31 December 2014, no associate was individually material to the Group. As a non-controlling shareholder, the Group's ability to receive dividends is subject to agreement with other shareholders. The associates may also be subject to statutory, contractual or regulatory requirements restricting dividend payments or to repay loans or advances made.

The Group's share of commitments and contingent liabilities of the associates as well as its commitments to finance or otherwise provide resources to them are not material.

23 Unconsolidated Structured Entities

"Unconsolidated structured entities" are those structured entities as defined by FRS 112 and are not controlled by the Group. To facilitate customer transactions and for specific investment opportunities, the Group in the normal course of business enters into transactions with a range of counterparties, some of which would be defined as unconsolidated structured entities.

While the economic exposures may be the same as those to other type of entities, FRS 112 specifically requires companies to disclose such exposures arising from transactions with unconsolidated structured entities. The table below reflects exposures to third party securitisation structures where the Group holds an interest in the normal course of business.

As is the case with other types of counterparties, the carrying amount from transactions with unconsolidated structured entities have been included in the Group's financial statements.

The risks arising from such transactions are subject to the Group's risk management practices.

	The Group		Bank	
In $ millions	**2015**	**2014**	**2015**	**2014**
Derivatives	**2**	4	**2**	4
Bank and corporate securities	**1,317**	968	**1,221**	968
Loans and advances to customers	**109**	96	**109**	96
Other assets	**1**	1	**1**	1
Total assets	**1,429**	1,069	**1,333**	1,069
Commitments and guarantees	**203**	202	**203**	202
Maximum Exposure to Loss	**1,632**	1,271	**1,536**	1,271
Derivatives	**85**	17	**85**	17
Total liabilities	**85**	17	**85**	17

The table above represents the Group's maximum exposure to loss for which on-balance sheet assets and liabilities is represented by the carrying amount and does not reflect mitigating effects from the availability of netting arrangements and financial instruments that the Group may utilise to economically hedge the risks inherent in third party structured entities or risk-reducing effects of collateral or other credit enhancements.

The Group also sponsors third party structured entities, primarily by acting as lead arranger; underwriter or book runner for the issuance of securities by clients or by providing nominee services. Income, in the nature of fees from and assets transferred by all parties to sponsored structured entities, was not material.

The total assets of the third party structured entities are not considered meaningful for the purposes of understanding the related risks since they are neither representative of the Group's exposure nor the income earned, and so have not been presented.

The Group has not provided any specific non-contractual financial support during the year and does not expect to provide non-contractual support to these third party structured entities in the future.

24 Properties and Other Fixed Assets

The Group leases out investment properties under operating leases. The leases typically run for an initial period of one to five years, and may contain an option to renew the lease after that date at which time all terms will be renegotiated.

The minimum lease receivables as at the balance sheet date are as follows:

	The Group		Bank	
In $ millions	**2015**	**2014**	**2015**	**2014**
Minimum lease receivables				
Not later than 1 year	**33**	32	**3**	3
Later than 1 year but not later than 5 years	**34**	49	**1**	2
Later than 5 years	**-**	#	**-**	-
Total	**67**	81	**4**	5

Amount under $500,000

	The Group				
In $ millions	**Investment properties**	**Owner-occupied properties**	**Other fixed assets[a]**	**Subtotal of owner-occupied properties and other fixed assets**	**Total**
	(1)	**(2)**	**(3)**	**(4)=(2+3)**	**(5)=(1+4)**
2015					
Cost					
Balance at 1 January	**644**	**538**	**1,553**	**2,091**	**2,735**
Additions	**-**	**6**	**328**	**334**	**334**
Disposals	**(24)**	**(53)**	**(69)**	**(122)**	**(146)**
Transfers	**(2)**	**2**	**-**	**2**	**-**
Exchange differences	**9**	**36**	**28**	**64**	**73**
Balance at 31 December	**627**	**529**	**1,840**	**2,369**	**2,996**
Less: Accumulated depreciation					
Balance at 1 January	**170**	**120**	**913**	**1,033**	**1,203**
Depreciation charge	**7**	**12**	**232**	**244**	**251**
Disposals	**(6)**	**(11)**	**(58)**	**(69)**	**(75)**
Transfers	**(1)**	**1**	**-**	**1**	**-**
Exchange differences	**2**	**17**	**24**	**41**	**43**
Balance at 31 December	**172**	**139**	**1,111**	**1,250**	**1,422**
Less: Allowances for impairment	**-**	**27**	**-**	**27**	**27**
Net book value at 31 December	**455**	**363**	**729**	**1,092**	**1,547**
Market value at 31 December	**868**	**831**			
2014					
Cost					
Balance at 1 January	663	513	1,382	1,895	2,558
Additions	-	5	258	263	263
Disposals	(17)	(3)	(105)	(108)	(125)
Transfers	(4)	4	-	4	-
Exchange differences	2	19	18	37	39
Balance at 31 December	644	538	1,553	2,091	2,735
Less: Accumulated depreciation					
Balance at 1 January	169	96	796	892	1,061
Depreciation charge	7	13	200	213	220
Disposals	(5)	(3)	(97)	(100)	(105)
Transfers	(2)	2	-	2	-
Exchange differences	1	12	14	26	27
Balance at 31 December	170	120	913	1,033	1,203
Less: Allowances for impairment	-	47	-	47	47
Net book value at 31 December	474	371	640	1,011	1,485
Market value at 31 December	913	817			

(a) Refers to computer hardware, software, office equipment, furniture and fittings and other fixed assets

	Bank				
In $ millions	**Investment properties**	**Owner-occupied properties**	**Other fixed assets[(a)]**	**Subtotal of owner-occupied properties and other fixed assets**	**Total**
	(1)	**(2)**	**(3)**	**(4)=(2+3)**	**(5)=(1+4)**
2015					
Cost					
Balance at 1 January	**36**	**155**	**1,079**	**1,234**	**1,270**
Additions	**-**	**2**	**240**	**242**	**242**
Disposals	**-**	**-**	**(32)**	**(32)**	**(32)**
Transfers	**1**	**(1)**	**-**	**(1)**	**-**
Exchange differences	**-**	**-**	**3**	**3**	**3**
Balance at 31 December	**37**	**156**	**1,290**	**1,446**	**1,483**
Less: Accumulated depreciation					
Balance at 1 January	**18**	**62**	**621**	**683**	**701**
Depreciation charge	**1**	**4**	**163**	**167**	**168**
Disposals	**-**	**-**	**(23)**	**(23)**	**(23)**
Transfers	**1**	**(1)**	**-**	**(1)**	**-**
Exchange differences	**-**	**-**	**2**	**2**	**2**
Balance at 31 December	**20**	**65**	**763**	**828**	**848**
Less: Allowances for impairment	**-**	**-**	**-**	**-**	**-**
Net book value at 31 December	**17**	**91**	**527**	**618**	**635**
Market value at 31 December	**81**	**302**			
2014					
Cost					
Balance at 1 January	57	151	957	1,108	1,165
Additions	-	2	168	170	170
Disposals	(17)	(2)	(47)	(49)	(66)
Transfers	(4)	4	-	4	-
Exchange differences	-	-	1	1	1
Balance at 31 December	36	155	1,079	1,234	1,270
Less: Accumulated depreciation					
Balance at 1 January	24	57	517	574	598
Depreciation charge	1	4	142	146	147
Disposals	(5)	(1)	(40)	(41)	(46)
Transfers	(2)	2	-	2	-
Exchange differences	-	-	2	2	2
Balance at 31 December	18	62	621	683	701
Less: Allowances for impairment	-	-	-	-	-
Net book value at 31 December	18	93	458	551	569
Market value at 31 December	68	276			

(a) Refers to computer hardware, software, office equipment, furniture and fittings and other fixed assets

24.1 PWC Building is held as an investment property. Its net book value was $386 million as at 31 December 2015 (2014: $392 million) and its fair value was independently appraised at $711 million (2014: $692 million).

24.2 The market values of investment properties are determined using an investment method, or using a combination of comparable sales and investment methods. The properties are classified under Level 3 of the fair value hierarchy and the significant unobservable input used for valuation is market yields. As at 31 December 2015, there were no transfers into or out of Level 3.

25 Goodwill and Intangibles

The carrying amounts of the Group's goodwill and intangibles arising from business acquisitions are as follows:

In $ millions	The Group 2015	The Group 2014	Bank 2015	Bank 2014
DBS Bank (Hong Kong) Limited	**4,631**	4,631	**-**	-
Others	**486**	486	**281**	281
Total	**5,117**	5,117	**281**	281

The carrying amounts of the CGUs are reviewed at least once a year to determine if the goodwill associated with them should be impaired. If a CGU's carrying amount exceeds its recoverable value, a goodwill impairment charge is recognised in the income statement.

The recoverable value is determined based on a value-in-use calculation. The CGU's five-year projected cash flows, taking into account projected regulatory capital requirements, are discounted by its cost of capital to derive their present value. To derive the value beyond the fifth year, a long-term growth rate is imputed to the fifth-year cash flow and then discounted by the cost of capital to derive the terminal value. The long-term growth rate used does not exceed the historical long-term growth rate of the market the CGU operates in. The recoverable value is the sum of the present value of the five-year cash flows and the terminal value

A growth rate of 4.5% (2014: 4.5%) and discount rate of 9.0% (2014: 9.0%) were assumed in the value-in-use calculation for DBS Bank (Hong Kong) Limited.

The process of evaluating goodwill impairment involves management judgement and prudent estimates of various factors including future cash flows as well as the cost of capital and long-term growth rates. The results can be highly sensitive to the assumptions used. Management believes that any reasonably possible change in the key assumptions would not cause the carrying amount of the operating unit to exceed its recoverable amount at 31 December 2015. However, if conditions in Hong Kong and the banking industry deteriorate and turn out to be significantly worse than anticipated in the Group's performance forecast, the goodwill may be further impaired in future periods.

26 Deposits and Balances from Customers

In $ millions	The Group 2015	The Group 2014	Bank 2015	Bank 2014
Analysed by currency				
Singapore dollar	**140,772**	138,332	**140,525**	138,031
US dollar	**101,298**	93,445	**84,815**	76,204
Hong Kong dollar	**31,849**	31,450	**5,787**	7,296
Chinese yuan	**14,500**	20,463	**1,470**	2,770
Others	**31,715**	33,483	**17,485**	20,368
Total	**320,134**	317,173	**250,082**	244,669
Analysed by product				
Savings accounts	**131,065**	119,753	**110,440**	102,316
Current accounts	**65,989**	60,876	**55,852**	53,310
Fixed deposits	**120,269**	130,904	**82,007**	84,449
Other deposits	**2,811**	5,640	**1,783**	4,594
Total	**320,134**	317,173	**250,082**	244,669

27 Other Liabilities

In $ millions	The Group 2015	The Group 2014	Bank 2015	Bank 2014
Cash collateral received[(a)]	**981**	734	**908**	734
Accrued interest payable	**453**	574	**254**	255
Provision for loss in respect of off-balance sheet credit exposures	**324**	322	**309**	292
Clients' monies payable in respect of securities business	**318**	570	**-**	-
Sundry creditors and others[(b)]	**8,648**	7,599	**5,999**	4,604
Current tax liabilities	**725**	678	**698**	613
Short sale of securities	**886**	1,189	**555**	553
Deferred tax liabilities (Note 20)	**28**	45	**3**	11
Total	**12,363**	11,711	**8,726**	7,062

(a) Mainly relates to cash collateral received in respect of derivative portfolios
(b) Includes $800 million of the $1.6 billion receivable from Manulife for the 15-year regional distribution agreement entered on 8 April 2015.

28 Other Debt Securities

In $ millions	The Group 2015	The Group 2014	Bank 2015	Bank 2014
Negotiable certificates of deposit (Note 28.1)	**1,200**	1,072	**165**	-
Senior medium term notes (Note 28.2)	**7,986**	9,196	**7,986**	9,196
Commercial papers (Note 28.3)	**19,174**	14,561	**19,174**	14,561
Covered bonds (Note 28.4)	**1,412**	-	**1,412**	-
Other debt securities (Note 28.5)	**6,422**	5,473	**5,817**	5,078
Total	**36,194**	30,302	**34,554**	28,835
Due within 1 year	**26,736**	23,193	**25,838**	22,740
Due after 1 year	**9,458**	7,109	**8,716**	6,095
Total	**36,194**	30,302	**34,554**	28,835

28.1 Negotiable certificates of deposit issued and outstanding at 31 December are as follows:

In $ millions Currency	Interest Rate and Repayment Terms	The Group 2015	The Group 2014	Bank 2015	Bank 2014
Issued by the Bank and other subsidiaries					
HKD	2.25 % to 4.22%, payable quarterly	**503**	471	**-**	-
HKD	3M HIBOR + 0.25%, payable quarterly	**46**	-	**-**	-
HKD	3M HIBOR +0.2%, payable quarterly	**70**	66	**-**	-
HKD	1.2% to 4.2%, payable yearly	**156**	242	**-**	-
AUD	2.2% to 2.51%, payable on maturity	**165**	-	**165**	-
USD	0.2% to 0.7%, payable on maturity	**42**	66	**-**	-
IDR	9.75% to 10.65%, payable on maturity	**46**	122	**-**	-
TWD	0.438% to 0.79%, payable on maturity	**172**	105	**-**	-
Total		**1,200**	1,072	**165**	-

The outstanding negotiable certificates of deposit as at 31 December 2015 were issued between 22 August 2008 and 15 December 2015 (2014: 22 August 2008 and 30 December 2014) and mature between 5 January 2016 and 16 March 2021 (2014: 16 January 2015 and 16 March 2021).

28.2 Senior medium term notes issued and outstanding at 31 December are as follows:

In $ millions		The Group		Bank	
Currency	**Interest Rate and Repayment Terms**	**2015**	**2014**	**2015**	**2014**
Issued by the Bank					
AUD	Floating rate note, payable quarterly	**-**	108	**-**	108
GBP	Floating rate note, payable quarterly	**3,604**	4,079	**3,604**	4,079
USD	2.35%, payable half yearly	**1,418**	1,327	**1,418**	1,327
USD	2.375%, payable half yearly	**-**	1,331	**-**	1,331
USD	Floating rate note, payable quarterly	**2,658**	2,133	**2,658**	2,133
USD	1.454%, payable yearly	**141**	132	**141**	132
HKD	2.24%, payable quarterly	**92**	86	**92**	86
CNH	4.4%, payable yearly	**73**	-	**73**	-
Total		**7,986**	9,196	**7,986**	9,196

The senior medium term notes were issued by the Bank under its USD 30 billion Global Medium Term Note Programme. The outstanding senior medium term notes as at 31 December 2015 were issued between 21 February 2012 and 16 November 2015 (2014: 14 September 2010 and 2 December 2014) and mature between 14 January 2016 and 15 January 2020 (2014: 25 February 2015 and 20 November 2019).

28.3 The zero-coupon commercial papers which are payable on maturity were issued by the Bank under its USD 5 billion Euro Commercial Paper Programme and USD 15 billion US Commercial Paper Programme. The outstanding notes as at 31 December 2015 were issued between 2 July 2015 and 30 December 2015 (2014: 4 February 2014 and 16 December 2014) and mature between 4 January 2016 and 24 May 2016 (2014: 13 January 2015 and 1 July 2015).

28.4 To augment its sources of wholesale funding, the Bank established a USD10 billion Global Covered Bond Programme on 16 June 2015. A covered bond is a senior obligation of the Bank backed by a cover pool comprising assets that have been ring-fenced via contractual structures in a bankruptcy-remote structured entity, Bayfront Covered Bonds Pte Ltd. Bayfront Covered Bonds Pte Ltd has provided an unconditional and irrevocable guarantee, which is secured over the cover pool, to the covered bond holders.

The outstanding covered bonds as at 31 December 2015 were issued on 6 August 2015 and mature on 6 August 2018.

28.5 Other debt securities issued and outstanding at 31 December are as follows:

In $ millions	The Group		Bank	
Type	**2015**	**2014**	**2015**	**2014**
Issued by the Bank and other subsidiaries				
Equity linked notes	**1,603**	1,381	**1,600**	1,381
Credit linked notes	**2,058**	1,914	**2,058**	1,914
Interest linked notes	**1,817**	1,413	**1,737**	1,413
Foreign exchange linked notes	**63**	264	**63**	264
Fixed rate bonds	**881**	501	**359**	106
Total	**6,422**	5,473	**5,817**	5,078

The outstanding securities as at 31 December 2015 were issued between 31 March 2006 and 31 December 2015 (2014: 31 March 2006 and 31 December 2014) and mature between 4 January 2016 and 13 November 2045 (2014: 2 January 2015 and 30 September 2044).

29 Due to Subsidiaries

	Bank	
In $ millions	**2015**	**2014**
Subordinated term debts issued to DBS Capital Funding Corporation II (Note 29.1)	**1,500**	1,500
Due to subsidiaries	**22,932**	12,841
Total	**24,432**	14,341

29.1 The $1,500 million 5.75% subordinated note was issued on 27 May 2008 by the Bank to DBS Capital Funding II Corporation, both wholly-owned subsidiaries of DBSH. Interest is payable in arrears on 15 June and 15 December each year at a fixed rate of 5.75% per annum up to 15 June 2018. Thereafter, interest is payable quarterly in arrears on 15 March, 15 June, 15 September and 15 December each year at a floating rate of three-month Singapore Dollar Swap Offer Rate + 3.415% per annum.

30 Subordinated Term Debts

Subordinated term debts issued by a subsidiary of the Group are classified as liabilities in accordance with FRS 32. These are long term debt instruments that have a junior or lower priority claim on the issuing entity's assets in the event of a default or liquidation. These instruments are in the first instance ineligible as capital instruments under Basel III rules as they lack provisions for conversion to ordinary shares or write-down at the point of non-viability as determined by the Monetary Authority of Singapore, but are accorded partial eligibility as Tier 2 capital for calculating capital adequacy ratios under the Basel III transitional arrangements for capital instruments issued prior to 1 January 2013.

In $ millions					The Group		Bank	
Instrument	**Note**	**Issue Date**	**Maturity Date**	**Interest payment**	**2015**	**2014**	**2015**	**2014**
Issued by the Bank								
US$900m Floating Rate Subordinated Notes Callable with Step-up in 2016 *Interest rate equal to 3-month LIBOR plus 0.61% until call date.* *Interest rate resets to 3-month LIBOR plus 1.61% thereafter if not called.*	30.1	16 Jun 2006	15 Jul 2021	Jan/Apr/ Jul/Oct	**495**	1,189	**495**	1,189
S$500m 4.47% Subordinated Notes Callable with Step-up in 2016 *Interest rate resets to 6-month Singapore Dollar Swap Offer Rate plus 1.58% if not called.*		11 Jul 2006	15 Jul 2021	Jan/Jul	**500**	500	**500**	500
S$1,000m 3.30% Subordinated Notes Callable in 2017 *Interest rate resets to 5-year Singapore Dollar Swap Offer Rate plus 2.147% if not called.*	30.2	21 Feb 2012	21 Feb 2022	Feb/Aug	**991**	999	**991**	999
US$750m 3.625% Subordinated Notes Callable in 2017 *Interest rate resets to 5-year US Dollar Swap Offer Rate plus 2.229% if not called.*	30.3	21 Mar 2012	21 Sep 2022	Mar/Sep	**1,064**	994	**1,064**	994
S$1,000m 3.10% Subordinated Notes Callable in 2018 *Interest rate resets to 5-year Singapore Dollar Swap Offer Rate plus 2.085% if not called.*	30.4	14 Aug 2012	14 Feb 2023	Feb/Aug	**976**	983	**976**	983
Total					**4,026**	4,665	**4,026**	4,665
Due within 1 year					**-**	726	**-**	726
Due after 1 year					**4,026**	3,939	**4,026**	3,939
Total					**4,026**	4,665	**4,026**	4,665

30.1 On 8 January 2015, the Bank purchased, for cash, US$550 million of its US$900 million Floating Rate Subordinated Notes due 2021 Callable with Step-up in 2016. The US$550 million notes were subsequently cancelled. The remaining US$350 million of notes that were not repurchased are subject to the original terms and conditions of the notes.

30.2 The fixed rate funding has been converted to floating rate at six-month Singapore Dollar Swap Offer Rate + 2.22% via interest rate swaps.

30.3 The fixed rate funding has been converted to floating rate at three-month LIBOR + 2.21% via interest rate swaps.

30.4 The fixed rate funding has been converted to floating rate at six-month Singapore Dollar Swap Offer Rate + 2.16% via interest rate swaps.

For more information on each instrument, please refer to the "Capital Disclosures" section at the Group's website (http://www.dbs.com/investor/capital-disclosures.html) (unaudited).

31 Share Capital

	The Group and Bank			
	Shares ('000)		In $ millions	
	2015	2014	2015	2014
Ordinary shares				
Balance at 1 January	**2,489,381**	2,233,103	**21,297**	14,597
Issue of shares (Note 31.1)	**85,262**	256,278	**1,400**	5,000
Redemption of preference shares (Note 31.2)	**-**	-	**-**	1,700
Balance at 31 December	**2,574,643**	2,489,381	**22,697**	21,297
Non-cumulative preference shares				
Balance at 1 January				
4.7% non-cumulative non-convertible perpetual preference shares (Note 31.2)	**-**	7	**-**	1,700
4.7% non-cumulative non-convertible perpetual preference shares (Note 31.3)	**8,000**	8,000	**799**	799
	8,000	8,007	**799**	2,499
Redemption of preference shares (Note 31.2)	**-**	(7)	**-**	(1,700)
Balance at 31 December	**8,000**	8,000	**799**	799
Issued share capital at 31 December			**23,496**	22,096

31.1 The ordinary shares are fully paid-up and do not have par value. In 2015, the Bank issued 85 million ordinary shares for a total cash consideration of $1.4 billion. The newly issued shares rank pari passu in all respect with the previously issued shares.

31.2 $1,700 million 4.7% non-cumulative non-convertible perpetual preference shares with a liquidation preference of $250,000 each, was issued on 22 October 2010 by the Bank to third parties. Prior to redemption, these preference shares were in the first instance ineligible as capital instruments under Basel III rules as they lacked provisions for conversion to ordinary shares or write-down at the point of non-viability as determined by the Monetary Authority of Singapore, but were accorded partial eligibility as Tier 1 capital for calculating capital adequacy ratios under the Basel III transitional arrangements for capital instruments issued prior to 1 January 2013. The preference shares were fully redeemed, out of distributable profits, on 21 March 2014. The redemption amount (Note 32) was credited to ordinary share capital.

31.3 $800 million 4.7% non-cumulative non-convertible perpetual preference shares with a liquidation preference of $100 each, was issued on 22 November 2010 by the Bank to third parties. These preference shares were in the first instance ineligible as capital instruments under Basel III rules as they lacked provisions for conversion to ordinary shares or write-down at the point of non-viability as determined by the Monetary Authority of Singapore, but were accorded partial eligibility as Tier 1 capital for calculating capital adequacy ratios under the Basel III transitional arrangements for capital instruments issued prior to 1 January 2013. Dividends, if declared by the Board of Directors of the Bank, are payable semi-annually on 22 May and 22 November at a fixed rate of 4.7% of the liquidation preference per annum.

For more information on each instrument, please refer to the "Capital Disclosures" section at the Group's website (http://www.dbs.com/investor/capital-disclosures.html) (unaudited).

32 Other Reserves and Revenue Reserves

32.1 Other reserves

	The Group		Bank	
In $ millions	**2015**	**2014**	**2015**	**2014**
Available-for-sale revaluation reserves	**96**	284	**92**	288
Cash flow hedge reserves	**8**	(33)	**6**	(33)
General reserves	**2,453**	2,453	**2,360**	2,360
Capital reserves	**(214)**	(233)	**(23)**	(43)
Others	**(78)**	-	**-**	-
Total	**2,265**	2,471	**2,435**	2,572

Movements in other reserves for the Group during the year are as follows:

In $ millions	Available-for-sale revaluation reserves	Cash flow hedge reserves	General reserves[(a)]	Capital reserves[(b)]	Other reserves	Total
2015						
Balance at 1 January	**284**	**(33)**	**2,453**	**(233)**	**-**	**2,471**
Net exchange translation adjustments	**1**	**1**		**18**		**20**
Acquisition of non-controlling interests (Note 21.1.1)	**-**	**-**	**-**	**-**	**(78)**	**(78)**
Share of associates' reserves	**(1)**	**2**	**-**	**1**	**-**	**2**
Available-for-sale financial assets and others:						
- net valuation taken to equity	**(74)**	**(144)**	**-**	**-**	**-**	**(218)**
- transferred to income statement	**(125)**	**186**	**-**	**-**	**-**	**61**
- tax on items taken directly to or transferred from equity	**11**	**(4)**	**-**	**-**	**-**	**7**
Balance at 31 December	**96**	**8**	**2,453**	**(214)**	**(78)**	**2,265**
2014						
Balance at 1 January	(30)	(14)	2,453	(324)	-	2,085
Net exchange translation adjustments	-	-	-	91	-	91
Share of associates' reserves	7	-	-	-	-	7
Available-for-sale financial assets and others:						
- net valuation taken to equity	534	(67)	-	-	-	467
- transferred to income statement	(212)	47	-	-	-	(165)
- tax on items taken directly to or transferred from equity	(15)	1	-	-	-	(14)
Balance at 31 December	284	(33)	2,453	(233)	-	2,471

(a) General reserves are maintained in accordance with the provisions of applicable laws and regulations. These reserves are non distributable unless otherwise approved by the relevant authorities. Under the Banking (Reserve Fund) (Transitional Provision) regulations 2007, which came into effect on 11 June 2007, the Bank may distribute or utilise its statutory reserves provided that the amount distributed or utilised for each financial year does not exceed 20% of the reserves as at 30 March 2007

(b) Capital reserves include net exchange translation adjustments arising from translation differences on net investments in foreign subsidiaries, associates and branches, and the related foreign currency financial instruments designated as a hedge

Movements in other reserves for the Bank during the year are as follows:

In $ millions	Available-for-sale revaluation reserves	Cash flow hedge reserves	General reserves[(a)]	Capital reserves[(b)]	Total
2015					
Balance at 1 January	**288**	**(33)**	**2,360**	**(43)**	**2,572**
Net exchange translation adjustments	**-**	**1**	**-**	**20**	**21**
Available-for-sale financial assets and others:					
- net valuation taken to equity	**(79)**	**(144)**	**-**	**-**	**(223)**
- transferred to income statement	**(128)**	**186**	**-**	**-**	**58**
- tax on items taken directly to or transferred from equity	**11**	**(4)**	**-**	**-**	**7**
Balance at 31 December	**92**	**6**	**2,360**	**(23)**	**2,435**
2014					
Balance at 1 January	(10)	(14)	2,360	(62)	2,274
Net exchange translation adjustments	-	-	-	19	19
Available-for-sale financial assets and others:					
- net valuation taken to equity	494	(67)	-	-	427
- transferred to income statement	(182)	47	-	-	(135)
- tax on items taken directly to or transferred from equity	(14)	1	-	-	(13)
Balance at 31 December	288	(33)	2,360	(43)	2,572

(a) General reserves are maintained in accordance with the provisions of applicable laws and regulations. These reserves are non distributable unless otherwise approved by the relevant authorities. Under the Banking (Reserve Fund) (Transitional Provision) regulations 2007, which came into effect on 11 June 2007, the Bank may distribute or utilise its statutory reserves provided that the amount distributed or utilised for each financial year does not exceed 20% of the reserves as at 30 March 2007

(b) Capital reserves include net exchange translation adjustments arising from translation differences on net investments in foreign branches and the related foreign currency instruments designated as a hedge

32.2 Revenue reserves

In $ millions	The Group 2015	The Group 2014	Bank 2015	Bank 2014
Balance at 1 January	**11,521**	15,379	**7,941**	12,649
Redemption of preference shares	**-**	(1,700)	**-**	(1,700)
Remeasurement of defined benefit plan	**-**	-	**-**	(1)
Net profit attributable to shareholders	**4,503**	4,098	**3,844**	3,249
Amount available for distribution	**16,024**	17,777	**11,785**	14,197
Less: Dividends paid to holding company	**1,500**	6,197	**1,500**	6,197
Dividends paid on preference shares	**38**	59	**38**	59
Balance at 31 December	**14,486**	11,521	**10,247**	7,941

33 Non-controlling Interests

The following preference shares and perpetual subordinated loan issued by subsidiaries of the Group are classified as non-controlling interests. These instruments have a deeply subordinated claim on the issuing entity's assets in the event of a default or liquidation. The preference shares issued by DBS Capital Funding II Corporation are in the first instance ineligible as capital instruments under Basel III rules as they lack provisions for conversion to ordinary shares or write-down at the point of non-viability as determined by the Monetary Authority of Singapore, but are accorded partial eligibility as Tier 1 capital for calculating capital adequacy ratios under the Basel III transitional arrangements for capital instruments issued prior to 1 January 2013.

In $ millions					The Group	
Instrument	**Note**	**Issuance Date**	**Liquidation Preference**	**Dividend Payment**	**2015**	**2014**
Issued by DBS Capital Funding II Corporation						
S$1,500m 5.75% Non-Cumulative, Non-Convertible, Non-Voting, Guaranteed Preference Shares Callable with Step-up in 2018		27 May 2008	$250,000	Jun/Dec	**1,500**	1,500
Issued by Heedum Pte Ltd S$344m 1.6% Perpetual Subordinated Loan		12 Nov 2015			**344**	-
Issued by DBS Bank (Taiwan) Ltd TWD8,000m 4% Non-Cumulative and Perpetual Preferred Shares		20 Jan 2015			**344**	-
Non-controlling interests in subsidiaries (Note 21.1.1)					**120**	195
Total					**2,308**	1,695

For more information on each instrument, please refer to the "Capital Disclosures" section at the Group's website (http://www.dbs.com/investor/capital-disclosures.html) (unaudited).

34 Contingent Liabilities and Commitments

The Group issues guarantees, performance bonds and indemnities in the ordinary course of business. The majority of these facilities are offset by corresponding obligations of third parties.

Guarantees and performance bonds are generally written by the Group to support the performance of a customer to third parties. As the Group will only be required to meet these obligations in the event of the customer's default, the cash requirements of these instruments are expected to be considerably below their nominal amount.

Endorsements are residual liabilities of the Group in respect of bills of exchange, which have been paid and subsequently rediscounted.

	The Group		Bank	
In $ millions	**2015**	**2014**	**2015**	**2014**
Guarantees on account of customers	**13,605**	15,672	**13,285**	16,115
Endorsements and other obligations on account of customers	**6,296**	6,559	**4,345**	4,522
Undrawn credit commitments[(a)]	**219,773**	187,423	**178,132**	150,309
Undisbursed and underwriting commitments in securities	**9**	53	**9**	53
Sub-total	**239,683**	209,707	**195,771**	170,999
Operating lease commitments (Note 34.2)	**661**	729	**339**	418
Capital commitments	**48**	22	**25**	7
Total	**240,392**	210,458	**196,135**	171,424

	The Group		Bank	
In $ millions	**2015**	**2014**	**2015**	**2014**
Analysed by industry (excluding operating lease and capital commitments)				
Manufacturing	**38,188**	34,642	**28,541**	26,393
Building and construction	**17,210**	17,594	**15,545**	15,767
Housing loans	**9,239**	9,980	**9,060**	9,837
General commerce	**52,695**	46,191	**38,678**	34,038
Transportation, storage and communications	**13,203**	10,153	**11,819**	8,814
Financial institutions, investment and holding companies	**22,007**	18,081	**21,480**	17,556
Professionals and private individuals (excluding housing loans)	**67,140**	53,362	**52,802**	40,353
Others	**20,001**	19,704	**17,846**	18,241
Total	**239,683**	209,707	**195,771**	170,999
Analysed by geography (excluding operating lease and capital commitments)[(b)]				
Singapore	**101,521**	90,622	**101,002**	90,170
Hong Kong	**48,550**	43,428	**21,069**	18,844
Rest of Greater China	**18,073**	14,413	**6,812**	4,207
South and Southeast Asia	**22,732**	20,285	**20,697**	18,782
Rest of the World	**48,807**	40,959	**46,191**	38,996
Total	**239,683**	209,707	**195,771**	170,999

(a) Include commitments that are unconditionally cancellable at any time by the Group (2015: $183,125 million, 2014: $151,854 million) and by the Bank (2015: $143,141 million, 2014: $115,961 million)
(b) Based on the country of incorporation of the counterparty or borrower

34.1 The Group has existing outsourcing agreements for the provision of information technology and related support to the Group's operations. There are various termination clauses in the agreements that could require the Group to pay termination fees on early termination of the contract or part thereof. The termination fees are stipulated in the agreements and are determined based on the year when the agreements or part thereof are terminated.

34.2 The Group has existing significant operating lease commitments including the leasing of office premises in Changi Business Park and Marina Bay Financial Centre in Singapore; and One Island East in Hong Kong. These include lease commitments for which the payments will be determined in the future based on the prevailing market rates in accordance with the lease agreements, of which the related amounts have not been included. The leases have varying terms, escalation clauses and renewal rights.

35 Financial Derivatives

Financial derivatives are financial instruments whose characteristics are derived from the underlying assets, or from interest and exchange rates or indices. These include forwards, swaps, futures and options. The following sections outline the nature and terms of the most common types of derivatives used by the Group.

Interest rate derivatives

Forward rate agreements give the buyer the ability to determine the underlying rate of interest for a specified period commencing on a specified future date (the settlement date). There is no exchange of principal and settlement is effected on the settlement date. The settlement amount is the difference between the contracted rate and the market rate prevailing on the settlement date.

Interest rate swaps involve the exchange of interest obligations with a counterparty for a specified period without exchanging the underlying (or notional) principal.

Interest rate futures are exchange-traded agreements to buy or sell a standard amount of a specified fixed income security or time deposit at an agreed interest rate on a standard future date.

Interest rate options give the buyer on payment of a premium the right, but not the obligation, to fix the rate of interest on a future deposit or loan, for a specified period and commencing on a specified future date.

Interest rate caps and floors give the buyer the ability to fix the maximum or minimum rate of interest. There is no facility to deposit or draw down funds, instead the writer pays to the buyer the amount by which the market rate exceeds or is less than the cap rate or the floor rate respectively. This category includes combinations of interest rate caps and floors, which are known as interest rate collars.

Foreign exchange derivatives

Forward foreign exchange contracts are agreements to buy or sell fixed amounts of currency at agreed rates of exchange on a specified future date.

Cross currency swaps are agreements to exchange, and on termination of the swap, re-exchange principal amounts denominated in different currencies. Cross currency swaps may involve the exchange of interest payments in one specified currency for interest payments in another specified currency for a specified period.

Currency options give the buyer, on payment of a premium, the right but not the obligation, to buy or sell specified amounts of currency at agreed rates of exchange on or before a specified future date.

Equity derivatives

Equity options provide the buyer, on payment of a premium, the right but not the obligation, either to purchase or sell a specified stock or stock index at a specified price or level on or before a specified date.

Equity swaps involve the exchange of a set of payments whereby one of these payments is based on an equity-linked return while the other is typically based on an interest reference rate.

Credit derivatives

Credit default swaps involve the transfer of credit risk of a reference asset from the protection buyer to the protection seller. The protection buyer makes one or more payments to the seller in exchange for an undertaking by the seller to make a payment to the buyer upon the occurrence of a predefined credit event.

Commodity derivatives

Commodity contracts are agreements between two parties to exchange cash flows which are dependent on the price of the underlying physical assets.

Commodity futures are exchange-traded agreements to buy or sell a standard amount of a commodity at an agreed price on a standard future date.

Commodity options give the buyer the right, but not the obligation, to buy or sell a specific amount of commodity at an agreed contract price on or before a specified date.

35.1 Trading derivatives

Most of the Group's derivatives relate to sales and trading activities. Sales activities include the structuring and marketing of derivatives to customers to enable them to take, transfer, modify or reduce current or expected risks. Trading activities are entered into principally for dealer's margin or for the purpose of generating a profit from short-term fluctuations in price.

Trading includes mainly market-making and warehousing to facilitate customer orders. Market-making involves quoting bid and offer prices to other market participants with the intention of generating revenues based on spread and volume. Warehousing involves holding on to positions in order to liquidate in an orderly fashion with timing of unwinding determined by market conditions and traders' views of markets as they evolve.

35.2 Hedging derivatives

The accounting treatment of the hedge derivative transactions varies according to the nature of the hedge and whether the hedge meets the specified criteria to qualify for hedge accounting. Derivatives transacted as economic hedges but do not qualify for

hedge accounting are treated in the same way as derivative instruments held for trading purposes.

Fair value hedges

The Group's fair value hedges consist principally of interest rate swaps used for managing interest rate gaps. For the year ended 31 December 2015, the gain on hedging instruments was $4 million (2014: $13 million). The total loss on hedged items attributable to the hedged risk amounted to $4 million (2014: $13 million).

At the Bank, for the year ended 31 December 2015, the loss on hedging instruments was $60 million (2014: gain of $3 million). The total gain on hedged items attributable to the hedged risk amounted to $60 million (2014: loss of $3 million).

Cash flow hedges

The Group's cash flow hedges consist principally of currency forwards and currency swaps transacted to hedge highly probable forecast transactions expected to occur at various future dates against variability in exchange rates. The currency forwards and currency swaps have maturity dates that coincide within the expected occurrence of these transactions. The forecast transactions are expected to occur within four years from the balance sheet date, and are expected to affect income statement in the same period these cash flows occur.

The ineffectiveness arising from these hedges was insignificant.

Net investment hedges

The Group hedges part of the currency translation risk of investments through financial derivatives and borrowings. The ineffectiveness arising from hedging of investments was insignificant. The Group regularly reviews its hedging strategy and rebalance based on long-term outlook of the currency fundamentals.

The tables below analyses the currency exposure of Group by functional currency at 31 December:

	The Group		
In $ millions	**Net investments in foreign operations[(a)]**	**Financial instruments which hedge the net investments**	**Remaining unhedged currency exposures**
2015			
Hong Kong dollar	**8,398**	**8,392**	**6**
US dollar	**934**	**943**	**(9)**
Others	**6,391**	**1,867**	**4,524**
Total	**15,723**	**11,202**	**4,521**
2014			
Hong Kong dollar	7,158	7,150	8
US dollar	939	938	1
Others	5,668	1,703	3,965
Total	13,765	9,791	3,974

(a) Refer to net tangible assets of subsidiaries, associates and overseas operations

The following table summarises the contractual or underlying principal amounts of derivative financial instruments held or issued for trading and hedging purposes outstanding at balance sheet date. They do not represent amounts at risk.

In the financial statements, trading derivative financial instruments are revalued on a gross position basis and the unrealised gains or losses are reflected as derivative assets or derivative liabilities. Derivative assets and liabilities arising from different transactions are only offset if the transactions are done with the same counterparty, a legal right of offset exists, and the parties intend to settle the cash flows on a net basis. There was no offset of derivative assets and liabilities in 2015 and 2014.

	The Group					
	2015			2014		
In $ millions	Underlying notional	Assets	Liabilities	Underlying notional	Assets	Liabilities
Derivatives held for trading						
Interest rate derivatives						
Interest rate swaps	**973,276**	**6,504**	**6,414**	723,251	5,251	5,089
Interest rate futures	**25,240**	**4**	**8**	8,606	3	1
Interest rate options	**8,270**	**85**	**120**	6,655	66	83
Interest rate caps/floors	**20,662**	**275**	**730**	21,879	277	644
Sub-total	**1,027,448**	**6,868**	**7,272**	760,391	5,597	5,817
Foreign exchange (FX) derivatives						
FX contracts	**580,433**	**6,445**	**5,951**	641,978	4,838	5,810
Currency swaps	**187,677**	**7,394**	**6,332**	169,772	4,137	4,619
Currency options	**198,269**	**1,774**	**1,629**	227,440	1,346	1,225
Sub-total	**966,379**	**15,613**	**13,912**	1,039,190	10,321	11,654
Equity derivatives						
Equity options	**2,798**	**43**	**80**	2,458	31	142
Equity swaps	**903**	**7**	**25**	706	9	10
Sub-total	**3,701**	**50**	**105**	3,164	40	152
Credit derivatives						
Credit default swaps and others	**46,132**	**284**	**389**	52,288	425	608
Sub-total	**46,132**	**284**	**389**	52,288	425	608
Commodity derivatives						
Commodity contracts	**2,078**	**335**	**154**	2,016	303	203
Commodity futures	**3,062**	**70**	**173**	3,274	79	107
Commodity options	**366**	**16**	**12**	1,801	35	44
Sub-total	**5,506**	**421**	**339**	7,091	417	354
Total derivatives held for trading	**2,049,166**	**23,236**	**22,017**	1,862,124	16,800	18,585
Derivatives held for hedging						
Interest rate swaps held for fair value hedge	**9,917**	**76**	**133**	9,003	84	151
Interest rate swaps held for cash flow hedge	**100**	**-**	**#**	-	-	-
FX contracts held for cash flow hedge	**5,755**	**100**	**8**	1,093	12	16
FX contracts held for hedge of net investment	**1,857**	**24**	**4**	1,472	47	4
Currency swaps held for fair value hedge	**1,924**	**120**	**13**	1,532	34	6
Currency swaps held for cash flow hedge	**839**	**75**	**16**	623	16	7
Currency swaps held for hedge of net investment	**1,441**	**#**	**#**	2,301	2	-
Total derivatives held for hedging	**21,833**	**395**	**174**	16,024	195	184
Total derivatives	**2,070,999**	**23,631**	**22,191**	1,878,148	16,995	18,769
Impact of netting arrangements recognised for computation of Capital Adequacy Ratio (CAR) (unaudited)		**(11,047)**	**(11,047)**		(8,729)	(8,729)
		12,584	**11,144**		8,266	10,040
Of which derivatives with parent company	**1,405**	**-**	**46**	991	-	14

	Bank					
	2015			2014		
In $ millions	Underlying notional	Assets	Liabilities	Underlying notional	Assets	Liabilities
Derivatives held for trading						
Interest rate derivatives						
Forward rate agreements	**1,990**	**33**	**13**	-	-	-
Interest rate swaps	**861,216**	**6,314**	**6,241**	672,085	5,161	5,002
Interest rate futures	**24,680**	**4**	**8**	7,992	3	1
Interest rate options	**8,270**	**85**	**120**	6,655	66	83
Interest rate caps/floors	**20,665**	**275**	**730**	21,882	278	644
Sub-total	**916,821**	**6,711**	**7,112**	708,614	5,508	5,730
Foreign exchange (FX) derivatives						
FX contracts	**550,454**	**6,102**	**5,467**	593,107	4,627	5,627
Currency swaps	**186,967**	**7,174**	**6,248**	169,773	3,988	4,534
Currency options	**183,166**	**1,687**	**1,564**	229,199	1,326	1,212
Sub-total	**920,587**	**14,963**	**13,279**	992,079	9,941	11,373
Equity derivatives						
Equity options	**2,697**	**43**	**80**	2,400	31	142
Equity swaps	**918**	**7**	**25**	706	9	10
Sub-total	**3,615**	**50**	**105**	3,106	40	152
Credit derivatives						
Credit default swaps and others	**46,132**	**284**	**389**	52,288	425	608
Sub-total	**46,132**	**284**	**389**	52,288	425	608
Commodity derivatives						
Commodity contracts	**2,078**	**336**	**154**	2,016	304	203
Commodity futures	**3,062**	**70**	**173**	3,274	79	107
Commodity options	**366**	**16**	**12**	1,815	35	44
Sub-total	**5,506**	**422**	**339**	7,105	418	354
Total derivatives held for trading	**1,892,661**	**22,430**	**21,224**	1,763,192	16,332	18,217
Derivatives held for hedging						
Interest rate swaps held for fair value hedge	**9,103**	**44**	**124**	8,198	52	137
Interest rate swaps held for cash flow hedge	**100**	**-**	**#**	-	-	-
FX contracts held for fair value hedge	**1,570**	**20**	**1**	1,261	42	#
FX contracts held for cash flow hedge	**5,755**	**100**	**8**	1,093	12	16
FX contracts held for hedge of net investment	**131**	**2**	**-**	9	#	-
Currency swaps held for fair value hedge	**2,124**	**120**	**13**	1,719	34	6
Currency swaps held for cash flow hedge	**839**	**75**	**16**	623	16	7
Currency swaps held for hedge of net investment	**670**	**#**	**#**	455	#	-
Total derivatives held for hedging	**20,292**	**361**	**162**	13,358	156	166
Total derivatives	**1,912,953**	**22,791**	**21,386**	1,776,550	16,488	18,383
Impact of netting arrangements recognised for computation of Capital Adequacy Ratio (CAR) (unaudited)		**(11,405)**	**(11,405)**		(9,122)	(9,122)
		11,386	**9,981**		7,366	9,261
Of which derivatives with subsidiaries and parent company	**113,009**	**1,801**	**429**	112,029	1,034	436

Amount less than $500,000

The contractual or underlying principal amounts of derivative financial instruments of bank and non-bank counterparties amounted to $1,084 billion (2014: $1,198 billion) and $987 billion (2014: $679 billion) respectively for the Group and $989 billion (2014: $1,207 billion) and $924 billion (2014: $569 billion) respectively for the Bank. These positions are mainly booked in Singapore. For purpose of managing its credit exposures, the Group maintains collateral agreements and enters into master netting agreements with most of these counterparties. For those arrangements that comply with the regulatory requirements as set out in MAS Notice 637, the Group recognises the netting arrangements in the computation of its Capital Adequacy Ratios.

36 Share-based Compensation Plans

As part of the Group's remuneration policy, the Group provides various share-based compensation plans to foster a culture that aligns employees' interests with shareholders', enable employees to share in the bank's performance and enhance talent retention.

Main Scheme/ Plan	Note
DBSH Share Plan (Share Plan) • The Share Plan is granted to Group executives as determined by the Committee appointed to administer the Share Plan from time to time. • Participants are awarded shares of DBSH or, at the Committee's discretion, their equivalent cash value or a combination. • Awards consist of main award and retention award (20% of main awards). Dividends on unvested shares do not accrue to employees. • The vesting of main award is staggered between 2 – 4 years after grant i.e. 33% will vest 2 years after grant; another 33% will vest on the third year and the remaining 34% plus the retention award will vest 4 years after grant. • The market price of shares on the grant date is used to estimate the fair value of the shares awarded.	36.1
DBSH Employee Share Plan (ESP) • The ESP caters to employees not eligible to participate in the above listed Share Plan. Eligible employees are awarded ordinary shares of DBSH, their equivalent cash value or a combination of both (at the discretion of the Committee), when time-based conditions are met. • The awards structure and vesting conditions are similar to DBSH Share Plan. • There are no additional retention awards for shares granted to top performers and key employees. • However, in specific cases where the award forms part of an employee's annual performance remuneration, the retention award which constitutes 20% of the shares given in the main award will be granted. The shares in the retention award will vest 4 years after the date of grant.	36.1
DBSH Share Ownership Scheme • All Singapore-based employees with at least one year of service who hold the rank of Assistant Vice President and below are eligible. • Participants contribute up to 10% of monthly salary and the Group will match up to 5% of monthly base salary to buy units of the DBSH's ordinary shares.	36.2
DBSH Share Option Plan (Option Plan) • The Option Plan expired on 19 June 2009. Any outstanding unexercised options as of 1 March 2015 had lapsed following the expiry of all options granted under the plan. • The Option Plan is granted to eligible Group executives who hold the rank of Vice President (or equivalent) and above and selected employees below the rank of Vice President (or equivalent). • The exercise price is equal to the average of the last dealt prices for the DBSH's share as determined by reference to the daily official list published by the Singapore Exchange Securities Trading Ltd, for the three consecutive trading days immediately preceding the date of the grant. • The options vest over a period in accordance with vesting schedule and are exercisable after the first anniversary of the date of the grant up to the date of expiration of the options. • The fair value of options granted is determined using the Binomial model.	36.3

36.1 DBSH Share Plan and DBSH Employee Share Plan

The following table sets out the movements of the awards during the year.

Number of shares	The Group 2015		2014	
	Share Plan	**ESP**	**Share Plan**	**ESP**
Balance at 1 January	**17,216,431**	**1,777,193**	16,008,527	1,534,441
Granted	**5,718,522**	**889,166**	5,848,665	815,748
Vested	**(5,154,074)**	**(471,393)**	(4,496,850)	(395,370)
Forfeited	**(412,391)**	**(196,185)**	(143,911)	(177,626)
Balance at 31 December	**17,368,488**	**1,998,781**	17,216,431	1,777,193
Weighted average fair value of the shares granted during the year	**$19.50**	**$19.51**	$16.66	$16.65

Number of shares	Bank 2015		2014	
	Share Plan	**ESP**	**Share Plan**	**ESP**
Balance at 1 January	**14,027,407**	**994,298**	13,124,486	853,015
Granted	**4,606,805**	**485,645**	4,617,644	448,453
Vested	**(4,220,134)**	**(264,206)**	(3,680,492)	(219,240)
Transferred	**(29,769)**	**5,581**	61,685	(500)
Forfeited	**(190,664)**	**(95,810)**	(95,916)	(87,430)
Balance at 31 December	**14,193,645**	**1,125,508**	14,027,407	994,298
Weighted average fair value of the shares granted during the year	**$19.49**	**$19.51**	$16.66	$16.65

36.2 DBSH Share Ownership Scheme

The outstanding shares held under DBSH Share Ownership Scheme are as follows:

	Ordinary shares			
	Number		Market value (In $ millions)	
	2015	**2014**	**2015**	**2014**
Balance at 1 January	**6,593,283**	6,658,006	**136**	114
Balance at 31 December	**7,282,740**	6,593,283	**122**	136

36.3 DBSH Share Option Plan

The following table sets out movements of the unissued ordinary shares of DBSH under outstanding options.

	The Group			
	2015		2014	
	Unissued number of ordinary shares under outstanding options	**Weighted average exercise price ($)**	**Unissued number of ordinary shares under outstanding options**	**Weighted average exercise price ($)**
Balance at 1 January	**354,877**	**12.81**	1,434,875	12.64
Movements during the year:				
- Exercised	**(350,623)**	**12.81**	(1,051,456)	12.58
- Forfeited/Expired	**(4,254)**	**12.81**	(28,542)	12.56
Balance at 31 December	**-**	**-**	354,877	12.81
Weighted average remaining contractual life of options outstanding at 31 December	**-**		0.16 years	
Exercise price of options outstanding at 31 December	**-**		$12.81	

In 2015, 350,623 options (2014: 1,051,456) were exercised at their contractual exercise prices. During the year, the corresponding weighted average market price of the DBSH's shares was $19.63 (2014: $16.71).

	Bank			
	2015		2014	
	Unissued number of ordinary shares under outstanding options	**Weighted average exercise price ($)**	**Unissued number of ordinary shares under outstanding options**	**Weighted average exercise price ($)**
Balance at 1 January	**307,202**	**12.81**	1,076,548	12.65
Movements during the year:				
- Exercised	**(305,652)**	**12.81**	(826,963)	12.59
- Transferred	**470**	**12.81**	61,072	12.65
- Forfeited/Expired	**(2,020)**	**12.81**	(3,455)	12.57
Balance at 31 December	**-**	**-**	307,202	12.81
Weighted average remaining contractual life of options outstanding at 31 December	**-**		0.16 years	
Exercise price of options outstanding at 31 December	**-**		$12.81	

In 2015, 305,652 options (2014: 826,963) were exercised at their contractual exercise prices. During the year, the corresponding weighted average market price of the DBSH's shares was $19.61 (2014: $16.73).

37 Related Party Transactions

37.1 Transactions between the Bank and its subsidiaries, including consolidated structured entities, associates which are related parties of the Bank, are disclosed in Notes 37.4 to 37.6.

37.2 During the financial year, the Group had banking transactions with related parties, consisting of subsidiaries, associates and key management personnel of the Group. These included the taking of deposits and extension of credit card and other loan facilities. These transactions were made in the ordinary course of business and carried out at arms-length commercial terms, and are not material. In addition, key management personnel received remuneration for services rendered during the financial year. Non-cash benefits including performance shares were also granted.

37.3 Total compensation and fees to key management personnel[(a)] are as follows:

	The Group		Bank	
In $ millions	**2015**	**2014**	**2015**	**2014**
Short-term benefits[(b)]	**43**	41	**35**	32
Share-based payments[(c)]	**26**	23	**24**	22
Total	**69**	64	**59**	54
Of which: Bank Directors' remuneration and fees	**12**	11	**12**	11

(a) Includes Bank Directors and members of the Management Committee who have authority and responsibility in planning the activities and direction of the Group. The composition and number of Directors and Management Committee members may differ from year to year
(b) Includes cash bonus based on amount accrued during the year, to be paid in the following year
(c) Share-based payments are expensed over the vesting period in accordance with FRS 102

37.4 Income received and expenses paid to related parties

	Bank	
In $ millions	**2015**	**2014**
Income received from:		
-Subsidiaries	**746**	387
-Associates	**52**	44
Total	**798**	431
Expenses paid to:		
-Subsidiaries	**278**	184
-Associates	**70**	68
Total	**348**	252

37.5 Amounts due to and from related parties

	Bank	
In $ millions	**2015**	**2014**
Amounts due from:		
-Subsidiaries	**13,924**	6,795
-Associates	**973**	991
Total	**14,897**	7,786
Amounts due to:		
-DBSH	**1,085**	3,373
-Subsidiaries	**24,432**	14,341
-Associates	**148**	95
Total	**25,665**	17,809

37.6 Guarantees to related parties

Guarantees granted to and from subsidiaries amounted to $1,045 million (2014: $2,045 million) and $2,188 million (2014: $1,617 million) respectively.

The Bank also finances customer through discounting bills issued by related parties. As at 31 Dec 2015, outstanding amount of such bills was $437 million (2014: $3,968 million).

38 Fair Value of Financial Instruments

38.1 Valuation Process

The valuation processes within the Group are governed by the Valuation Policy and supporting Standards, which are approved by the Board Risk Management Committee and the Group Market and Liquidity Risk Committee respectively. The policy and standards apply to financial assets and liabilities where mark-to-market or model valuation is required.

The Valuation Policy and supporting Standards govern the revaluation of all financial assets and liabilities that are measured at fair value, covering both market prices as well as model inputs. Financial assets and liabilities are marked directly using reliable and independent market prices or by using reliable and independent market parameters (as model inputs) in conjunction with a valuation model. Products with a liquid market or those traded via an exchange will fall under the former while most over-the-counter (OTC) products will form the latter. Market parameters include interest rate yield curves, credit spreads, exchange prices, dividend yields, option volatilities and foreign exchange rates.

Valuation models go through an assurance process carried out by the Risk Management Group (RMG), independent of the model developers. This assurance process covers the review of the underlying methodology including its logic and conceptual soundness together with the model inputs and outputs. Model assurances are conducted prior to implementation and subject to regular review or when there are significant changes arising from market or portfolio changes. Where necessary, the Group also imposes model reserves and other adjustments in determining fair value. Models are approved by the Group Market and Liquidity Risk Committee.

The majority of OTC derivatives are traded in active markets. Valuations are determined using generally accepted models (for example discounted cash flows, Black-Scholes model, interpolation techniques) based on quoted market prices for similar instruments or underlyings or market parameters.

A process of independent price verification (IPV) is in place to establish the accuracy of the market parameters used when the marking is performed by the Front Office. The IPV process entails independent checks to compare traders' marks to independent sources such as broker/dealer sources or market consensus providers. The results of the IPV are reviewed by independent control functions on a monthly basis.

For illiquid financial instruments where mark-to-market is not possible, the Group will value these products using an approved valuation model. Prices and parameters used as inputs to the model or to any intermediate technique involving a transformation process must be derived using approved market sources. Where possible, the inputs must be checked against multiple sources for reliability and accuracy. Reliance will be placed on the model assurance process established by RMG for assurance of valuation models as fit for purpose.

The Group uses various market accepted benchmark interest rates such as LIBOR and Swap Offer Rates to determine the fair value of the financial instruments.

Where unobservable inputs are used in these models, the financial instruments are classified as Level 3 in the fair value hierarchy and valuation adjustments or reserves are taken to provide for any uncertainty in valuations. Valuation adjustments or reserve methodologies are also used to substantiate the significance of unobservable inputs. Such methodologies are approved by the Group Market and Liquidity Risk Committee and governed by the Valuation Policy and supporting Standards.

The main valuation adjustments and reserves are described below:

Model and Parameter Uncertainty Adjustments
Valuation uncertainties may occur during fair value measurement either due to uncertainties in the required input parameters or uncertainties in the modeling methods used in the valuation process. In such situations, adjustments may be necessary to take these factors into account.

For example, where market data such as prices or rates for an instrument are no longer observable after an extended period of time, these inputs used to value the financial instruments may no longer be relevant in the current market conditions. In such situations, adjustments may be necessary to address the pricing uncertainty arising from the use of stale market data inputs.

Credit Valuation Adjustments
Credit valuation adjustments are taken to reflect the impact on fair value of counterparty credit risk. Credit valuation adjustments are based upon the creditworthiness of the counterparties, magnitude of the current or potential exposure on the underlying transactions, netting and collateral arrangements, and the maturity of the underlying transactions.

Funding Valuation Adjustments
Funding valuation adjustments represent an estimate of the adjustment to fair value that a market participant would make in incorporating funding costs and benefits that arise in relation to uncollateralised derivatives positions.

Day 1 Profit or Loss (P&L) Reserve
In situations where the market for an instrument is not active and its fair value is established using a valuation model based on significant unobservable market parameters, the Day 1 P&L arising from the difference in transacted price and end-of-day model valuation is set aside as reserves. A market parameter is defined as being significant when its impact on the Day 1 P&L is greater than an internally determined threshold. The Day 1 P&L reserve is released to the income statement

when the parameters become observable, or when the transaction is closed out, or amortised over the duration of the transaction. At year end, the unamortised Day 1 P&L was not material.

Bid-Offer Adjustment
The Group often holds, at varying points in time, both long or short positions in financial instruments which are valued using mid-market levels. Bid-offer adjustments are then made to account for close-out costs.

38.2 Fair Value Hierarchy

The fair value hierarchy accords the highest level to observable inputs such as unadjusted quoted prices in active markets for identical assets or liabilities and the lowest level to unobservable inputs. The fair value measurement of each financial instrument is categorised in accordance with the same level of the fair value hierarchy as the input with the lowest level that is significant to the entire measurement. If unobservable inputs are deemed significant, the financial instrument will be categorised as Level 3.

Financial instruments that are valued using quoted prices in active markets are classified as Level 1 within the fair value hierarchy. These would include government and sovereign securities, listed equities and corporate debt securities which are actively traded. Derivatives contracts which are traded in an active exchange market are also classified as Level 1 of the valuation hierarchy.

Where fair value is determined using quoted market prices in less active markets or quoted prices for similar assets and liabilities, such instruments are generally classified as Level 2. In cases where quoted prices are generally not available, the Group will determine the fair value based on valuation techniques that use market parameters as inputs including but not limited to yield curves, volatilities and foreign exchange rates. The majority of valuation techniques employ only observable market data so that reliability of the fair value measurement is high. These would include corporate debt securities, repurchase, reverse repurchase agreements and most of the Group's OTC derivatives.

The Group classifies financial instruments as Level 3 when there is reliance on unobservable inputs to the valuation model attributing to a significant contribution to the instrument value. These would include all input parameters which are derived from historical data, for example asset correlations or certain volatilities, as well as unquoted equity securities. The fair value of unquoted equity securities is measured based on the net asset value of the investments. Level 3 inputs also include all quoted security prices that have not been updated for more than 3 months, quoted proxies in active markets for non-similar asset classes (e.g. bonds valued using credit default swap spreads), as well as prices/valuations that are obtained from counterparties. Valuation reserves or pricing adjustments where applicable are used to converge to fair value.

The following table presents assets and liabilities measured at fair value, classified by level within the fair value hierarchy:

	The Group			
In $ millions	**Level 1**	**Level 2**	**Level 3**	**Total**
2015				
Assets				
Financial assets at fair value through profit or loss				
- Singapore Government securities and treasury bills	**2,569**	**-**	**-**	**2,569**
- Other government securities and treasury bills	**2,328**	**2,672**	**-**	**5,000**
- Bank and corporate debt securities	**3,064**	**3,852**	**815**	**7,731**
- Equity securities	**1,352**	**6**	**23**	**1,381**
- Other financial assets	**-**	**6,471**	**-**	**6,471**
Available-for-sale financial assets				
- Singapore Government securities and treasury bills	**8,078**	**-**	**-**	**8,078**
- Other government securities and treasury bills	**16,016**	**1,173**	**-**	**17,189**
- Bank and corporate debt securities	**9,353**	**2,485**	**46**	**11,884**
- Equity securities[(a)]	**1,011**	**2**	**110**	**1,123**
- Other financial assets	**-**	**4,977**	**-**	**4,977**
Derivatives	**76**	**23,535**	**20**	**23,631**
Liabilities				
Financial liabilities at fair value through profit or loss				
- Other debt securities	**-**	**5,521**	**17**	**5,538**
- Other financial liabilities	**886**	**2,226**	**73**	**3,185**
Derivatives	**181**	**21,887**	**123**	**22,191**

In $ millions	Level 1	The Group Level 2	Level 3	Total
2014				
Assets				
Financial assets at fair value through profit or loss				
- Singapore Government securities and treasury bills	1,963	-	-	1,963
- Other government securities and treasury bills	3,056	1,924	-	4,980
- Bank and corporate debt securities	5,675	3,554	692	9,921
- Equity securities	769	11	-	780
- Other financial assets	-	8,196	-	8,196
Available-for-sale financial assets				
- Singapore Government securities and treasury bills	6,357	-	-	6,357
- Other government securities and treasury bills	14,522	672	-	15,194
- Bank and corporate debt securities	10,257	1,973	27	12,257
- Equity securities[(a)]	1,081	2	117	1,200
- Other financial assets	-	5,424	-	5,424
Derivatives	82	16,902	11	16,995
Liabilities				
Financial liabilities at fair value through profit or loss				
- Other debt securities	-	4,963	8	4,971
- Other financial liabilities	1,189	1,678	-	2,867
Derivatives	110	18,524	135	18,769

(a) Excludes unquoted equities stated at cost of $574 million (2014: $259 million)

In $ millions	Level 1	Bank Level 2	Level 3	Total
2015				
Assets				
Financial assets at fair value through profit or loss				
- Singapore Government securities and treasury bills	**2,569**	**-**	**-**	**2,569**
- Other government securities and treasury bills	**1,743**	**1,890**	**-**	**3,633**
- Bank and corporate debt securities	**2,719**	**2,426**	**815**	**5,960**
- Equity securities	**1,352**	**6**	**23**	**1,381**
- Other financial assets	**-**	**6,060**	**-**	**6,060**
Available-for-sale financial assets				
- Singapore Government securities and treasury bills	**8,078**	**-**	**-**	**8,078**
- Other government securities and treasury bills	**12,972**	**264**	**-**	**13,236**
- Bank and corporate debt securities	**8,222**	**1,952**	**46**	**10,220**
- Equity securities[(a)]	**977**	**-**	**110**	**1,087**
- Other financial assets	**-**	**2,228**	**-**	**2,228**
Derivatives	**76**	**22,691**	**24**	**22,791**
Liabilities				
Financial liabilities at fair value through profit or loss				
- Other debt securities	**-**	**5,441**	**17**	**5,458**
- Other financial liabilities	**555**	**1,146**	**73**	**1,774**
Derivatives	**181**	**21,082**	**123**	**21,386**

In $ millions	Level 1	Bank Level 2	Level 3	Total
2014				
Assets				
Financial assets at fair value through profit or loss				
- Singapore Government securities and treasury bills	1,963	-	-	1,963
- Other government securities and treasury bills	2,071	1,222	-	3,293
- Bank and corporate debt securities	5,206	2,319	692	8,217
- Equity securities	769	11	-	780
- Other financial assets	-	7,649	-	7,649
Available-for-sale financial assets				
- Singapore Government securities and treasury bills	6,357	-	-	6,357
- Other government securities and treasury bills	11,108	140	-	11,248
- Bank and corporate debt securities	8,949	1,502	27	10,478
- Equity securities[(a)]	1,024	-	117	1,141
- Other financial assets	-	2,865		2,865
Derivatives	82	16,395	11	16,488
Liabilities				
Financial liabilities at fair value through profit or loss				
- Other debt securities	-	4,963	8	4,971
- Other financial liabilities	553	457	-	1,010
Derivatives	110	18,138	135	18,383

(a) Excludes unquoted equities stated at cost of $541 million (2014: $226 million)

The following table presents the changes in Level 3 instruments for the financial year ended for the Group:

In $ millions	Balance at 1 January	Fair value gains or losses		Pur-chases	Issues	Settle-ments	Transfers in	Transfers out	Balance at 31 December
		Income statement	Other compre-hensive income						
2015									
Assets									
Financial assets at fair value through profit or loss									
- Bank and corporate debt securities	**692**	**14**	**-**	**8**	**-**	**(19)**	**120**	**-**	**815**
- Equity securities	**-**	**(1)**	**-**	**-**	**-**	**-**	**24**	**-**	**23**
Available-for-sale financial assets									
- Bank and corporate debt securities	**27**	**-**	**1**	**-**	**-**	**-**	**21**	**(3)**	**46**
- Equity securities	**117**	**10**	**-**	**1**	**-**	**(18)**	**-**	**-**	**110**
Derivatives	**11**	**15**	**-**	**-**	**-**	**(2)**	**4**	**(8)**	**20**
Total	**847**	**38**	**1**	**9**	**-**	**(39)**	**169**	**(11)**	**1,014**
Liabilities									
Financial liabilities at fair value through profit or loss									
- Other debt securities	**8**	**1**	**-**	**-**	**4**	**(9)**	**14**	**(1)**	**17**
- Other financial liabilities	**-**	**-**	**-**	**-**	**48**	**-**	**49**	**(24)**	**73**
Derivatives	**135**	**2**	**-**	**-**	**-**	**(2)**	**2**	**(14)**	**123**
Total	**143**	**3**	**-**	**-**	**52**	**(11)**	**65**	**(39)**	**213**

In $ millions	Balance at 1 January	Fair value gains or losses		Pur-chases	Issues	Settle-ments	Transfers in	Transfers out	Balance at 31 December
		Income statement	Other compre-hensive income						
2014									
Assets									
Financial assets at fair value through profit or loss									
- Bank and corporate debt securities	539	80	-	148	-	(101)	26	-	692
Available-for-sale financial assets									
- Bank and corporate debt securities	26	-	1	-	-	-	-	-	27
- Equity securities	131	20	(18)	-	-	(16)	-	-	117
Derivatives	21	1	-	-	-	-	10	(21)	11
Total	717	101	(17)	148	-	(117)	36	(21)	847
Liabilities									
Financial liabilities at fair value through profit or loss									
- Other debt securities	21	-	-	-	-	(13)	-	-	8
Derivatives	51	56	-	17	-	-	11	-	135
Total	72	56	-	17	-	(13)	11	-	143

The following table presents the changes in Level 3 instruments for the financial year ended for the Bank:

In $ millions	Balance at 1 January	Fair value gains or losses		Pur-chases	Issues	Settle-ments	Transfers in	Transfers out	Balance at 31 December
		Income statement	Other compre-hensive income						
2015									
Assets									
Financial assets at fair value through profit or loss									
- Bank and corporate debt securities	**692**	**14**	**-**	**8**	**-**	**(19)**	**120**	**-**	**815**
- Equity securities	**-**	**(1)**	**-**	**-**	**-**	**-**	**24**	**-**	**23**
Available-for-sale financial assets									
- Bank and corporate debt securities	**27**	**-**	**1**	**-**	**-**	**-**	**21**	**(3)**	**46**
- Equity securities	**117**	**10**	**-**	**1**	**-**	**(18)**	**-**	**-**	**110**
Derivatives	**11**	**18**	**-**	**-**	**-**	**(2)**	**5**	**(8)**	**24**
Total	**847**	**41**	**1**	**9**	**-**	**(39)**	**170**	**(11)**	**1,018**
Liabilities									
Financial liabilities at fair value through profit or loss									
- Other debt securities	**8**	**1**	**-**	**-**	**4**	**(9)**	**14**	**(1)**	**17**
- Other financial liabilities	**-**	**-**	**-**	**-**	**48**	**-**	**49**	**(24)**	**73**
Derivatives	**135**	**2**	**-**	**-**	**-**	**(2)**	**2**	**(14)**	**123**
Total	**143**	**3**	**-**	**-**	**52**	**(11)**	**65**	**(39)**	**213**

In $ millions	Balance at 1 January	Fair value gains or losses		Pur-chases	Issues	Settle-ments	Transfers in	Transfers out	Balance at 31 December
		Income statement	Other compre-hensive income						
2014									
Assets									
Financial assets at fair value through profit or loss									
- Bank and corporate debt securities	539	80	-	148	-	(101)	26	-	692
Available-for-sale financial assets									
- Bank and corporate debt securities	26	-	1	-	-	-	-	-	27
- Equity securities	131	20	(18)	-	-	(16)	-	-	117
Derivatives	21	1	-	-	-	-	10	(21)	11
Total	717	101	(17)	148	-	(117)	36	(21)	847
Liabilities									
Financial liabilities at fair value through profit or loss									
- Other debt securities	21	-	-	-	-	(13)	-	-	8
Derivatives	51	56	-	17	-	-	11	-	135
Total	72	56	-	17	-	(13)	11	-	143

Economic hedges entered into for Level 2 exposures may be classified within a different category (i.e. Level 1) and similarly, hedges entered for Level 3 exposures may also be classified within a different category (i.e. Level 1 and/or Level 2). The effects are presented gross in the table.

During the year, the Group transferred financial assets and liabilities from Level 1 to Level 2 due to reduced market activity and from Level 2 to Level 1 arising from increased market activity.

Gains and losses on Level 3 financial assets and liabilities measured at fair value for the Group and the Bank

Group In $ millions	Net trading Income	Net income from investment securities	Total
2015			
Total gain/(loss) for the period included in income statement	**25**	**10**	**35**
Of which:			
Change in unrealised gain/(loss) for assets and liabilities held at the end of the reporting period	**25**	**-**	**25**
2014			
Total gain/(loss) for the period included in income statement	25	20	45
Of which:			
Change in unrealised gain/(loss) for assets and liabilities held at the end of the reporting period	16	-	16

Bank In $ millions	Net trading Income	Net income from investment securities	Total
2015			
Total gain/(loss) for the period included in income statement	**28**	**10**	**38**
Of which:			
Change in unrealised gain/(loss) for assets and liabilities held at the end of the reporting period	**28**	**-**	**28**
2014			
Total gain/(loss) for the period included in income statement	25	20	45
Of which:			
Change in unrealised gain/(loss) for assets and liabilities held at the end of the reporting period	16	-	16

Fair value gains or losses taken to other comprehensive income are reported in the Statement of Comprehensive Income as "Net valuation taken to equity".

Effect of changes in significant unobservable inputs to reflect reasonably possible alternatives

As at 31 December 2015, financial instruments measured with valuation techniques using significant unobservable inputs (Level 3) included equity investments, bank and corporate debt securities, interest rate, equity and credit derivatives and financial liabilities from structured product issuances.

There are limited inter-relationships between unobservable inputs as the financial instruments are usually categorised as Level 3 because of a single unobservable input.

In estimating significance, the Group performed sensitivity analysis based on methodologies applied for fair value adjustments. These adjustments reflect the values which the Group estimates to be appropriate to reflect uncertainties in the inputs used (e.g. based on stress testing methodologies on the unobservable input). The methodologies used can be statistical or based on other relevant approved techniques.

The movement in fair value arising from reasonably possible changes to the significant unobservable inputs is assessed as not significant.

Group In $ millions	2015	2014	Classification	Valuation technique	Unobservable Input
Assets					
Bank and corporate debt securities	**815**	692	FVPL[(a)]	Discounted cash flows	Credit spreads
Bank and corporate debt securities	**46**	27	AFS[(b)]	Discounted cash flows	Credit spreads
Equity securities	**23**	-	FVPL[(a)]	Equity pricing model	Prices
Equity securities (Unquoted)	**110**	117	AFS[(b)]	Net asset value	Net asset value of securities
Derivatives	**20**	11	FVPL[(a)]	Discounted cash flows / CDS model / Option & interest rate pricing models	Credit spreads/ Correlations
Total	**1,014**	847			
Liabilities					
Other debt securities	**17**	8	FVPL[(a)]	Discounted cash flows / Option pricing model	Credit spreads/ Correlations
Other financial liabilities	**73**	-	FVPL[(a)]	CDS model / Option & interest rate pricing models	Credit spreads/ Correlations
Derivatives	**123**	135	FVPL[(a)]	Discounted cash flows / CDS model / Option & interest rate pricing models	Credit spreads/ Correlations
Total	**213**	143			

(a) FVPL denotes financial instruments classified as fair value through profit or loss
(b) AFS denotes financial instruments classified as available-for-sale

Bank In $ millions	2015	2014	Classification	Valuation technique	Unobservable Input
Assets					
Bank and corporate debt securities	**815**	692	FVPL[(a)]	Discounted cash flows	Credit spreads
Bank and corporate debt securities	**46**	27	AFS[(b)]	Discounted cash flows	Credit spreads
Equity securities	**23**	-	FVPL[(a)]	Equity pricing model	Equity prices
Equity securities (Unquoted)	**110**	117	AFS[(b)]	Net asset value	Net asset value of securities
Derivatives	**24**	11	FVPL[(a)]	Discounted cash flows / CDS model / Option, interest rate & equity pricing models	Credit spreads/ Correlations/ Equity prices
Total	**1,018**	847			
Liabilities					
Other debt securities	**17**	8	FVPL[(a)]	Discounted cash flows / Option pricing model	Credit spreads/ Correlations
Other financial liabilities	**73**	-	FVPL[(a)]	CDS model / Option & interest rate pricing models	Credit spreads/ Correlations
Derivatives	**123**	135	FVPL[(a)]	Discounted cash flows / CDS model / Option & interest rate pricing models	Credit spreads/ Correlations
Total	**213**	143			

(a) FVPL denotes financial instruments classified as fair value through profit or loss
(b) AFS denotes financial instruments classified as available-for-sale

38.3 Financial assets & liabilities not carried at fair value

For financial assets and liabilities not carried at fair value in the financial statements, the Group has ascertained that their fair values were not materially different from their carrying amounts at year-end.

For cash and balances with central banks, due from banks, loans and advances to customers, as well as due to banks and deposits and balances from customers, the basis of arriving at fair values is by discounting cash flows using the relevant market interest rates for the respective currencies.

For investment debt securities and subordinated term debts issued, fair values are determined based on independent market quotes, where available. Where market prices are not available, fair values are estimated using discounted cash flow method.

For unquoted equities not carried at fair value, fair values have been estimated by referencing to the net tangible asset backing of the investee. Unquoted equities of $574 million as at 31 December 2015 (2014: $259 million) for the Group and $541 million as at 31 December 2015 (2014: $226 million) for the Bank were stated at cost less accumulated impairment losses because the fair value cannot be reliably estimated using valuation techniques supported by observable market data. The Group intends to dispose of such instruments through public listing or trade sale.

The fair value of variable interest-bearing as well as short-term financial instruments accounted for at amortised cost is assumed to be approximated by their carrying amounts.

39 Risk Governance

The Group Board directs the conduct of the Group's affairs and provides sound leadership to the CEO and management. The Group Board has delegated authority to various Board committees to enable them to oversee specific responsibilities based on clearly defined terms of reference.

Under the Group's risk management frameworks, the Group Board, through the Board Risk Management Committee (BRMC), sets the Group's risk appetite, oversees the establishment of robust enterprise-wide risk management policies and processes, and sets risk limits to guide risk-taking within the Group.

The BRMC sets out the overall approaches for identification, monitoring, management and reporting of credit, market, liquidity, operational and reputational risks. To facilitate the BRMC's risk oversight, the following risk management committees have been established.

1. Risk Executive Committee (Risk ExCo)
2. Product Approval Committee (PAC)*

3. Group Credit Risk Models Committee (GCRMC)*
4. Group Credit Policy Committee (GCPC)*
5. Group Scenario and Stress Testing Committee (GSSTC)*
6. Group Credit Risk Committee (GCRC)
7. Group Market and Liquidity Risk Committee (GMLRC)
8. Group Operational Risk Committee (GORC)

The Risk ExCo provides group-wide oversight and direction relating to the management of all risk types and is the overall executive body mandated by the BRMC on risk matters.

The PAC provides group-wide oversight and direction relating to the new product approvals - an important risk mitigation element within the Group.

Other than the PAC, each committee reporting to the Risk ExCo is broadly mandated to serve as an executive forum for discussion and decisions on different aspects of risk and its management.

Key responsibilities:
- Assess and approve risk taking activities
- Maintain oversight of the effectiveness of the Group's risk management infrastructure, including frameworks, decision criteria, authorities, people, policies, standards, processes, information and systems
- Approve risk policies including model governance standards, stress testing scenarios, endorse risk models and assess performance of the risk models
- Identify specific concentrations of risk
- Recommend scenarios and resulting macro-economic variable projections used for enterprise-wide stress tests

The members in these committees comprise representatives from RMG as well as key business and support units.

The above committees (excluding those marked with asterisks) are supported by local risk committees in all major locations. The local risk committees provide oversight of local risk positions across all businesses and support units and ensure compliance with limits set by the group risk committees. They also approve location-specific risk policies and ensure compliance with local regulatory risk limits and requirements.

The Chief Risk Officer (CRO) member of the Group Executive Committee who reports to the Chairman of the BRMC and to the CEO – oversees the risk management function. The CRO is independent of business lines and is actively involved in key decision making processes.

He also engages regulators on a regular basis to discuss risk matters.

Working closely with the risk and business committees, the CRO is responsible for the following:
- Management of the risks in the Group, including developing and maintaining systems and processes to identify, approve, measure, monitor, control and report risks
- Engagement of senior management on material matters relating to the various types of risks
- Development of risk controls and mitigation processes
- Ensuring the effectiveness of risk management and adherence to the Risk Appetite established by the Board

40 Credit Risk

Credit risk arises from the Group's daily activities in various businesses – lending to retail, corporate and institutional customers; trading activities such as foreign exchange, derivatives and debt securities; and settlement of transactions. Credit risk is the most significant measurable risk faced by the Group.

Lending exposures are typically represented by the notional value or principal amount of on-balance sheet financial instruments. Financial guarantees and standby letters of credit, which represent the undertaking that the Group will make payments on behalf of a customer that is unable to meet its obligations to third parties, carry the same credit risk as loans even though they are contingent in nature. Pre-settlement Credit Exposures (PCE) for trading and securities transactions are measured taking into account collateral and netting arrangements. Settlement risk is the risk of loss due to the counterparty's failure to perform its obligation after the Group has performed its obligation under an exchange of cash or securities.

Credit Risk Management
The Group's approach to credit risk management comprises the following building blocks:

- **Policies**
  The dimensions of credit risk and the scope of its application are defined in the Group Credit Risk Management Framework. Senior management sets the overall direction and policy for managing credit risk at the enterprise level. The Group Core Credit Risk Policy (CCRP) sets forth the principles by which the Group conducts its credit risk management and control activities. This policy, supplemented by a number of operational policies, ensures consistency in identifying, assessing, underwriting, measuring, reporting and controlling credit risk across the Group, and provides guidance in the formulation of business-specific and/or location-specific credit risk policies. The operational policies are established to provide greater details on the implementation of the credit principles within the Group CCRP and are adapted to reflect different credit environments and portfolio risk profiles. The Group CCRP is considered and approved by GCPC.
- **Risk Methodologies**

Credit risk is managed by thoroughly understanding its customers - the businesses they are in and the economies in which they operate. This is facilitated through the use of credit ratings and lending limits. The Group uses an array of rating models for its corporate and retail portfolios. Most models are built internally using the Group's own loss data. Limits and "rules for the business" are driven by the Group's Risk Appetite Statement and Target Market and Risk Acceptance Criteria respectively.

Retail exposures are typically managed on a portfolio basis and assessed based on credit scoring models, credit bureau records, internally and externally available customers' behaviour records. They are further supplemented by Risk Acceptance Criteria.

Wholesale borrowers are assessed on an individual basis, reviewed and analysed by experienced credit risk managers taking into consideration the relevant credit risk factors. For portfolios within the small and medium enterprise segment, the Group also uses a programme-based approach for a balanced management of risks and rewards. Credit extensions are proposed by the business unit and are approved by the credit risk function based on independent credit assessment, while also taking into account the business strategies determined by senior management.

Pre-settlement credit risk on derivatives arising from a counterparty's potential default is quantified by its current mark-to-market plus an appropriate add-on factor for potential future exposure. This methodology is used to calculate the Group's regulatory capital under the Current Exposure Method (CEM) and is included under the Group's overall credit limits to counterparties for internal risk management.

Issuer default risk that may arise from derivatives and securities are generally measured based on jump-to-default computations.

The Group actively monitors and manages its exposure to counterparties in over-the-counter (OTC) derivative trades to protect its balance sheet in the event of a counterparty default. Counterparty risk exposures which may be materially and adversely affected by market risk events are identified, reviewed and acted upon by management and highlighted to the appropriate risk committees. Specific wrong-way risk arises when the exposure to a particular counterparty is positively correlated with the probability of default of the counterparty due to the nature of transactions with the counterparty. The Group has a policy to guide the handling of specific wrong-way risk transactions and its risk measurement metric takes into account the higher risks associated with such transactions.

Concentration Risk Management

The Group's risk management processes aim to ensure that an acceptable level of risk diversification is maintained across the Group in line with the Group's Risk Appetite. For credit risk, we use Economic Capital (EC) as the measurement tool, since it combines the individual risk factors of Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD) as well as portfolio concentration factors. The Group set granular EC thresholds to ensure that the allocated EC stays within the Risk Appetite. These thresholds are regularly monitored in respect of major industry groups and single counterparty exposures. In addition, we set notional limits for country exposures. Governance processes exist to ensure that exposures are regularly monitored against these thresholds and appropriate actions are taken if thresholds are breached. The Group continually monitors and assesses the need to enhance the scope of thresholds.

Country Risk

Country risk is the risk of loss which is specifically attributed to events in a specific country (or a group of countries). It includes political, exchange rate, economic, sovereign and transfer risks. Country risk is embedded in the Group Credit Risk Management Framework and CCRP. In addition, country risk is managed as part of concentration risk management under the Risk Appetite Framework.

The principles and approach in the management of transfer risk are set out in the Group's Country Risk Management Standard. This includes an internal transfer risk and sovereign risk rating system where the assessments are made independent of business decisions. Transfer risk limits are set in accordance to the Group's Risk Appetite Framework. Limits for non-strategic countries are set using a model-based approach. Limits for strategic countries are set based on country-specific strategic business considerations and acceptable potential loss versus the Risk Appetite. There are active discussions among the senior management and credit management in right-sizing transfer risk exposures to take into account not only risks and rewards, but also whether such exposures are in line with the Group's strategic intent. All country limits are subject to approval by the BRMC.

Stress Testing

The Group performs various types of credit stress tests which are directed by the regulators or driven by internal requirements and management. Credit stress tests are performed at a portfolio or sub-portfolio level and are generally meant to assess the impact of changing economic conditions on asset quality, earnings performance, capital adequacy and liquidity.

A credit stress test working group is responsible for developing and maintaining a robust stress testing programme to include the execution of the stress testing process and effective analysis of

programme results. Stress test results are reported and discussed in the GCRC, the Risk ExCo and the BRMC.

The stress testing programme is comprehensive in nature spanning all major functions and areas of business. It brings together an expert view of the macro-economics, market, and portfolio information with the specific purpose of driving model and expert oriented stress testing results.

The Group generally performs the following types of credit stress testing at a minimum and others as necessary:

Pillar 1 Credit Stress Testing	The Group conducts Pillar 1 credit stress testing regularly as required by regulators. Under Pillar 1 credit stress testing, the Group assesses the impact of a mild stress scenario (at least two consecutive quarters of zero GDP growth) on Internal Ratings-Based (IRB) estimates (i.e. Probability of Default, Loss Given Default and Exposure at Default) and the impact on regulatory capital. The purpose of the Pillar 1 credit stress test is to assess the robustness of internal credit risk models and the cushion above minimum regulatory capital.
Pillar 2 Credit Stress Testing	The Group conducts Pillar 2 credit stress testing once a year as part of the internal capital adequacy assessment process (ICAAP). Under Pillar 2 credit stress testing, the Group assesses the impact of stress scenarios, with different levels of severity, on asset quality, earnings performance, internal and regulatory capital. The results of the credit stress tests form an input to the capital planning process under ICAAP. The purpose of the Pillar 2 credit stress testing is to examine, in a rigorous and forward-looking manner, the possible events or changes in market conditions that could adversely impact the Group.
Industry-Wide Stress Testing	The Group participates in the annual industry-wide stress test (IWST) conducted by the Monetary Authority of Singapore (MAS) to facilitate its ongoing assessment of financial stability. Under the IWST, the Group is required to assess the impact of adverse scenarios, as defined by the regulator, on asset quality, earnings performance, and capital adequacy.
Sensitivity and Scenario Analyses	The Group also conducts multiple independent sensitivity analyses and credit portfolio reviews based on various scenarios. The intent of these analyses and reviews is to identify vulnerabilities for the purpose of developing and executing mitigating actions.

- **Processes, Systems and Reports**
  The Group continues to invest in systems to support risk monitoring and reporting for the Group's institutional banking and consumer banking businesses. The end-to-end credit process is constantly subjected to review and improvement through various front-to-back initiatives involving the business units, RMG, operations unit and other key stakeholders.

  Day-to-day monitoring of credit exposures, portfolio performance and the external environment that may have an impact on credit risk profiles is key to the Group's philosophy of effective credit risk management. Risk reporting on credit trends, which may include industry analysis, early warning alerts and key weak credits, is provided to the various credit committees, and key strategies and action plans are formulated and tracked.

  Credit control functions ensure that credit risks taken comply with group-wide credit policies and guidelines. These functions ensure proper activation of approved limits and appropriate endorsement of credit excesses and policy exceptions, and monitor compliance with credit standards and covenants established by management and regulators.

Non-performing assets

The Group's credit facilities are classified as 'Performing Assets' or 'Non-performing assets' in accordance with MAS Notice 612. These guidelines require credit portfolios to be categorised into one of the following five categories according to the Group's assessment of a borrower's ability to repay a credit facility from its normal sources of income.

Classification grade	Description
Performing Assets	
Pass	Indicates that the timely repayment of the outstanding credit facilities is not in doubt.
Special mention	Indicates that the borrower exhibits potential weaknesses that, if not corrected in a timely manner, may adversely affect future repayments and warrant close attention by the Group.
Classified or Non-Performing Assets	
Substandard	Indicates that the borrower exhibits definable weaknesses in its business, cash flow or financial position that may jeopardise repayment on existing terms. These credit facilities may be non-defaulting.
Doubtful	Indicates that the borrower exhibits severe weaknesses such that the prospect of full recovery of the outstanding credit facilities is questionable and the prospect of a loss is high, but the exact amount remains undeterminable.
Loss	Indicates that the amount of recovery is assessed to be insignificant.

A default 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 actions such as realising security (if held)

- Technical default: Borrower is more than 90 days past due on any credit obligation to the Group

This is consistent with the guidance provided under the MAS Notice to Banks No. 637 "Notice on Risk Based Capital Adequacy Requirements for Banks incorporated in Singapore" (MAS Notice 637).

Credit facilities are classified as restructured assets when the Group grants non-commercial concessions to a borrower because of deterioration in its financial position or its inability to meet the original repayment schedule. A restructured credit facility is classified into the appropriate non-performing grade based on the assessment of the financial condition of the borrower and the ability of the borrower to repay based on the restructured terms. Such credit facilities are not returned to the performing status until there are reasonable grounds to conclude that the borrower will be able to service all future principal and interest payments on the credit facility in accordance with the restructured terms.

Other than the above, the Group does not grant concessions to borrowers in the normal course of business. Any restructuring of credit facilities are reviewed on a case by case basis and conducted only on commercial terms.

In addition, it is not within the Group's business model to acquire debts that have been restructured at inception (e.g. distressed debts).

Refer to Note 2.10 for the Group's accounting policies on specific and general allowances for credit losses. In general, specific allowances are recognised for defaulting credit exposures rated sub-standard and below. The breakdown of the Group's non-performing assets by loan grading and industry and the related amounts of specific allowances can be found in Note 40.2. A breakdown of past due loans can also be found in the same note.

When required, the Group will take possession of collateral and dispose of them as soon as practicable. Realised proceeds are used to reduce outstanding indebtedness. A breakdown of collateral held for non-performing assets is shown in Note 40.2. Repossessed collateral is classified in the balance sheet as other assets. The amounts of such other assets for 2015 and 2014 were not material.

Credit Risk Mitigants

Collateral received
Where possible, the Group takes collateral as a secondary recourse to the borrower. Collateral include cash, marketable securities, properties, trade receivables, inventory and equipment and other physical and financial collateral. The Group may also take fixed and floating charges on the assets of borrowers. The Group has put in place policies to determine the eligibility of collateral for credit risk mitigation. These include requiring specific collaterals to meet minimum operational requirements in order to be considered as effective risk mitigants.

The Group's collateral are generally diversified and valued periodically. Properties constitute the largest percentage whilst marketable securities and cash are immaterial.

For derivatives, repurchase agreements (repo) and other repo-style transactions with financial market counterparties, collateral arrangements are typically covered under market standard documentation (such as Master Repurchase Agreements and International Swaps and Derivatives Association (ISDA) Agreements). Collateral received is marked to market on a frequency mutually agreed with the counterparties. These are governed by internal guidelines with respect to the eligibility of collateral. In the event of a default, the credit risk exposure is reduced by master netting

arrangements where the Group is allowed to offset what it owes to a counterparty against what is due from that counterparty in a netting- eligible jurisdiction.

Collateral held against derivatives generally consist of cash in major currencies and highly rated government or quasi government bonds. Exceptions may arise in certain countries, where due to domestic capital markets and business conditions, the bank may be required to accept less highly rated / liquid government bonds and currencies. Reverse repo transactions are generally limited to large institutions with reasonably good credit standing. The Group takes haircuts against the underlying collateral of these transactions that commensurate with collateral quality to ensure credit risks are adequately mitigated.

In times of difficulty, the Group will review customers' specific facts and circumstances to assist them in restructuring their repayment liabilities. However, should the need arise, disposal and recovery processes are in place for disposal of collateral held by the Group. The Group also maintains a panel of agents and solicitors for the expeditious disposal of non-liquid assets and specialised equipment.

Other Risk Mitigants
The Group also uses guarantees as credit risk mitigants. Internal thresholds for considering guarantors to be eligible for credit risk mitigation are in place.

40.1 Maximum exposure to credit risk

The following table shows the exposure to credit risk of on-balance sheet and off-balance sheet financial instruments, before taking into account any collateral held, other credit enhancements and netting arrangements. For on-balance sheet financial assets, the maximum credit exposure is the carrying amounts. For contingent liabilities, the maximum exposure to credit risk is the amount the Group would have to pay if the instrument is called upon. For undrawn facilities, the maximum exposure to credit risk is the full amount of the undrawn credit facilities granted to customers.

	The Group	
In $ millions	**2015**	**2014**
Cash and balances with central banks (excluding cash on hand)	**15,759**	17,581
Government securities and treasury bills	**34,501**	29,694
Due from banks	**38,274**	42,250
Derivatives	**23,631**	16,995
Bank and corporate debt securities	**36,995**	35,524
Loans and advances to customers	**283,289**	275,588
Other assets (excluding deferred tax assets)	**11,288**	11,019
Credit exposure	**443,737**	428,651
Contingent liabilities and commitments (excluding operating lease and capital commitments)	**239,683**	209,707
Total credit exposure	**683,420**	638,358

The Group's exposures to credit risk, measured using the expected gross credit exposures that will arise upon a default of the end obligor are as shown in the Group's Basel II Pillar 3 Disclosures. These exposures, which include both on-balance sheet and off-balance sheet financial instruments, are shown without taking into account any collateral held or netting arrangements.

Analysis of Collateral

Whilst the Group's maximum exposure to credit risk is the carrying amount of the assets or, in the case of off-balance sheet instruments, the amount guaranteed, committed, accepted or endorsed, the likely exposure may be lower due to offsetting collateral, credit guarantees and other actions taken to mitigate the Group's exposure.

The description of collateral for each class of financial asset is set out below:

Balances with central banks, government securities and treasury bills, due from banks and bank and corporate debt securities
Collateral is generally not sought for these assets.

Derivatives
The Group maintains collateral agreements and enters into master netting agreements with most of the counterparties for derivative transactions. Please refer to Note 35 for the impact of netting arrangements recognised for the computation of Capital Adequacy Ratio (CAR).

Loans and advances to customers, contingent liabilities and commitments
Certain loans and advances to customers, contingent liabilities and commitments are typically collateralised to a substantial extent. In particular, residential mortgage exposures are generally fully secured by residential properties. Income-producing real estate, which is a sub-set of the Specialised Lending exposure, is fully secured by the underlying assets financed.

The extent to which credit exposures are covered by Basel II-eligible collateral, besides real estate, after the application of the requisite regulatory hair-cuts, is shown in the Group's Basel II Pillar 3 Disclosures. The amounts are a sub-set of the actual collateral arrangements entered by the Group as Basel II imposes strict legal and operational standards before collateral can be admitted as credit risk mitigants. As a result, certain collateral arrangements which do not meet its criteria will not be included. Certain collateral types which are not permitted as credit risk mitigants for credit exposures under the Standardised Approach are also excluded.

40.2 Loans and advances to customers

	The Group	
In $ millions	**2015**	**2014**
Loans and advances to customers		
Performing Loans		
- Neither past due nor impaired (i)	**282,946**	275,436
- Past due but not impaired (ii)	**1,313**	1,299
Non-Performing Loans		
- Impaired (iii)	**2,612**	2,419
Total gross loans (Note 17)	**286,871**	279,154

(i) Loans and advances neither past due nor impaired, analysed by loan grading and industry

The credit quality of the portfolio of loans and advances that are neither past due nor impaired can be assessed by reference to the loan gradings in MAS Notice 612:

	The Group		
In $ millions	**Pass**	**Special Mention[(a)]**	**Total**
2015			
Manufacturing	**29,409**	**791**	**30,200**
Building and construction	**54,646**	**530**	**55,176**
Housing loans	**58,023**	**-**	**58,023**
General commerce	**46,459**	**891**	**47,350**
Transportation, storage and communications	**25,541**	**451**	**25,992**
Financial institutions, investment and holding companies	**13,602**	**18**	**13,620**
Professionals and private individuals (excluding housing loans)	**23,492**	**13**	**23,505**
Others	**28,740**	**340**	**29,080**
Total	**279,912**	**3,034**	**282,946**
2014			
Manufacturing	31,241	1,009	32,250
Building and construction	47,650	594	48,244
Housing loans	52,393	-	52,393
General commerce	54,358	1,686	56,044
Transportation, storage and communications	22,866	381	23,247
Financial institutions, investment and holding companies	16,061	-	16,061
Professionals and private individuals (excluding housing loans)	23,237	29	23,266
Others	23,552	379	23,931
Total	271,358	4,078	275,436

(a) For companies scored by the HK SME Scoring Model, in addition to the ACRR, a further test was introduced in 2015 which evaluates whether the borrower meets the definition of Special Mention. This additional criteria resulted in a reclassification of $1.6 billion Special Mention loans to the Pass category

(ii) Loans and advances past due but not impaired, analysed by past due period and industry

	The Group			
In $ millions	**Less than 30 days past due**	**30 to 59 days past due**	**60 to 90 days past due**	**Total**
2015				
Manufacturing	**55**	**18**	**41**	**114**
Building and construction	**63**	**4**	**7**	**74**
Housing loans	**346**	**55**	**23**	**424**
General commerce	**158**	**16**	**20**	**194**
Transportation, storage and communications	**52**	**4**	**2**	**58**
Financial institutions, investment and holding companies	**5**	**-**	**-**	**5**
Professionals and private individuals (excluding housing loans)	**328**	**59**	**10**	**397**
Others	**30**	**5**	**12**	**47**
Total	**1,037**	**161**	**115**	**1,313**
2014				
Manufacturing	51	26	37	114
Building and construction	106	4	1	111
Housing loans	300	39	21	360
General commerce	153	11	16	180
Transportation, storage and communications	36	28	1	65
Financial institutions, investment and holding companies	1	-	-	1
Professionals and private individuals (excluding housing loans)	351	52	14	417
Others	27	3	21	51
Total	1,025	163	111	1,299

(iii) Non-performing assets (NPAs)

Non-performing assets by loan grading and industry

	The Group							
	NPAs				Specific allowances			
In $ millions	**Sub-standard**	**Doubtful**	**Loss**	**Total**	**Sub-standard**	**Doubtful**	**Loss**	**Total**
2015								
Customer loans								
Manufacturing	**367**	**121**	**72**	**560**	**53**	**99**	**72**	**224**
Building and construction	**219**	**87**	**28**	**334**	**19**	**73**	**28**	**120**
Housing loans	**112**	**5**	**5**	**122**	**-**	**2**	**5**	**7**
General commerce	**497**	**165**	**43**	**705**	**14**	**100**	**43**	**157**
Transportation, storage and communications	**223**	**25**	**59**	**307**	**10**	**25**	**59**	**94**
Financial institutions, investment and holding companies	**36**	**50**	**14**	**100**	**10**	**36**	**14**	**60**
Professional and private individuals (excluding housing loans)	**176**	**19**	**8**	**203**	**34**	**16**	**8**	**58**
Others	**206**	**52**	**23**	**281**	**40**	**38**	**23**	**101**
Total customer loans	**1,836**	**524**	**252**	**2,612**	**180**	**389**	**252**	**821**
Debt securities	**4**	**-**	**1**	**5**	**2**	**-**	**1**	**3**
Contingent liabilities and others	**84**	**70**	**21**	**175**	**24**	**46**	**21**	**91**
Total	**1,924**	**594**	**274**	**2,792**	**206**	**435**	**274**	**915**
Of which: restructured loans	**236**	**142**	**8**	**386**	**30**	**82**	**8**	**120**

	The Group							
	NPAs				Specific allowances			
In $ millions	**Sub-standard**	**Doubtful**	**Loss**	**Total**	**Sub-standard**	**Doubtful**	**Loss**	**Total**
2014								
Customer loans								
Manufacturing	366	203	91	660	60	180	91	331
Building and construction	289	47	21	357	57	37	21	115
Housing loans	101	6	6	113	-	2	6	8
General commerce	293	116	25	434	25	90	25	140
Transportation, storage and communications	182	113	43	338	3	107	43	153
Financial institutions, investment and holding companies	-	83	23	106	-	67	23	90
Professional and private individuals (excluding housing loans)	139	14	13	166	26	14	13	53
Others	167	53	25	245	29	39	25	93
Total customer loans	1,537	635	247	2,419	200	536	247	983
Debt securities	5	1	1	7	2	-	1	3
Contingent liabilities and others	50	16	21	87	10	13	21	44
Total	1,592	652	269	2,513	212	549	269	1,030
Of which: restructured loans	317	120	25	462	32	111	25	168

Non-performing assets by region[(a)]

	The Group	
In $ millions	**NPAs**	**Specific allowances**
2015		
Singapore	**527**	**117**
Hong Kong	**480**	**129**
Rest of Greater China	**435**	**118**
South and Southeast Asia	**909**	**454**
Rest of the World	**441**	**97**
Total	**2,792**	**915**
2014		
Singapore	432	147
Hong Kong	269	107
Rest of Greater China	361	137
South and Southeast Asia	948	445
Rest of the World	503	194
Total	2,513	1,030

(a) Based on the country of incorporation of the borrower

Non-performing assets by past due period

	The Group	
In $ millions	**2015**	**2014**
Not overdue	**520**	597
Less than 90 days past due	**508**	273
91 to180 days past due	**424**	162
More than 180 days past due	**1,340**	1,481
Total past due assets	**2,272**	1,916
Total	**2,792**	2,513

Collateral value for non-performing assets

	The Group	
In $ millions	**2015**	**2014**
Properties	**670**	441
Shares and debentures	**268**	316
Fixed deposits	**21**	11
Others	**467**	367
Total	**1,426**	1,135

40.3 Credit quality of Government securities and treasury bills and Bank and corporate debt securities

The table below presents an analysis of Government securities and treasury bills and Bank and corporate debt securities for the Group by rating agency designation as at 31 December:

The Group External Rating In $ millions	Singapore Government securities and treasury bills	Other government securities and treasury bills	Bank and corporate debt securities
2015			
AAA	**12,312**	**5,812**	**11,024**
AA- to AA+	**-**	**12,466**	**4,845**
A- to A+	**-**	**1,016**	**5,272**
Lower than A-	**-**	**2,895**	**4,296**
Unrated	**-**	**-**	**11,558**
Total	**12,312**	**22,189**	**36,995**
2014			
AAA	9,493	6,696	8,713
AA- to AA+	-	10,050	3,850
A- to A+	-	625	6,501
Lower than A-	-	2,830	4,333
Unrated	-	-	12,127
Total	9,493	20,201	35,524

40.4 Credit risk by Geography[(a)] and Industry

	The Group					
Analysed by geography **In $ millions**	**Government securities and treasury bills**	**Due from banks**	**Derivatives**	**Bank and corporate debt securities**	**Loans and advances to customers (Gross)**	**Total**
2015						
Singapore	**12,312**	**261**	**2,475**	**12,476**	**135,860**	**163,384**
Hong Kong	**2,708**	**474**	**2,999**	**1,779**	**50,976**	**58,936**
Rest of Greater China	**4,199**	**16,054**	**1,966**	**3,907**	**45,129**	**71,255**
South and Southeast Asia	**2,892**	**3,011**	**1,124**	**4,669**	**26,443**	**38,139**
Rest of the World	**12,390**	**18,474**	**15,067**	**14,164**	**28,463**	**88,558**
Total	**34,501**	**38,274**	**23,631**	**36,995**	**286,871**	**420,272**
2014						
Singapore	9,493	89	2,194	13,192	129,167	154,135
Hong Kong	2,958	1,176	1,637	1,730	49,881	57,382
Rest of Greater China	3,012	19,706	1,114	3,258	50,865	77,955
South and Southeast Asia	2,816	4,973	1,052	5,018	25,446	39,305
Rest of the World	11,415	16,319	10,998	12,326	23,795	74,853
Total	29,694	42,263	16,995	35,524	279,154	403,630

(a) Based on the country of incorporation of the issuer (for debt securities), counterparty (for derivatives), borrower (for loans) or the issuing bank in the case of bank backed export financing

				The Group		
Analysed by industry **In $ millions**	**Government securities and treasury bills**	**Due from banks**	**Derivatives**	**Bank and corporate debt securities**	**Loans and advances to customers (Gross)**	**Total**
2015						
Manufacturing	**-**	**-**	**1,038**	**2,849**	**30,874**	**34,761**
Building and construction	**-**	**-**	**330**	**2,976**	**55,584**	**58,890**
Housing loans	**-**	**-**	**-**	**-**	**58,569**	**58,569**
General commerce	**-**	**-**	**920**	**980**	**48,249**	**50,149**
Transportation, storage and communications	**-**	**-**	**801**	**2,192**	**26,357**	**29,350**
Financial institutions, investment and holding companies	**-**	**38,274**	**19,406**	**15,547**	**13,725**	**86,952**
Government	**34,501**	**-**	**-**	**-**	**-**	**34,501**
Professionals and private individuals (excluding housing loans)	**-**	**-**	**606**	**-**	**24,105**	**24,711**
Others	**-**	**-**	**530**	**12,451**	**29,408**	**42,389**
Total	**34,501**	**38,274**	**23,631**	**36,995**	**286,871**	**420,272**
2014						
Manufacturing	-	-	641	2,350	33,024	36,015
Building and construction	-	-	174	2,983	48,712	51,869
Housing loans	-	-	-	-	52,866	52,866
General commerce	-	-	646	947	56,658	58,251
Transportation, storage and communications	-	-	591	2,467	23,650	26,708
Financial institutions, investment and holding companies	-	42,263	14,017	16,688	16,168	89,136
Government	29,694	-	-	-	-	29,694
Professionals and private individuals (excluding housing loans)	-	-	266	-	23,849	24,115
Others	-	-	660	10,089	24,227	34,976
Total	29,694	42,263	16,995	35,524	279,154	403,630

41 Market Risk

The Group's exposure to market risk is categorised into:

- Trading portfolios: Arising from positions taken for (i) market-making (ii) client-facilitation and (iii) benefiting from market opportunities.

- Non-trading portfolios: Arising from (i) positions taken to manage the interest rate risk of the Group's institutional and consumer banking assets and liabilities (ii) equity investments comprising of investments held for yield and/or long-term capital gains (iii) strategic stakes in entities and (iv) structural foreign exchange risk arising mainly from the Group's strategic investments which are denominated in currencies other than the Singapore dollar (SGD).

Market Risk Management

The Group's approach to market risk management comprises the following building blocks:

- **Policies**
  The Market Risk Framework sets out the overall approach while the Core Market Risk Policy (CMRP) establishes the base standards for market risk management within the Group. The Policy Implementation Guidance and Requirements (PIGR) complement the CMRP with more details for specific subject matters. Both CMRP and PIGR facilitate the identification, measurement, control, monitoring and reporting of market risk in a consistent manner. The Market Risk Stress Test Framework sets out the overall approach, standards and controls governing market risk stress testing across the Group. The criteria for determining the positions to be included in the trading book are stipulated in the Trading Book Policy Statement.

- **Risk Methodologies**
  Value-at-Risk (VaR) is a method that computes the potential losses on risk positions as a result of movements in market rates and prices, over a specified time horizon and to a given level of confidence. The Group's VaR model is based on historical simulation with a one-day holding period. The Group uses Expected Shortfall (ES), previously known as Tail VaR, to monitor and limit market risk exposures. With effect from 2 November 2015, ES is the average of potential losses beyond the given 97.5% level of confidence. Previously the Group used the 95% level of confidence. In the third quarter of 2015, the Group enhanced its credit spread risk modelling by deriving an implied spread from the bond prices and removing the use of proxies. The market risk economic capital that is allocated by the BRMC is linked to ES by a multiplier. ES is supplemented by risk control metrics such as sensitivities to risk factors and loss triggers for management action.

  The Group conducts backtesting to verify the predictiveness of the VaR model. Backtesting compares VaR calculated for positions at the close of each business day with the Profit and Loss (P&L) which actually arise on those positions on the following business day. The backtesting P&L exclude fees and commissions, and revenues from intra-day trading. For backtesting, VaR at the 99% level of confidence and over a one-day holding period is used. The Group adopts the standardised approach to compute the market risk regulatory capital under MAS Notice 637 for the trading book positions. As such, VaR backtesting does not impact the Group's regulatory capital for market risk.

  VaR models such as historical simulation VaR permit the estimation of the aggregate portfolio market risk potential loss due to a range of market risk factors and instruments. VaR models have limitations; for example, past changes in market risk factors may not provide accurate predictions of the future market movements, and the risk arising from severe market risk related events may be understated.

  To monitor the Group's vulnerability to unexpected but plausible extreme market risk related events, the Group implemented a stress testing policy for market risk. Regular and multiple stress tests are run covering trading and non-trading portfolios through a combination of historical and hypothetical scenarios depicting risk factors movement. ES is the key risk metric used to manage the Group's assets and liabilities. As an exception, credit spread risk under loans and receivables is managed under the credit risk management framework. The Group manages banking book interest rate risk arising from mismatches in the interest rate profile of assets, liabilities and capital instruments (and associated hedges), including basis risk arising from different interest rate benchmarks, interest rate re-pricing risk, yield curve risk and embedded optionality. Behavioural assumptions are applied in managing the interest rate risk of banking book deposits with indeterminate maturities. The Group measures interest rate risk in the banking book on a weekly basis.

  Credit derivatives are used in the trading book with single name or index underlyings to support business strategy in building a regional Fixed Income franchise. The Group actively monitors its counterparty credit risk in credit derivative contracts. More than 90% of the gross notional value of the Group's credit derivative positions as at 31 December 2015 was to 18 established names with which the Group maintains collateral agreements.

- **Processes, Systems and Reports**
  Robust internal control processes and systems are designed and implemented to support the Group's approach for market risk management. Additionally, regular reviews of these control processes and systems are conducted. These reviews provide senior management with objective and timely assessments of the control processes and systems' appropriateness and effectiveness.

The day-to-day market risk monitoring, control and analysis is managed by the RMG Market and Liquidity Risk unit – an independent market risk management function that reports to the CRO. This group comprises risk control, risk analytics, production and reporting teams.

Market Risk

The Group level ES considers the market risks of both the trading and banking books. The Group level ES (based on the 97.5% level of confidence) is tabulated below, showing the period-end, average, high and low ES.

		The Group 1 Jan 2015 to 31 Dec 2015		
In $ millions	**As at 31 Dec 2015**	**Average**	**High**	**Low**
Total	**101**	**117**	**147**	**75**

		The Group 1 Jan 2014 to 31 Dec 2014		
In $ millions	**As at 31 Dec 2014**	**Average**	**High**	**Low**
Total	77	105	159	58

The Group's major market risk driver is interest rate risk in the trading and banking books. The average ES for 2015 was higher than 2014 mainly due to more volatile rates scenarios for ES calculation and updates of models for non-maturity deposits.

The following table shows the period-end, average, high and low diversified ES and ES by risk class for Treasury's trading portfolios. The ES reported below are based on the 97.5% level of confidence.

		The Group 1 Jan 2015 to 31 Dec 2015		
In $ millions	**As at 31 Dec 2015**	**Average**	**High**	**Low**
Diversified	**16**	**20**	**32**	**15**
Interest Rates	**17**	**15**	**21**	**9**
Foreign Exchange	**11**	**8**	**19**	**3**
Equity	**3**	**3**	**5**	**2**
Credit Spread	**8**	**16**	**23**	**7**
Commodity	**#**	**1**	**2**	**#**

		The Group 1 Jan 2014 to 31 Dec 2014		
In $ millions	**As at 31 Dec 2014**	**Average**	**High**	**Low**
Diversified	19	14	25	9
Interest Rates	11	12	23	7
Foreign Exchange	6	5	10	3
Equity	2	2	3	1
Credit Spread	18	7	18	5
Commodity	#	1	3	#

Amount under $500,000

The main risk factors driving Treasury's trading portfolios in 2015 were interest rates, foreign exchange and credit spreads. Treasury's trading portfolios' average diversified ES increased by $6 million (43%) and this was driven by the market volatility observed in 2015.

Similar to 2014, Treasury's trading portfolios experienced three back-testing exceptions in 2015. The exceptions occurred in January, August and December. Pronounced volatilities in SGD interest rate led to the exceptions in January and December. In August, the exception was triggered by the volatile swings in RMB interest rates and foreign exchange.

The key market risk drivers of the Group's non-trading portfolios are SGD and USD interest rate positions. The economic value impact of changes in interest rates was simulated under various assumptions for the non-trading risk portfolio. The economic value changes were negative $250 million and $425 million (2014: negative $275 million and $489 million) based on parallel shifts to all yield curves of 100 basis points and 200 basis points respectively. The reported figures were based on the worse of an upward or downward parallel shift in the yield curves.

42 Liquidity Risk

The Group's liquidity risk arises from the Group's obligations to honour withdrawals of deposits, repayments of borrowed funds at maturity, and commitments to its customers to extend loans.

The Group seeks to manage its liquidity in a manner that ensures that its liquidity obligations would continue to be honoured under normal as well as adverse circumstances.

Liquidity Risk Management

Liquidity Management and Funding Strategy
The Group strives to develop a diversified funding base with access to funding sources across retail and wholesale channels. The Group's funding strategy is anchored on strengthening the core deposit franchise as the foundation of the Group's long-term funding advantage.

With increasing diversification of funding sources, optimising the mismatch in fund deployment against sources with respect to pricing, size, currency and tenor remains challenging. To this end, where practicable and transferable without loss in value, the Group makes appropriate use of the swap markets for different currencies, commensurate with the liquidity of each, in the conversion and deployment of surplus funds across locations. As these swaps typically mature earlier than loans, the Group is exposed to potential cashflow mismatches arising from the risk that counterparties may not roll over maturing swaps to support the continual funding of loans. The Group mitigates this risk by setting triggers on the amount of swaps transacted with the market and making conservative assumptions on the cashflow behaviour of swaps under the Group's cashflow maturity gap analysis.

Overseas locations 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. Intra-group funding transactions are priced on an arm's length basis with reference to prevailing market rates and parameters set within the Group Funds Transfer Pricing policy.

During the Group's annual budget and planning process, each overseas location conducts an in-depth review of their projected loan and deposit growth as well as their net funding and liquidity profile for the next year. The consolidated Group funding and liquidity profiles are reviewed and revised as necessary by senior management. Each overseas location is required to provide justification if Head Office funding support is required.

The Group Assets and Liabilities Committee and respective Location Assets and Liabilities Committee regularly review balance sheet composition, growth in loans and deposits, utilisation of wholesale funding, momentum in business activities, market competition, economic outlook, market conditions and other factors that may affect liquidity in the continual refinement of the Group's funding strategy.

Approach to Liquidity Risk Management
The Group's approach to liquidity risk management comprises the following building blocks:

- **Policies**
  The Group Liquidity Risk Management Policy sets out the Group's overall approach towards liquidity risk management and describes the range of strategies employed by the Group to manage the Group's liquidity. These include maintaining an adequate counterbalancing capacity to address potential cashflow shortfalls and diversified sources of liquidity. Counterbalancing capacity includes liquid assets, the capacity to borrow from the money markets as well as forms of managerial interventions that improve liquidity. In the event of a potential or actual crisis, the Group has in place a set of liquidity contingency and recovery plans to ensure that the Group maintains adequate liquidity.

  The Policy is supported by Standards which establish the detailed requirements for liquidity risk identification, measurement, reporting and control within the Group. The set of Policies, Standards and supporting Guides communicate these baseline requirements to ensure consistent application throughout the Group.

- **Risk Methodologies**
  The primary measure used to manage liquidity within the tolerance defined by the Board is the cashflow maturity mismatch analysis. This analysis is performed on a regular basis under normal and adverse scenarios. It assesses the adequacy of the Group's counterbalancing capacity to fund or mitigate any cashflow shortfalls that may occur as forecasted in the cashflow movements across successive time bands. To ensure that liquidity is managed in line with the Risk Appetite, core parameters underpinning the performance of the analysis, such as the types of scenarios, the survival period and the minimum level of liquid assets, are pre-specified for monitoring and control on a group-wide basis. Any occurrences of forecasted shortfalls that cannot be covered by the counterbalancing capacity would be escalated to the relevant committees for deliberation and actions.

  Stress testing is performed under the cashflow maturity mismatch analysis, and covers adverse scenarios involving shocks that are general market and/or name-specific in nature Stress tests assess the Group's vulnerability when liability run-offs increase, asset rollovers increase and/or liquid asset buffers reduce. In addition, ad-hoc

stress tests are performed as part of the Group's recovery planning and ICAAP exercises.

Liquidity risk control measures, such as liquidity-related ratios and balance sheet analysis, are complementary tools to the cashflow maturity mismatch analysis and are performed regularly to obtain deeper insights and finer control over the liquidity profile across locations. The liquidity risk control measures also include concentration measures on top depositors, wholesale borrowing and swapped funds ratios.

- **Processes, systems and reports**
  Robust internal control processes and systems underlie the Group's overall approach to identifying, measuring, aggregating, controlling and monitoring liquidity risk across the Group. In 2015, the Group further enhanced the capabilities of its' in-house data platform to improve the timeliness of cash flow information as well as to perform more in depth analysis of the Group's liquidity position.

  The day-to-day liquidity risk monitoring, control reporting and analysis are managed by the RMG Market and Liquidity Risk unit – an independent liquidity risk management function that reports to the CRO. This unit comprises of risk control, risk analytics, production and reporting teams.

42.1 Contractual maturity profile of assets and liabilities

The table below analyses assets and liabilities of the Group as at 31 December based on the remaining period as at balance sheet date to the contractual maturity date:

In $ millions	Less than 7 days	1 week to 1 month	1 to 3 months	3 to 12 months	1 to 3 years	3 to 5 years	More than 5 years	No specific maturity	Total
2015									
Cash and balances with central banks	**14,208**	**1,064**	**595**	**1,935**	**1,026**	**-**	**-**	**-**	**18,828**
Government securities and treasury bills	**544**	**334**	**2,328**	**4,535**	**12,089**	**4,338**	**10,333**	**-**	**34,501**
Due from banks	**19,265**	**3,020**	**5,799**	**9,511**	**381**	**298**	**-**	**-**	**38,274**
Derivatives[(a)]	**23,631**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**23,631**
Bank and corporate securities	**117**	**241**	**988**	**5,148**	**13,384**	**9,083**	**8,034**	**3,078**	**40,073**
Loans and advances to customers	**24,711**	**36,063**	**28,343**	**45,259**	**51,893**	**34,646**	**62,374**	**-**	**283,289**
Other assets	**5,884**	**952**	**1,437**	**1,422**	**1,217**	**14**	**12**	**649**	**11,587**
Associates	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,000**	**1,000**
Properties and other fixed assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,547**	**1,547**
Goodwill and intangibles	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**5,117**	**5,117**
Total assets	**88,360**	**41,674**	**39,490**	**67,810**	**79,990**	**48,379**	**80,753**	**11,391**	**457,847**
Due to banks	**13,575**	**2,634**	**1,835**	**98**	**36**	**73**	**-**	**-**	**18,251**
Deposits and balances from customers	**218,063**	**42,716**	**34,018**	**23,237**	**1,278**	**170**	**652**	**-**	**320,134**
Derivatives[(a)]	**22,191**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**22,191**
Other liabilities	**4,222**	**1,174**	**1,678**	**2,032**	**928**	**16**	**19**	**2,294**	**12,363**
Other debt securities	**1,765**	**6,622**	**13,279**	**5,070**	**5,195**	**2,241**	**2,022**	**-**	**36,194**
Due to holding company	**2,133**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**2,133**
Subordinated term debts	**-**	**-**	**-**	**-**	**-**	**-**	**4,026**	**-**	**4,026**
Total liabilities	**261,949**	**53,146**	**50,810**	**30,437**	**7,437**	**2,500**	**6,719**	**2,294**	**415,292**
Non-controlling interests	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**2,308**	**2,308**
Shareholders' funds	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**40,247**	**40,247**
Total equity	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**42,555**	**42,555**
2014									
Cash and balances with central banks	11,663	1,894	2,742	2,152	1,054	-	-	-	19,505
Government securities and treasury bills	67	746	2,595	4,690	11,266	2,312	8,018	-	29,694
Due from banks	14,685	4,865	11,308	10,974	418	-	-	-	42,250
Derivatives[(a)]	16,995	-	-	-	-	-	-	-	16,995
Bank and corporate securities	61	457	2,981	5,186	10,376	8,262	8,201	2,239	37,763
Loans and advances to customers	20,650	34,324	31,291	48,010	54,794	30,244	56,275	-	275,588
Other assets	5,258	491	791	3,522	488	4	-	721	11,275
Associates	-	-	-	-	-	-	-	995	995
Properties and other fixed assets	-	-	-	-	-	-	-	1,485	1,485
Goodwill and intangibles	-	-	-	-	-	-	-	5,117	5,117
Total assets	69,379	42,777	51,708	74,534	78,396	40,841	72,475	10,557	440,667
Due to banks	10,205	3,401	2,501	3	66	-	-	-	16,176
Deposits and balances from customers	207,405	49,032	32,720	25,279	2,429	19	289	-	317,173
Derivatives[(a)]	18,769	-	-	-	-	-	-	-	18,769
Other liabilities	2,548	522	2,483	3,943	517	227	207	1,264	11,711
Other debt securities	37	2,569	9,236	11,351	3,602	1,834	1,673	-	30,302
Due to holding company	4,088	-	-	-	-	-	-	-	4,088
Subordinated term debts	-	726	-	-	-	-	3,939	-	4,665
Total liabilities	243,052	56,250	46,940	40,576	6,614	2,080	6,108	1,264	402,884
Non-controlling interests	-	-	-	-	-	-	-	1,695	1,695
Shareholders' funds	-	-	-	-	-	-	-	36,088	36,088
Total equity	-	-	-	-	-	-	-	37,783	37,783

The above table includes disclosure of the contractual maturity of financial liabilities, which approximates the same analysis on an undiscounted basis as total future interest payments are not material relative to the principal amounts. Assets and liabilities (including non-maturing savings/ current deposits) are represented on a contractual basis or in a period when it can legally be withdrawn. On a behavioural basis for liquidity risk analysis, the assets and liabilities cash flows may differ from contractual basis.

42.2 Derivatives

The table below shows the contractual undiscounted cash flows for derivatives settled on net and gross settlement basis.

	The Group					
In $ millions[(a)]	**Less than 7 days**	**1 week to 1 month**	**1 to 3 months**	**3 to 12 months**	**More than 1 year**	**Total**
2015						
Derivatives settled on a net basis	**(402)**	**(3)**	**41**	**151**	**450**	**237**
Derivatives settled on a gross basis						
- inflow	**48,301**	**93,374**	**141,698**	**263,973**	**136,811**	**684,157**
- outflow	**(48,045)**	**(93,041)**	**(141,708)**	**(264,009)**	**(136,252)**	**(683,055)**
2014						
Derivatives settled on a net basis	(490)	13	20	142	449	134
Derivatives settled on a gross basis						
- inflow	51,768	92,889	165,736	307,503	155,025	772,921
- outflow	(51,476)	(92,575)	(165,570)	(307,689)	(155,044)	(772,354)

(a) Positive indicates inflow and negative indicates outflow of funds

42.3 Contingent liabilities and commitments

The table below shows the Group's contingent liabilities and commitments based on the remaining period as at the balance sheet date to contractual expiry date:

	The Group				
In $ millions	**Less than 1 year**	**1 to 3 years**	**3 to 5 years**	**Over 5 years**	**Total**
2015					
Guarantees, endorsements and other contingent liabilities	**19,901**	**-**	**-**	**-**	**19,901**
Undrawn credit commitments[(a)] and other facilities	**197,676**	**8,985**	**10,389**	**2,732**	**219,782**
Operating lease commitments	**226**	**342**	**84**	**9**	**661**
Capital commitments	**33**	**8**	**7**	**-**	**48**
Total	**217,836**	**9,335**	**10,480**	**2,741**	**240,392**
2014					
Guarantees, endorsements and other contingent liabilities	22,231	-	-	-	22,231
Undrawn credit commitments[(a)] and other facilities	166,719	8,345	9,637	2,775	187,476
Operating lease commitments	207	308	158	56	729
Capital commitments	22	-	-	-	22
Total	189,179	8,653	9,795	2,831	210,458

(a) Include commitments that are unconditionally cancellable at any time by the Group

The Group expects that not all of the contingent liabilities and undrawn credit commitments will be drawn before expiry.

43 Operational Risk

Operational risk includes processing errors, fraudulent acts, inappropriate behaviour of staff, vendors' misperformance, system failure and natural disasters. Operational risk is inherent in most of the Group's businesses and activities.

The Group's objective is to keep operational risk at appropriate levels, taking into account the markets the Group operates in, the characteristics of the businesses as well as the competitive and regulatory environment the Group is subject to.

Operational Risk Management

The Group's approach to operational risk management comprises the following building blocks:

- **Policies**
  The Group Operational Risk Management (ORM) Policy provides a group-wide approach for managing operational risk in a structured, systematic and consistent manner. There are policies, standards, tools and programmes in place to govern ORM practices across the Group. These include corporate operational risk policies and standards which are owned by the respective corporate oversight and control functions and include key subject-specific policies such as Technology Risk Management Framework, Group Compliance Policy, Fraud Management Policy and Group Anti-Money Laundering, Countering the Financing of Terrorism and Sanctions Policy, New Product Approval Policy and Outsourcing Risk Policy.

- **Risk Methodologies**
  The Group adopts the standardised approach to compute operational risk regulatory capital. To manage and control operational risk, the Group uses various tools including risk and control self-assessment, operational risk event management and key risk indicators monitoring. Risk and control self-assessment is used by each business or support unit to identify key operational risks and assess the degree of effectiveness of the internal controls. For control issues identified, the units are responsible for developing action plans and tracking the timely resolution. Operational risk events are classified in accordance with Basel standards. Such events, including any significant incidents that may impact the Group's reputation, are required to be reported based on certain established thresholds. Key risk indicators with pre-defined escalation triggers are employed to facilitate risk monitoring in a forward- looking manner.

  Additional methodologies are in place to address subject-specific risks, including but not limited to the following:

  Technology Risk
  Information Technology (IT) risk is managed in accordance with a Technology Risk Management Framework. This covers risk governance, communication, monitoring, assessment, mitigation and acceptance and is supported by a set of IT policies and standards, control processes and risk mitigation programmes.

  The Group has also established policies and standards to manage and address cyber security risk. To enhance the Group's management of this risk, the Group has appointed a Chief Information Security Officer who is responsible for the Group's cyber security risk management strategy and programme.

  Compliance Risk
  Compliance risk is the risk of impairment to the Group's ability to successfully conduct business as a result of any failure to comply with law, regulatory requirement, industry code or standard of professional conduct applicable to the conduct of business in the financial sector. This includes in particular laws and regulations applicable to the licensing and conduct of banking or other financial businesses, financial crime such as anti-money laundering and countering the financing of terrorism, fraud, and bribery/corruption.

  The Group maintains a compliance programme designed to identify, assess, measure, mitigate and report on such risks through a combination of policy, and relevant systems and controls. The Group also provides relevant training and executes assurance processes. The Group strongly believes in the need to promote a strong compliance culture. This is established through the leadership of the Board and senior management and aims to comply with the letter and spirit of the laws and regulatory standards in the environment in which the Group operates.

  Fraud Risk
  The Group has established minimum standards for its business and support units to prevent, detect, investigate and remediate against fraud and related events. This is based on the Fraud Management Programme through which standards are to be implemented on a unit and geographical level. These standards aim to provide end-to-end management of fraud and related issues within the Group.

  Money Laundering, Financing of Terrorism and Sanctions Risks
  There are minimum standards for the Group's business and support units to mitigate and manage the Group's actual and/or potential exposure to money laundering, terrorist financing, sanctions, corruption, or other illicit financial activity. Accountabilities have also been established for the protection of the assets and reputation of the Group and the interests of customers and shareholders.

New Product Approval and Outsourcing Risks
Each new product, service or outsourcing initiative is subjected to a risk review and sign-off process where relevant risks are identified and assessed by departments independent of the risk-taking unit proposing the product or service. Variations of existing products or services and outsourcing initiatives are also subjected to a similar process.

Other Mitigation Programmes
Business continuity management plays an integral role in the Group's risk mitigation programme to manage business disruptions. A robust crisis management and business continuity management programme is in place within essential business services during unforeseen events. Planning for business resilience includes identification of key business processes via Business Impact Analysis as well as the documentation and maintenance of Business Continuity Plan (BCP). Overall BCP objectives are aimed at minimising the impact of business interruption arising from severe loss scenarios and to provide a reasonable level of service until normal business operations are resumed. The crisis management structure encompasses an incident management process from the point of incident to crisis declaration and activation of the relevant committees or teams to manage the crisis. Exercises are conducted annually simulating varying scenarios to test the BCPs and crisis management protocol. Scenarios include incidents such as technology incidents having enterprise-wide impact on essential banking services, natural disasters with wide geographical area impact, safety-at-risk incidents (e.g. terrorism) and other events leading to significant business disruption. Senior management provides an attestation to the BRMC on an annual basis including the state of business continuity readiness, extent of alignment to regulatory guidelines and disclosure of residual risks.

To mitigate losses from specific unexpected and significant event risks, the Group purchases group-wide insurance policies, under the Group Insurance Programme, from third-party insurers. The Group has acquired insurance policies relating to crime and professional indemnity; directors and officers liability; property damage and business interruption; general liability and terrorism.

- **Processes, Systems and Reports**
  Robust internal control processes and systems are integral to identifying, monitoring, managing and reporting operational risk. The Group has implemented a web-based system that supports multiple operational risk management processes and tools including operational risk event reporting, risk and control self-assessment, key risk indicators, tracking of issues or action plans and operational risk reporting.

  Units are responsible for the day-to-day management of operational risk in their products, processes, systems and activities in accordance with the various frameworks and policies. RMG Operational Risk and other corporate oversight and control functions provide oversight and monitor the effectiveness of operational risk management, assess key operational risk issues with the units to determine the impact across the Group, report and/or escalate key operational risks to relevant senior management and Board-level committees with recommendations on appropriate risk mitigation strategies.

44 Capital Management

The capital management and planning process is overseen by the Capital Committee which is chaired by the Chief Financial Officer. Regular updates on the Group's current and projected capital positions are provided to the Board of Directors, which holds ultimate responsibility for the Group's capital management objective and capital structure.

The Group's capital management objective is to maintain a strong capital position consistent with regulatory requirements under the MAS' Notice to Banks No. 637 "Notice on Risk Based Capital Adequacy Requirements for Banks Incorporated in Singapore" (MAS Notice 637) and the expectations of various stakeholders, e.g., customers, investors and rating agencies. This objective is pursued while delivering returns to shareholders and ensuring that adequate capital resources are available for business growth and investment opportunities as well as adverse situations.

The Group is subject to the capital adequacy requirements set out in the Monetary Authority of Singapore's Notice to Banks No. 637, which effects the Basel Committee on Banking Supervision's capital adequacy framework in Singapore. The Group has complied with all externally imposed capital requirements (whether prescribed by regulation or by contract) throughout the financial year (unaudited).

45 Segment Reporting

45.1 Business segment reporting

The Group's various business segments are described below:

Consumer Banking/ Wealth Management
Consumer Banking/ Wealth Management provides individual customers with a diverse range of banking and related financial services. The products and services available to customers include current and savings accounts, fixed deposits, loans and home finance, cards, payments, investment and insurance products.

Institutional Banking
Institutional Banking provides financial services and products to institutional clients including bank and non-bank financial institutions, government- linked companies, large corporates and small and medium-sized businesses. The business focuses on broadening and deepening customer relationships. Products and services comprise the full range of credit facilities from short-term working capital financing to specialised lending. It also provides global transactional services such as cash management, trade finance and securities and fiduciary services; treasury and markets products; corporate finance and advisory banking as well as capital markets solutions.

Treasury
Treasury provides treasury services to corporations, institutional and private investors, financial institutions and other market participants. It is primary involved in sales, structuring, market-making and trading across a broad range of financial products including foreign exchange, interest rate, debt, credit, equity and other structured derivatives. Income from these financial products and services offered to the customers of other business segments, such as Consumer Banking/Wealth Management and Institutional Banking, is reflected in the respective segments. Treasury is also responsible for managing surplus funds.

Others
Others encompass a range of activities from corporate decisions and include income and expenses not attributed to other business segments, including capital and balance sheet management, funding and liquidity. DBS Vickers Securities and Islamic Bank of Asia are also included in this segment.

The following table analyses the results, total assets and total liabilities of the Group by business segment:

In $ millions	Consumer Banking/ Wealth Management	Institutional Banking	Treasury	Others	Total
2015					
Net interest income	**2,157**	**3,538**	**694**	**697**	**7,086**
Non-interest income	**1,390**	**1,752**	**446**	**252**	**3,840**
Total income	**3,547**	**5,290**	**1,140**	**949**	**10,926**
Expenses	**2,261**	**1,722**	**572**	**338**	**4,893**
Allowances for credit and other losses	**116**	**558**	**(38)**	**107**	**743**
Share of profits of associates	**-**	**-**	**-**	**14**	**14**
Profit before tax	**1,170**	**3,010**	**606**	**518**	**5,304**
Income tax expense					**725**
Net profit attributable to shareholders					**4,503**
Total assets before goodwill and intangibles	**90,685**	**224,196**	**91,257**	**46,592**	**452,730**
Goodwill and intangibles					**5,117**
Total assets					**457,847**
Total liabilities	**172,723**	**155,231**	**43,354**	**43,984**	**415,292**
Capital expenditure	**75**	**28**	**12**	**219**	**334**
Depreciation[(a)]	**37**	**11**	**4**	**199**	**251**

In $ millions	Consumer Banking/ Wealth Management	Institutional Banking	Treasury	Others	Total
2014					
Net interest income	1,689	3,258	996	379	6,322
Non-interest income	1,193	1,709	106	487	3,495
Total income	2,882	4,967	1,102	866	9,817
Expenses	1,920	1,536	510	357	4,323
Allowances for credit and other losses	89	540	(1)	39	667
Share of profits of associates	3	-	-	76	79
Profit before tax	876	2,891	593	546	4,906
Income tax expense					716
Net profit attributable to shareholders					4,190
Total assets before goodwill and intangibles	84,451	225,504	90,586	35,009	435,550
Goodwill and intangibles					5,117
Total assets					440,667
Total liabilities	162,146	164,788	36,229	39,721	402,884
Capital expenditure	72	25	13	153	263
Depreciation[(a)]	32	13	7	168	220

(a) Amounts for each business segment are shown before allocation of centralised cost

45.2 Geographical segment reporting

Income and net profit attributable to shareholders (Net profit) are based on the country in which the transactions are booked. Total assets are shown by geographical area in which the assets are booked. The total assets, income and net profit are stated after elimination of inter-group assets and revenues.

	The Group					
In $ millions	**Singapore**	**Hong Kong**	**Rest of Greater China[(a)]**	**South and Southeast Asia[(b)]**	**Rest of the World[(c)]**	**Total**
2015						
Net interest income	**4,644**	**1,330**	**547**	**382**	**183**	**7,086**
Non-interest income	**2,171**	**959**	**472**	**175**	**63**	**3,840**
Total income	**6,815**	**2,289**	**1,019**	**557**	**246**	**10,926**
Expenses	**2,809**	**951**	**699**	**343**	**91**	**4,893**
Allowances for credit and other losses	**320**	**58**	**140**	**181**	**44**	**743**
Share of profits of associates	**(3)**	**-**	**13**	**4**	**-**	**14**
Profit before tax	**3,683**	**1,280**	**193**	**37**	**111**	**5,304**
Income tax expense	**467**	**189**	**26**	**5**	**38**	**725**
Net profit attributable to shareholders	**3,140**	**1,091**	**167**	**32**	**73**	**4,503**
Total assets before goodwill and intangibles	**303,543**	**73,013**	**41,784**	**16,304**	**18,086**	**452,730**
Goodwill and intangibles	**5,083**	**34**	**-**	**-**	**-**	**5,117**
Total assets	**308,626**	**73,047**	**41,784**	**16,304**	**18,086**	**457,847**
Non-current assets[(d)]	**2,022**	**386**	**85**	**46**	**8**	**2,547**
2014						
Net interest income	4,019	1,098	598	404	203	6,322
Non-interest income	2,130	802	352	148	63	3,495
Total income	6,149	1,900	950	552	266	9,817
Expenses	2,514	789	622	310	88	4,323
Allowances for credit and other losses	254	52	68	272	21	667
Share of profits of associates	18	3	8	50	-	79
Profit before tax	3,399	1,062	268	20	157	4,906
Income tax expense	490	180	31	(25)	40	716
Net profit attributable to shareholders	2,818	882	237	44	117	4,098
Total assets before goodwill and intangibles	286,634	72,487	44,637	17,254	14,538	435,550
Goodwill and intangibles	5,083	34	-	-	-	5,117
Total assets	291,717	72,521	44,637	17,254	14,538	440,667
Non-current assets[(d)]	1,959	382	96	41	2	2,480

(a) Rest of Greater China includes branch, subsidiary and associate operations in Mainland China and Taiwan
(b) South and Southeast Asia includes branch, subsidiary and associate operations in India, Indonesia, Malaysia and Vietnam
(c) Rest of the World includes branch operations in South Korea, Japan, Dubai, United States of America, United Kingdom and Australia. Los Angeles Agency became a representative office on 31 March 2015 and its business was transferred to Singapore
(d) Includes investments in associates, properties and other fixed assets

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DBS Bank Ltd and its subsidiaries

Directors' Statement

The Directors are pleased to submit their statement to the Member, together with the audited consolidated financial statements of DBS Bank Ltd (the Bank) and its subsidiaries (the Group) and the financial statements of the Bank for the financial year ended 31 December 2015. These have been prepared in accordance with the provisions of the Companies Act, Chapter 50 (the Companies Act) and the Singapore Financial Reporting Standards, as modified by the requirements of Notice to Banks No. 612 "Credit Files, Grading and Provisioning" issued by the Monetary Authority of Singapore.

In the opinion of the Directors, the consolidated financial statements of the Group, consisting of the Bank and its subsidiaries and the financial statements of the Bank, together with the notes thereon, as set out on pages 1 to 83, are drawn up so as to give a true and fair view of the financial position of the Bank and Group, as at 31 December 2015, and the performance and changes in equity of the Bank and Group, and cash flow statement of the Group for the financial year ended on that date. As at the date of this statement, there are reasonable grounds to believe that the Bank and the Group will be able to pay their debts as and when they fall due.

DBS Group Holdings Ltd (DBSH) Share Option Plan

Particulars of the share options granted under the DBSH Share Option Plan in 2004 and 2005 have been set out in the Directors' Reports for the years ended 31 December 2004 and 2005 respectively. No grants have been made under the DBSH Share Option Plan since 2006.

The movements of the unissued ordinary shares of DBSH in outstanding DBSH options granted under the DBSH Share Option Plan were as follows:

DBSH Options	Number of unissued ordinary shares	During the year		Number of unissued ordinary shares	Exercise price per share	Expiry date
	1 January 2015	Exercised	Forfeited/Expired	31 December 2015		
March 2005	354,877	350,623	4,254	-	$12.81	01 March 2015
	354,877	350,623	4,254	-		

The DBSH Share Option Plan expired on 19 June 2009 and it was not extended or replaced. Therefore, no further options were granted by DBSH during the financial year. The termination of the DBSH Share Option Plan will not affect the rights of holders of any outstanding existing options.

The persons to whom the DBSH options have been granted do not have any right to participate by virtue of the DBSH options in any share issue of any other company. No Director has received any DBSH option under the DBSH Share Option Plan.

DBSH Share Plan

During the financial year, time-based awards in respect of an aggregate of 5,718,522 ordinary shares were granted pursuant to the DBSH Share Plan to selected employees of the Group. This included 312,085 ordinary shares comprised in awards granted to the executive Director, Mr Piyush Gupta, which formed part of his remuneration. During the financial year, certain non-executive Directors received an aggregate of 47,545 share awards, which formed part of their directors' fees for acting as Directors of DBSH. Details are set out below.

Directors of the Bank	Share awards granted during the financial year under review	Share awards vested during the financial year under review
Peter Seah [(2)]	25,496	38,102
Piyush Gupta	312,085 [(1)]	319,347
Bart Broadman[(2)]	3,021	6,347
Euleen Goh [(2)]	4,861	10,122
Ho Tian Yee[(2)]	2,778	3,754
Nihal Kaviratne CBE[(2)]	3,529	4,851
Andre Sekulic[(2)]	3,794	3,794
Danny Teoh [(2)]	4,066	6,712

(1) Mr Gupta's awards formed part of his remuneration for 2014
(2) The awards of these non-executive Directors formed part of their directors' fees for acting as Directors of DBSH in 2014. All the awards granted to these non-executive Directors during the financial year under review vested immediately upon grant.

Information on the DBSH Share Plan is as follows:

(i) Awards over DBSH's ordinary shares may be granted to the Group executives who hold such rank as may be determined by the Compensation and Management Development Committee of DBSH from time to time. Awards may also be granted to (amongst others) executives of associated companies of the Bank who hold such rank as may be determined by the Compensation and Management Development Committee from time to time, and non-executive Directors of DBSH.

The participants of the DBSH Share Plan shall not be eligible to participate in the DBSH Employee Share Plan or other equivalent plans.

(ii) Where time-based awards are granted, participants are awarded ordinary shares of DBSH or, at the Compensation and Management Development Committee's discretion, their equivalent cash value or a combination of both as part of their deferred bonus, at the end of the prescribed vesting periods. Dividends on unvested shares do not accrue to employees.

(iii) The DBSH Share Plan shall continue to be in force at the discretion of the Compensation and Management Development Committee, subject to a maximum period of ten years. At an Extraordinary General Meeting of DBSH held on 8 April 2009, the DBSH Share Plan was extended for another ten years, from 18 September 2009 to 17 September 2019, provided always that the DBSH Share Plan may continue beyond the above stipulated period with the approval of the shareholders of DBSH by ordinary resolution in general meeting and of any relevant authorities which may then be required.

(iv) Awards under the DBSH Share Plan may be granted at any time in the course of a financial year, and may lapse by reason of cessation of service of the participant, or the retirement, redundancy, ill health, injury, disability, death, bankruptcy or misconduct of the participant, or by reason of the participant, being a non-executive Director, ceasing to be a Director, or in the event of a take-over, winding up or reconstruction of DBSH.

(v) Subject to the prevailing legislation and the rules of the Singapore Exchange, DBSH will have the flexibility to deliver ordinary shares of DBSH to participants upon vesting of their awards by way of an issue of new ordinary shares and/or the transfer of existing ordinary shares (which may include ordinary shares held by DBSH in treasury).

(vi) The class and/or number of ordinary shares of DBSH comprised in an award to the extent not yet vested, and/or which may be granted to participants, are subject to adjustment by reason of any variation in the ordinary share capital of DBSH (whether by way of a capitalisation of profits or reserves or rights issue, reduction, subdivision, consolidation, or distribution) or if DBSH makes a capital distribution or a declaration of a special dividend (whether in cash or in specie), upon the written confirmation of the auditor of DBSH that such adjustment (other than in the case of a capitalisation issue) is fair and reasonable.

Board of Directors

The Directors in office at the date of this statement are:

Peter Seah Lim Huat	-	Chairman
Piyush Gupta	-	Chief Executive Officer
Bart Joseph Broadman		
Euleen Goh Yiu Kiang		
Ho Tian Yee		
Nihal Vijaya Devadas Kaviratne CBE		
Andre Sekulic		
Danny Teoh Leong Kay		
Woo Foong Pheng (Mrs Ow Foong Pheng)		

Ms Euleen Goh, Mr Danny Teoh and Mr Piyush Gupta will retire in accordance with Article 95 of the Bank's Constitution at the forthcoming annual general meeting (AGM) and will offer themselves for re-election at the AGM.

Mr Nihal Vijaya Devadas Kaviratne CBE, who is over the age of 70 years, will retire under the resolution passed at the AGM held on 23 April 2015 pursuant to Section 153(6) of the Companies Act, Chapter 50 which was then in force. As such, Mr Kaviratne has to be re-appointed by the Member at the forthcoming AGM to continue in office as a Director.

Arrangements to enable Directors to acquire shares or debentures

Neither at the end of, nor at any time during the financial year, was the Bank a party to any arrangement, the object of which is to enable the Directors to acquire benefits through the acquisition of shares in, or debentures of, the Bank or any other body corporate, save as disclosed in this statement.

Directors' interest in shares or debentures

The following Directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under Section 164 of the Companies Act, an interest in shares of the Bank and related corporations as stated below:

	Holdings in which Directors have a direct interest		Holdings in which Directors are deemed to have an interest	
	As at 31 Dec 2015	As at 1 Jan 2015	As at 31 Dec 2015	As at 1 Jan 2015
DBSH ordinary shares				
Peter Seah	125,994	84,838	-	-
Piyush Gupta	623,196	403,849	118,000	118,000
Bart Broadman	28,862	22,515	-	-
Euleen Goh	34,245	24,123	-	-
Ho Tian Yee	12,017	7,973	-	-
Nihal Kaviratne CBE	9,865	5,014	-	-
Andre Sekulic	11,611	7,539	-	-
Danny Teoh	25,966	19,254	18,723	18,723
Ow Foong Pheng	24,466	4,403	-	-
Share awards (unvested) granted under the DBSH Share Plan				
Peter Seah	7,639	20,245	-	-
Piyush Gupta[1]	1,052,706	1,059,968	-	-
Bart Broadman	1,647	4,973	-	-
Euleen Goh	2,961	8,222	-	-
Ho Tian Yee	1,008	1,984	-	-
Nihal Kaviratne CBE	1,364	2,686	-	-
Danny Teoh	2,256	4,902	-	-
DBS Bank 4.7% non-cumulative non-convertible redeemable perpetual preference shares				
Euleen Goh	3,000	3,000	-	-

(1) Mr Gupta's share awards form part of his remuneration. Details of the DBSH Share Plan are set out in Note 36 of the Notes to the 2015 Group's financial statements

There was no change in any of the above-mentioned interests between the end of the financial year and 21 January 2016.

Independent Auditor

PricewaterhouseCoopers LLP has expressed its willingness to accept re-appointment as independent external auditor.

On behalf of the Directors

Peter Seah Lim Huat

Piyush Gupta

19 February 2016
Singapore

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF DBS BANK LTD (INCORPORATED IN SINGAPORE)

Report on the Financial Statements

We have audited the accompanying financial statements of DBS Bank Ltd (the "Bank") and its subsidiaries (the "Bank Group") set out on pages 1 to 83, which comprise the consolidated balance sheet of the Bank Group and balance sheet of the Bank as at 31 December 2015, the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Bank Group and the income statement, the statement of comprehensive income and statement of changes in equity of the Bank for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements of the Bank Group and the financial statements of the Bank are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards, including the modification of the requirements of FRS 39 Financial Instruments: Recognition and Measurement in respect of loan loss provisioning by Notice to Banks No. 612 "Credit Files, Grading and Provisioning" issued by Monetary Authority of Singapore, so as to give a true and fair view of the financial position of the Bank Group and of the Bank as at 31 December 2015, and of the financial performance, changes in equity and cash flows of the Bank Group and of the financial performance and changes in equity of the Bank for the financial year ended on that date.

Report on other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Bank and by those subsidiary corporations incorporated in Singapore of which we are the auditors, have been properly kept in accordance with the provisions of the Act.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants

Singapore, 19 February 2016

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